

THE SCHOOL ADMINISTRATOR

and Uniform Compliance Guidelines
ISSUED BY STATE BOARD OF ACCOUNTS

Volume 193

March 2011

ITEMS TO REMEMBER

MARCH

- March 1: Prove the Fund Ledger and Ledger of Receipts for the month of February to the control of all funds and reconcile with the depository statements. Prove all receipt accounts for each fund to total receipts for that fund. Prove the Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances to the total disbursements of the control account of the Fund Ledger. Prove all expenditure accounts within each program to the total disbursements of that program.
- March 20: Last day to report and make payment of state and county income tax withheld during February to the Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 180, December 2007 "The School Administrator and Uniform Compliance Guidelines".)

APRIL

- April 1: Prove all ledgers for the month ending March 31 as outlined for the month of February.
- April 15: Last day for the board of school trustees of the school corporation located wholly or partially within the county, which has the greatest taxable valuation of any school corporation in the county to appoint a member of the governing body to serve as a member of the county board of tax adjustment (IC 6-1.1-29-1). IC 6-1.1-29-9 provides that the county council may adopt an ordinance to abolish the county board of tax adjustment. The ordinance must be adopted by July 1 and may not be rescinded in the year it is adopted.
- April 20: Last day to report and make payment of state and county income tax withheld during March to Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 180, December 2007, "The School Administrator and Uniform Compliance Guidelines".)
- April 22: Good Friday – Legal Holiday (IC 1-1-9-1)
- April 30: Last day to file federal quarterly report, Form 941, to the Internal Revenue Service for federal and social security taxes for the first quarter.

MAY

- May 1: Prove all ledgers for the month ending April 30 as outlined for the month of February.
- May 3: Primary Election Day - Legal Holiday (IC 1-1-9-1)

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ITEMS TO REMEMBER
(Continued)

- May 20: Last day to report and make payment of state and county income tax withheld during April to Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 180, December 2007, "The School Administrator and Uniform Compliance Guidelines")
- May 30: Memorial Day - Legal Holiday (IC 1-1-9-1)
- May 31: On or before June 1 and December 1 of each year (or more frequently if the county legislative body adopts an ordinance requiring additional certifications) the school corporation shall certify to the county treasurer a list of the names and addresses of each person who has money due the person from the school corporation. (IC 6-1.1-22-14).

CONTRACTS WITH PRIVATE SCHOOLS

Please be aware of IC 20-35-6-2 which states "(a) The state superintendent may contract with in-state or out-of-state public and private schools, state agencies, or child caring institutions (as defined in IC 12-7-2-29(1)) to pay, with any funds appropriated for this purpose, the excess costs of educating children of school age: (1) who have been identified as eligible for special education services; and (2) whose disability is of such intensity as to preclude achievement in the existing local public school setting. The state shall pay the costs of the services that exceed the regular cost of educating children of the same age and grade level in the child's school corporation. The school corporation shall pay the share of the total tuition cost that is the regular per capita cost of general education in that school corporation. (b) School corporations shall pay their share of the total tuition costs for children with disabilities served under this section. (c) The state board shall adopt rules under IC 4-22-2 necessary to implement this section."

DEPOSITORIES

Please see <http://www.in.gov/tos/deposit/2377.htm> for the current list of approved depositories.

FOREIGN EXCHANGE TEACHERS

IC 20-28-10-3 states in part "(a) A school corporation may grant a teacher, on written request, a sabbatical for improvement of professional skills through . . . teacher exchange programs; . . . (b) After taking a sabbatical, the teacher shall return for a length of time equal to that of the sabbatical leave."

IC 20-28-10-1 states in part "(a) A school corporation may grant a teacher a leave of absence not to exceed one (1) year for: (1) a sabbatical; . . . (c) A school corporation may grant partial compensation for a leave in an amount the school corporation determines. However, if a teacher on a sabbatical serves an employer that agrees to reimburse the school corporation in whole or in part of the amount of the teacher's regular salary, the school corporation may grant full or partial compensation . . . (e) Except where a contract is not required under IC 20-28-7 in a situation that occurs before or after the commencement of leave, the teacher and the school corporation shall execute a regular teacher's contract for each school year in which any part of the teacher's leave is granted. (f) The teacher has the right to return to a teaching position for which the teacher is certified or otherwise qualified under the rules of the state board."

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FOREIGN EXCHANGE STUDENTS

IC 20-26-11-10 provides in part "(b) A foreign student visiting in Indiana under any student exchange program approved by the state board is considered a resident student with legal settlement in the school corporation where the foreign exchange student resides. The student may attend a school in the school corporation in which the family with whom the student is living resides. A school corporation that receives a foreign student may not be paid any transfer tuition. The school corporation shall include the foreign student in computations to determine the amount of state aid that it is entitled to receive."

LEASE RENTAL PAYMENTS – HOLDING CORPORATIONS

IC 20-40-9-1 states "As used in this chapter, "debt service" includes bonds and coupons, civil bond obligations, lease rental contracts, and interest cost on emergency and temporary loans."

IC 20-40-9-5 states "Except as otherwise provided by law, all expenditures for debt service must be paid from the fund."

IC 20-40-9-6 states "Money in the fund may be used for payment of the following: (1) All debt and other obligations arising out of funds borrowed or advanced for school buildings when purchased from the proceeds of a bond issue for capital construction. (2) A lease to provide capital construction. (3) Interest on emergency and temporary loans. (4) All debt and other obligations arising out of funds borrowed or advanced for the purchase or lease of school buses when purchased or leased from the proceeds of a bond issue, or from money obtained from a loan made under IC 20-27-4-5, for that purpose. (5) All debt and other obligations arising out of funds borrowed to pay judgments against the school corporation. (6) All debt and other obligations arising out of funds borrowed to purchase equipment."

The State Board of Accounts is of the audit position item (2) "a lease to provide capital construction," is a lease-rental agreement into which the school corporation has entered with a schoolhouse holding corporation for the express purpose of the holding corporation constructing a school building, and leasing same to the school corporation under the provisions of IC 20-47-2 and IC 20-47-3

IC 20-47-2-20 states "A school corporation that executes a lease under this chapter shall annually appropriate from its debt service fund or general fund an amount sufficient to pay the lease rental required under the lease. The appropriation is reviewable by other bodies vested by law with such authority to ascertain that the specified amount is sufficient to meet the lease rental required under the lease. The first specific appropriation shall be made at the first budget period following the date of the execution of the lease, and the first annual appropriation must be sufficient to pay the estimated amount of the first annual lease rental payment to be made under the lease. Thereafter, the annual appropriations provided for in this section shall be made, and payments shall be made from the debt service fund."

IC 20-47-3-14 states "A school corporation that executes a lease under this chapter shall annually appropriate and pay out of the debt service fund an amount sufficient to pay the lease rental required under the lease. The appropriation and rate are reviewable by other bodies vested by law with the authority to determine that the levy is sufficient to raise the amount required to meet the rental required under the lease."

Such payments out of such funds shall be provided for in the annual budget for such funds.

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EXTRA-CURRICULAR – GENERAL FUND (STUDENT ACTIVITY FUND)

The State Board of Accounts consistently has been of the audit position to not take an audit exception to a school extra-curricular account having a general fund if the fund consists of revenues received from functions (vending machines or sales of a similar nature, etc.) not generated by students for a specific class or organization (for which a fund should be established). Our audit position has been with the provision that the functions for which the expenditures are made benefit the student body as a whole (as opposed to a select group of students, school employees or administrators). Examples of appropriate expenditures in the past would be convocations, field trips which the entire student body has the opportunity to take during the course of the school year, etc. Our audit position has been based in part upon the substance of the transaction (the revenues are primarily from students or parents paying into vending machines, picture money, etc.). Naturally, we would not take audit exception to a public policy of a school corporation which would provide that a general fund does not exist and that money from these type of functions be used to offset the cost of the function (reduced prices of vending machine items, reduce the costs of pictures, etc.).

IC 20-41-1-9 concerning investment income funds (interest income funds) specifically provides authorization for either school corporation or extra-curricular type of expenditures. The General School Powers Act (IC 20-26-5-4) provides general, as well as specific, powers and duties of the governing board in carrying out the school purposes of the school corporation which they govern. Included in the specific powers with which the board is charged is the responsibility to ". . . take charge of, manage, and conduct the educational affairs of the school corporation and to establish, locate, and provide the necessary schools, school libraries, and other libraries where permitted by law, other buildings, facilities, property, and equipment." IC 20-41-1-4 provides in part, concerning extra-curricular funds: "Funds may not be transferred from the accounts of any organization, class or activity except by a majority vote of its members . . ." IC 20-41-1-4 also provides, concerning extra-curricular expenditures: "All expenditures shall be subject to review by the local school board."

Inquiries have questioned the use of a general fund or student activity fund for educational expenditures (copy machines, computers, educational materials, supplies, etc.) which would normally be from school corporation funds. The State Board of Accounts' audit position is as stated above. However, we will not take audit exception to a school having disbursements from an extra-curricular "general fund" or "student activity fund" for authorized school corporation type expenditures, such as equipment, supplies, etc., with the following conditions:

1. A policy has been adopted by a school board in a public meeting authorizing these types of expenditures.
2. Providing there are no objections from a majority of an applicable student body to these types of expenditures.
3. Equipment purchases would still require separate approval from the local school board.

Since alternatives exist for funding educational expenditures (i.e., taxes, authorized investment income expenditures, etc.) and other alternatives for the use of a general fund are available (i.e., reducing the cost of items to students and/or parents), we must emphasize the adoption of the aforementioned would be a public policy decision for which the local board of school trustees must accept any and all responsibility.

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GUARANTEED ENERGY SAVINGS CONTRACTS

Undocumented Claims

We are still being advised of situations where a school corporation may not have provided information which would indicate that a contract complies with the Indiana Code provisions referenced below. Examples would include "stipulated savings" that are not documented by "industry engineering standards", items which were "causally connected work" but not documented by "industry engineering standards" in accordance with IC 36-1-12.5-11, or improvements that are not "causally connected" to an energy conservation measure but are greater than fifteen percent (15%) of the total value of the guaranteed energy savings contract or lack of in compliance with IC 36-1-12.5-10.

IC 36-1-12-1(e) of the Public Works Law states in part "As an alternative to this chapter, the governing body . . . may . . . enter into a guaranteed savings contract as permitted under IC 36-1-12.5."

IC 36-1-12.5-1 (a) states in part "As used in this chapter, "conservation measure": (1) means: (A) a facility alteration; (B) an alteration of a structure (as defined in IC 36-1-10-2); (C) a technology upgrade; or (D) with respect to an installation described in subdivision (2)(G) or (2)(H), an alteration of a structure or system; designed to . . . reduce energy . . . or other operating costs. . ."

IC 36-1-12.5-5 states in part "(a) The governing body may enter into . . . a guaranteed savings contract with a qualified provider to . . . reduce the school corporation's . . . energy . . . or operating costs if, after review of the report described in section 6 of this chapter, the governing body finds: (1) in the case of conservation measures . . . that the amount the governing body would spend on the conservation measures under the contract and that are recommended in the report is not likely to exceed the amount to be saved in energy consumption costs and other operating costs over twenty (20) years from the date of installation if the recommendations in the report were followed; . . . (3) in the case of a guaranteed savings contract, the qualified provider provides a written guarantee as described in subsection (d)(3)."

Repayment of Costs in Excess of Savings

Please note IC 36-1-12.5-5 states in part "(d) An agreement to participate in a . . . guaranteed savings contract under this section must provide that: . . . (3) in the case of the guaranteed savings contract: (A) the: (i) savings in energy and . . . and other operating costs; . . . due to the conservation measures are guaranteed to cover the costs of the payments for the measures; and (B) the qualified provider will reimburse the school corporation . . . for the difference between the guaranteed savings and the actual savings . . ."

Stipulated Savings and Industry Engineering Standards

IC 36-1-12.5-0.5 states "As used in this chapter, 'actual savings' includes stipulated savings."

IC 36-1-12.5-3.7 states in part "As used in this chapter, 'stipulated savings' are assumed savings that are documented by industry engineering standards."

IC 36-1-12.5-11 states in part "(a) A guaranteed savings contract that includes stipulated savings must specify the methodology used to calculate the savings using industry engineering standards. (b) Stipulated savings may be used for conservation measures including . . . (11) Any work that is causally connected to the energy conservation measures listed in subdivisions (1) through (10). (c) The guaranteed savings contract shall: describe stipulated savings for: (A) conservation measures; and (B) work causally connected to the energy conservation measures; and (2) document assumptions by industry engineering standards."

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GUARANTEED ENERGY SAVINGS CONTRACTS

(Continued)

Non "Causally connected work"

IC 36-1-12.5-0.7 states "As used in this chapter, 'causally connected work' means work that is required to properly implement an energy conservation measure."

IC 36-1-12.5-12 states in part "(a) An improvement that is not causally connected to a conservation measure may be included in a guaranteed energy savings contract if: the total value of the improvement does not exceed fifteen percent (15%) of the total value of the guaranteed savings contract . . ."

Reports

IC 36-1-12.5-10 states in part "The governing body shall: (1) provide to the lieutenant governor not more than sixty (60) days after the date of execution of the guaranteed savings contract: (A) a copy of the executed guaranteed savings contract; (B) the: (i) energy . . . costs; . . . before the date of execution of the guaranteed savings contract; and (C) the documentation using industry engineering standards for: (i) stipulated savings; and (ii) related capital expenditures; and (2) annually report to the lieutenant governor, in accordance with procedures established by the lieutenant governor, the savings resulting in the previous year from the guaranteed savings . . ."

Audit Exceptions

The State Board of Accounts will take audit exception to payments not in accordance with by IC 36-1-12.5-1 et seq. The School Corporation should request repayment for payments not authorized by IC 36-1-12.5-1 et seq. in accordance with IC 36-1-12.5-5. The State Board of Accounts will request repayment of unauthorized payments which have not been reimbursed to the School Corporation by the end of the contract period.

Additionally, the State Board of Accounts will take audit exception if the School Corporation has not properly filed reports as required by IC 36-1-12.5-10.

The State Board of Accounts is also of the audit position that political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action.

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SPECIAL PURCHASES

We often receive inquiries concerning our audit position regarding public purchases for unusual situations.

The State Board of Accounts encourages the bidding and quote procedures whenever possible to help ensure receiving competitive pricing for governmental units. However, IC 5-22-10-1 provides "Notwithstanding any other provision of this article, a purchasing agent may make a purchase under this chapter without soliciting bids or proposals."

Supply purchases are a possibility for consideration of the special purchase provisions of IC 5-22-10-1 et seq. However, we are of the audit position, school corporations should obtain the written position of the school corporation attorney as to which section of IC 5-22-10 might be applicable to any particular situation. An example might be the school corporation attorney advises IC 5-22-10-15 is applicable. IC 5-22-10-15 states "(a) A purchasing agent may purchase supplies if the purchase is made from a person who has a contract with a federal agency and the person's contract with the federal agency requires the person to make the supplies available to the state or political subdivisions. (b) A purchasing agent for a political subdivision may purchase supplies if the purchase is made from a person who has a contract with a state agency and the person's contract with the state requires the person to make the supplies or services available to political subdivisions, as provided in IC 4-13-1.6 or IC 5-22-17-9."

The written position of the school corporation attorney should then be attached to the completed Special Purchase Contract File List Form (sample on page 15-30 of the *Accounting And Uniform Compliance Guidelines Manual For Indiana Public School Corporations*) and retained and for audit as a public record.

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11 Pica 3 Point Column					11 Pica 8 Point Column				
Type Size	<u>Number of Insertions</u>				Type Size	<u>Number of Insertions</u>			
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7.5	0.4097	0.6127	0.8179	1.0224	7.5	0.4250	0.6356	0.8485	1.0606
8	0.3841	0.5744	0.7668	0.9585	8	0.3984	0.5959	0.7954	0.9943
9	0.3414	0.5106	0.6816	0.8520	9	0.3541	0.5297	0.7070	0.8838
10	0.3073	0.4595	0.6134	0.7668	10	0.3187	0.4767	0.6363	0.7954
12	0.2561	0.3830	0.5112	0.6390	12	0.2656	0.3972	0.5303	0.6629
Rate/Square	5.69	8.51	11.36	14.2	Rate/Square	5.69	8.51	11.36	14.2

12 Pica 5 Point Column					13 Pica 2 Point Column				
Type Size	<u>Number of Insertions</u>				Type Size	<u>Number of Insertions</u>			
	1	2	3	4		1	2	3	4
7	0.4846	0.7248	0.9675	1.2094	7	0.5139	0.7685	1.0259	1.2824
7.5	0.4523	0.6764	0.9030	1.1287	7.5	0.4796	0.7173	0.9575	1.1969
8	0.4240	0.6342	0.8465	1.0582	8	0.4496	0.6725	0.8977	1.1221
9	0.3769	0.5637	0.7525	0.9406	9	0.3997	0.5977	0.7979	0.9974
10	0.3392	0.5073	0.6772	0.8465	10	0.3597	0.5380	0.7181	0.8977
12	0.2827	0.4228	0.5644	0.7055	12	0.2997	0.4483	0.5984	0.7481
Rate/Square	5.69	8.51	11.36	14.2	Rate/Square	5.69	8.51	11.36	14.2

13 Pica 6 Point Column					13 Pica 7 Point Column				
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	1	2	3	4		1	2	3	4
7	0.5267	0.7878	1.0516	1.3145	7	0.5299	0.7925	1.0578	1.3223
7.5	0.4916	0.7353	0.9815	1.2269	7.5	0.4945	0.7396	0.9873	1.2342
8	0.4609	0.6893	0.9202	1.1502	8	0.4636	0.6934	0.9256	1.1570
9	0.4097	0.6127	0.8179	1.0224	9	0.4121	0.6164	0.8228	1.0285
10	0.3687	0.5514	0.7361	0.9202	10	0.3709	0.5547	0.7405	0.9256
12	0.3073	0.4595	0.6134	0.7668	12	0.3091	0.4623	0.6171	0.7713
Rate/Square	5.69	8.51	11.36	14.2	Rate/Square	5.69	8.51	11.36	14.2

14 Pica 1 Point Column					14 Pica 7 Point Column				
Type Size	<u>Number of Insertions</u>				Type Size	<u>Number of Insertions</u>			
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7	0.5494	0.8216	1.0968	1.3710	7	0.5689	0.8508	1.1357	1.4197
7.5	0.5127	0.7669	1.0237	1.2796	7.5	0.5309	0.7941	1.0600	1.3250
8	0.4807	0.7189	0.9597	1.1996	8	0.4978	0.7445	0.9938	1.2422
9	0.4273	0.6390	0.8531	1.0663	9	0.4425	0.6617	0.8834	1.1042
10	0.3846	0.5751	0.7678	0.9597	10	0.3982	0.5956	0.7950	0.9938
12	0.3205	0.4793	0.6398	0.7997	12	0.3318	0.4963	0.6625	0.8281
Rate/Square	5.69	8.51	11.36	14.2	Rate/Square	5.69	8.51	11.36	14.2

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15 Pica 4 Point Column

Type Size	Number of Insertions			
	1	2	3	4
7	0.5981	0.8946	1.1942	1.4927
7.5	0.5583	0.8349	1.1146	1.3932
8	0.5234	0.7827	1.0449	1.3061
9	0.4652	0.6958	0.9288	1.1610
10	0.4187	0.6262	0.8359	1.0449
12	0.3489	0.5218	0.6966	0.8707
Rate/Square	5.69	8.51	11.36	14.2

17 Pica 8 Point Column

Type Size	Number of Insertions			
	1	2	3	4
7	0.6894	1.0311	1.3764	1.7206
7.5	0.6435	0.9624	1.2847	1.6058
8	0.6033	0.9022	1.2044	1.5055
9	0.5362	0.8020	1.0706	1.3382
10	0.4826	0.7218	0.9635	1.2044
12	0.4022	0.6015	0.8029	1.0037
Rate/Square	5.69	8.51	11.36	14.2

20 Pica 4 Point Column

Type Size	Number of Insertions			
	1	2	3	4
7	0.7932	1.1863	1.5836	1.9796
7.5	0.7403	1.1073	1.4781	1.8476
8	0.6941	1.0380	1.3857	1.7321
9	0.6169	0.9227	1.2317	1.5397
10	0.5553	0.8304	1.1086	1.3857
12	0.4627	0.6920	0.9238	1.1547
Rate/Square	5.69	8.51	11.36	14.2

20 Pica 5 Point Column

Type Size	Number of Insertions			
	1	2	3	4
7	0.7967	1.1916	1.5907	1.9883
7.5	0.7436	1.1122	1.4846	1.8558
8	0.6971	1.0426	1.3918	1.7398
9	0.6197	0.9268	1.2372	1.5465
10	0.5577	0.8341	1.1135	1.3918
12	0.4648	0.6951	0.9279	1.1599
Rate/Square	5.69	8.51	11.36	14.2

21 Pica 6 Point Column

Type Size	Number of Insertions			
	1	2	3	4
7	0.8389	1.2546	1.6748	2.0935
7.5	0.7829	1.1710	1.5631	1.9539
8	0.7340	1.0978	1.4654	1.8318
9	0.6525	0.9758	1.3026	1.6283
10	0.5872	0.8782	1.1724	1.4654
12	0.4893	0.7319	0.9770	1.2212
Rate/Square	5.69	8.51	11.36	14.2

22 Pica 9 Point Column

Type Size	Number of Insertions			
	1	2	3	4
7	0.8876	1.3276	1.7722	2.2152
7.5	0.8285	1.2391	1.6540	2.0675
8	0.7767	1.1616	1.5506	1.9383
9	0.6904	1.0325	1.3783	1.7229
10	0.6213	0.9293	1.2405	1.5506
12	0.5178	0.7744	1.0338	1.2922
Rate/Square	5.69	8.51	11.36	14.2

30 Pica 10 Point Column

Type Size	Number of Insertions			
	1	2	3	4
7	1.2029	1.7991	2.4016	3.0020
7.5	1.1227	1.6791	2.2415	2.8018
8	1.0525	1.5742	2.1014	2.6267
9	0.9356	1.3993	1.8679	2.3349
10	0.8420	1.2593	1.6811	2.1014
12	0.7017	1.0495	1.4009	1.7511
Rate/Square	5.69	8.51	11.36	14.2

31 Pica 1 Point Column

Type Size	Number of Insertions			
	1	2	3	4
7	1.2127	1.8137	2.4210	3.0263
7.5	1.1318	1.6927	2.2596	2.8246
8	1.0611	1.5869	2.1184	2.6480
9	0.9432	1.4106	1.8830	2.3538
10	0.8489	1.2696	1.6947	2.1184
12	0.7074	1.0580	1.4123	1.7653
Rate/Square	5.69	8.51	11.36	14.2