

# THE SCHOOL ADMINISTRATOR

## And Uniform Compliance Guidelines

### ISSUED BY STATE BOARD OF ACCOUNTS

Vol. No. 207

September 2014

#### ITEMS TO REMEMBER

#### September

- 1 Prove the Fund Ledger and Ledger of Receipts for the month of August to the control of all funds and reconcile the control with the depository statement. Prove all receipt accounts for each fund to total receipts for that fund. Prove 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.
- 1 Labor Day – Legal Holiday (IC 1-1-9-1)
- 2 Last day for applicable units under IC 6-1.1-17-3.5 of IC 6-1.1-17-20 to submit proposed 2015 budgets, tax rates, and tax levies to county fiscal body or other appropriate fiscal body for review and recommendation or adoption.
- 12 All ADM data will be reported on the DOE-ME (Membership) for the 2014-2015 school year and will be submitted by individual student record via the STN Application Center. The count of students in ADM will occur on Friday, September 12, 2014. The required collection period for the count is September 12, 2014, 8:00 a.m., EDT, through September 26, 2014, 11:59 p.m. EDT, which is the final date for submission. The clean-up and restricted period will begin on September 27, 2014, 8:00 a.m. and end on October 3, 2014, 11:59 p.m. EDT. The signoff only period will begin on October 4, 2014, at 8:00 a.m. EDT and end on October 8, 2014 at 11:59 p.m. EDT. You will not be able to obtain a report for signature until the signoff only period opens.
- 13 Last day for first publication of proposed 2015 budgets, rates, and levies, and notice to taxpayers of public hearing. The first publication must be at least 10 days before the date fixed for the public hearing. Also, last day to submit notice to taxpayers to the Department of Local Government Finance (DLGF) through Gateway. (IC 6-1.1-17-3)
- 20 Last day to report and make payment of state and county income tax withheld during August to the Department of Revenue.
- 20 Last day for second publication of proposed 2015 budgets, rates, and levies and notice to taxpayers of public hearing. (IC 6-1.1-17-3)
- 30 All local investment officers shall reconcile at least monthly the balance of public funds as disclosed by the records of the local officers, with the balance statements provided by the respective depositories. (IC 5-13-6-1)

#### October

- 1 Prove all ledgers for the month of September.
- 3 Bargaining Status Form: Pre-Impasse must be completed by both parties in Gateway.
- 10 All Collective Bargaining Agreements must be signed and ratified by both parties and uploaded on Gateway.
- 13 Legal Holiday – Columbus Day (IC 1-1-9-1)

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**ITEMS TO REMEMBER**  
**(Continued)**

**October (Continued)**

- 20 Last day to report and make payment of state and county income tax withheld during September to the Department of Revenue.
- 20 Last day for units to file excessive levy appeals for school transportation fund, annexation/consolidation/extension of services, three year growth factor, emergency and correction of error with the Department of Local Government Finance. (IC 20-46-4-10; IC 6-1.1-18.5-12; IC 6-1.1-18.5-13(1),(3),(13); IC 6-1.1-18.5-14)
- 24 Last possible day for taxing units to hold a public hearing on their 2015 budget. Public hearing must be held at least ten days before budget is adopted (except in Marion County and in second class cities). This deadline is subject to the scheduling of the adoption meeting, which could be held before November 3, 2014. (IC 6-1.1-17-5)  
  
In Marion County and second class cities, the public hearing may be held any time after introduction of the 2015 budget. (IC 6-1.1-17-5(a)) Note that November 3, 2014, is the last date for adoption of the budget.
- 31 Last possible day ten (10) or more taxpayers may object to a proposed 2015 budget, rate, or levy of a political subdivision. Objection must be filed not more than seven days after the public hearing. The deadline is subject to the scheduling of the public hearing. (IC 6-1.1-17-5(b))
- 31 Last day to file Employer's Quarterly Federal Tax Return, Form 941, with the Internal Revenue service for payment of federal tax withheld.
- 31 Requests for textbook reimbursements should coincide with the required collection period beginning October 1, 2014, and ending October 31, 2014, and the required sign-off period beginning November 1, 2014, and ending November 7, 2014. The information is required to be filed per instructions provided by the Department of Education, Office of School Finance.
- 31 All local investment officers shall reconcile at least monthly the balance of public funds as disclosed by the records of the local officers, with the balance statements provided by the respective depositories. (IC 5-13-6-1)
- 31 Last day to file quarterly reports with the Indiana Department of Workforce Development for the quarter ending September 30.

**November**

- 1 Prove all ledgers for the month of October.
- 1 Last day for schools to adopt their 2015 Capital Projects Fund (CPF) Plan and Bus Replacement Plan. (IC 20-46-6-8.1; IC 20-46-5-6.1)
- 2 Last day a taxpayer may request the Department of Local Government Finance to hold a public hearing by filing a written request with the county auditor or directly with the Department of Local Government Finance in either a paper or electronic format. A county auditor must forward any requests to the Department of Local Government Finance within two (2) business days of receipt. (IC 6-1.1-17-16.1)

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**ITEMS TO REMEMBER**  
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**November (Continued)**

- 3      Deadline for all taxing units to adopt 2015 budgets, rates, and levies. (IC 6-1.1-17-5(a))  
  
        If a taxpayer objection petition is filed, the fiscal body shall adopt with its 2015 budget a finding concerning the objections in the petition and any testimony presented at the adoption meeting. (IC 6-1.1-17-5(c))
- 3      Last day for the County Tax Adjustment Board or county auditor to complete review of tax rates for the 2015 budget year. In Marion County or a county containing a second class city, this action must be completed by December 1. (IC 6-1.1-17-9)
- 3      Last day for units to submit their 2015 budgets, rates, and levies to the Department of Local Government Finance through Gateway.
- 7      Last day to print, sign, and mail the completed form DOE-TB for textbook reimbursement to DOE Contact the Department of Education, Office of School Finance, for instructions.
- 11     Legal Holiday – Veterans Day (IC 1-1-9-1)
- 18     Only if the proposed 2015 budgets, rates, or levies are modified by the County Tax Adjustment Board or county auditor, the county auditor is required – within fifteen days of the modification – to publish a notice of the adopted tax rates for the various funds in each taxing district (“TAB chart”). For Marion County and counties containing a second class city, this publication must occur by December 16. (IC 6-1.1-17-12)
- 20     Last day to report and make payment of state and county income tax withheld during October to the Department of Revenue.
- 27     Legal Holiday – Thanksgiving Day (IC 1-1-9-1)
- 30     On or before June 1 and December 1 of each year the school corporation shall certify to the county treasurer the name and address of each person who has money due from the school corporation. (IC 6-1.1-22-14)
- 30     All local investment officers shall reconcile at least monthly the balance of public funds as disclosed by the records of the local officers, with the balance statements provided by the respective depositories. (IC 5-13-6-1)

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**TRANSPORTATION FUND – CAPITAL OUTLAY**

IC 20-40-6-4 and IC 20-40-6-5 allows the governing body of each school corporation to establish a school transportation fund and it is to be used by the school corporation for the payment of costs attributable to transportation.

IC 20-40-6-6 lists the transportation costs that are allowed to be paid from the fund. They include: The salaries paid to bus drivers, transportation supervisors, mechanics and garage employees, clerks, and other transportation related employees; contracted transportation service; wages of independent contractors; contracts with common carriers; and student fares; transportation related insurance; other expenses of operating the school corporation's transportation service, including gasoline, lubricants, tires, repairs, contracted repairs, parts, supplies, equipment, and other related expenses. The State Board of Accounts has not taken audit exception to expenditures for "equipment" used as tools and movable equipment necessary to keep the transportation program operating.

**CONTRACTS FOR RETIRING EMPLOYEES**

IC 5-10.2-4-3 concerns the average of the annual compensation and states in part: "(a) Except as provided in subsection (f), in computing the retirement benefit for a nonteacher member, 'average of the annual compensation' means the average annual compensation calculated using the twenty (20) calendar quarters of service in a position covered by the retirement fund before retirement in which the member's annual compensation was the highest. However, in order for a quarter to be included in the twenty (20) calendar quarters, the nonteacher member must have performed service throughout the calendar quarter. All twenty (20) calendar quarters do not have to be continuous but they must be in groups of four (4) consecutive calendar quarters. The same calendar quarter may not be included in two (2) different groups. (b) This subsection does not apply to a teacher member described in subsection (c). In computing the retirement benefit for a teacher member, 'average of the annual compensation' means the average annual compensation for the five (5) years of service before retirement in which the member's annual compensation was highest. In order for a year to be included in the five (5) years, the teacher member must have received for the year credit under IC 5-10.4-4-2 for at least one-half (1/2) year of service. The five (5) years do not have to be continuous" ..."(d) Subject to IC 5-10.2-2-1.5, 'annual compensation' means: (1) the basic salary earned by and paid to the member plus the amount that would have been part of that salary but for: (A) the state's, a school corporation's, a participating political subdivision's, or a state educational institution's paying the member's contribution to the fund for the member; or (B) the member's salary reduction agreement established under Section 125, 403(b), or 457 of the Internal Revenue Code; and (2) in the case of a member described in subsection (c) and for years of service to which IC 5-10.4-5-7 does not apply, the basic salary that was not paid during the year but would have been paid to the member during the year under the member's employment contracts, if the member had not taken any unpaid leave of absence to serve in an elected position. The portion of a back pay award or a similar award that the board determines is compensation under an agreement or under a judicial or an administrative proceeding shall be allocated by the board among the years the member earned or should have earned the compensation. Only that portion of the award allocated to the year the award is made is considered to have been earned during the year the award was made. Interest on an award is not considered annual compensation for any year. (e) Compensation of not more than two thousand dollars (\$2,000) received from the employer in contemplation of the member's retirement, including severance pay, termination pay, retirement bonus, or commutation of unused sick leave or personal leave, may be included in the total annual compensation from which the average of the annual compensation is determined, if it is received: (1) before the member ceases service; or (2) within twelve (12) months after the member ceases service."

We are of the audit position for the benefit of those teachers who are retiring as of the close of school year, that all compensation for service rendered on teaching contracts should be completed by the close of the school year (June 30) so that full reporting may be made of both compensation and service for that teacher at the close of the school year following which the retirement is to become effective.

**STATUTORIAL LEAVES FOR TEACHERS**

**Leaves - Generally**

IC 20-28-10-1 provides that a school corporation may grant a teacher a leave of absence and states, "(a) A school corporation may grant a teacher a leave of absence not to exceed one (1) year for: (1) a sabbatical; (2) a disability leave; or (3) a sick leave. (b) The school corporation may grant consecutive leaves to a teacher. (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. (d) A teacher who is pregnant shall be granted a leave of absence for the period provided in and subject to section 5 of this chapter. (e) Except where a contract is not required under IC 20-28-7.5 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.

IC 20-28-10-2 continues on to provide additional requirements for a leave of absence and states, "(a) Except as provided in section 1 of this chapter, rights existing at the time a leave commences that arise from a teacher's: (1) status as a professional or established teacher; (2) accumulation of successive years of service; (3) service performed under a teacher's contract under IC 20-28-6-8; or (4) status or rights negotiated under IC 20-29; remain intact. (b) During a leave the teacher may maintain coverage in a group insurance program by paying the total premium including the school corporation's share, if any, attributable to the leave period. The school corporation may elect to pay all or part of the cost of the premium as an adopted or negotiated fringe benefit to teachers on leave. (c) During a leave extending into a part of a school year, a teacher accumulates sick leave under IC 20-28-9-9 through IC 20-28-9-12, or a salary schedule of the school corporation that provides greater sick leave, in the same proportion that the number of days the teacher is paid during the year for work or leave bears to the total number of days for which teachers are paid in the school corporation. (d) Except as provided in section 1 of this chapter, during a leave of a probationary teacher, the period of probationary successive years of service under a teacher's contract that is a condition precedent to becoming a professional or established teacher under IC 20-28-6-8 is uninterrupted for that teacher. However, this probationary period may not include an entire school year spent on leave. (e) All or part of a leave granted for sickness or disability, including pregnancy related disability, may be charged at the teacher's discretion to the teacher's available sick days. However, the teacher is not entitled to take accumulated sick days when the teacher's physician certifies that the teacher is capable of performing the teacher's regular teaching duties. The teacher is entitled to complete the remaining leave without pay."

**Sabbatical Leaves**

IC 20-28-10-3 states, "(a) A school corporation may grant a teacher, on written request, a sabbatical for improvement of professional skills through: (1) advanced study; (2) work experience; (3) teacher exchange programs; or (4) approved educational travel. (b) After taking a sabbatical, the teacher shall return for a length of time equal to that of the sabbatical leave."

**Sickness or Disability Leaves**

IC 20-28-10-4 states, "(a) A school corporation may place a teacher, with or without written request, on a disability or sick leave not to exceed one (1) year. (b) A teacher placed on a disability or sick leave without a written request is entitled to a hearing on that action under IC 20-28-7.5."

**STATUTORIAL LEAVES FOR TEACHERS**  
**(Continued)**

**Pregnancy Leaves**

IC 20-28-10-5 states, "(a) A teacher who is pregnant may continue in active employment as late into pregnancy as the teacher wishes, if the teacher can fulfill the requirements of the teacher's position. (b) Temporary disability caused by pregnancy is governed by the following: (1) A teacher who is pregnant shall be granted a leave of absence any time between the commencement of the teacher's pregnancy and one (1) year following the birth of the child, if the teacher notifies the superintendent at least thirty (30) days before the date on which the teacher wishes to start the leave. The teacher shall notify the superintendent of the expected length of this leave, including with this notice either: (A) a physician's statement certifying the teacher's pregnancy; or (B) a copy of the birth certificate of the newborn; whichever is applicable. However, in the case of a medical emergency caused by pregnancy, the teacher shall be granted a leave, as otherwise provided in this section, immediately on the teacher's request and the certification of the emergency from an attending physician. (2) All or part of a leave taken by a teacher because of a temporary disability caused by pregnancy may be charged, at the teacher's discretion, to the teacher's available sick days. However, the teacher is not entitled to take accumulated sick days when the teacher's physician certifies that the teacher is capable of performing the teacher's regular teaching duties. The teacher is entitled to complete the remaining leave without pay. However, the teacher may receive compensation for the pregnancy leave under a collective bargaining agreement or, if the teacher is not represented by an exclusive representative, by governing body policy."

For additional information on Pregnancy Leaves, please see "The School Administration and Uniform Compliance Guidelines", Volume 177, March 2007.

**TRAVEL EXPENSE**

The following sets forth the audit position of the State Board of Accounts with regard to reimbursements made by local governmental units to their officers and employees for travel and meal expenses.

A local unit may reimburse such persons for actual miles traveled in their own motor vehicles on the official business of the local unit at a reasonable rate per mile as fixed by a resolution of the unit's legislative body. The mileage rate should be fixed by the board having authority to approve claims for travel expenses. No particular mileage rate has been set by the State of Indiana for all local units of government and, consequently, the mileage rate lies within the discretion of the legislative body, unless otherwise provided by statute. The body setting the mileage rate should also determine whether parking fees and toll charges are included in the rate or, on the other hand, whether such expenses are to be reimbursed separately based on the submission of receipts.

Reimbursed mileage should not include travel to and from the officer's or employee's home and regular place of employment. If more than one person rides in the same vehicle, only one mileage reimbursement is allowable. General Form 101 (or an approved substitute) should be used for claiming mileage. The odometer reading columns on this form are to be used only when the distance between points cannot be determined by fixed mileage or official highway maps.

When traveling outside the local unit's boundaries on official business, officers and employees may also be reimbursed for meals, lodging, and incidental expenses as defined in the travel policy. The claim for reimbursement should be supported by itemized receipts from hotels, restaurants, and taxi cabs used by the officer or employee while traveling on official business.

It is permissible for the legislative body of the local unit having the authority to approve claims to adopt a resolution establishing a reasonable per diem rate intended to cover travel expenses other than hotel and mileage costs and the officer or employee may be reimbursed on the basis of such a per diem rate in lieu of submitting receipts. If a fixed per diem rate is established by policy, the policy should clearly indicate which type of expenses, in addition to meals, are included in the rate and which expenses are to be reimbursed on the basis of actual receipts being submitted by the officer or employee.

**TRAVEL EXPENSE**

(Continued)

The policy should also define the local unit's boundaries for purposes of reimbursing travel; i.e., outside a 50-mile radius of the office, outside of the county, etc. The policy should cover a proportionate reduction in the per diem rate when meals are provided by an outside party.

When state statutes govern the amounts of allowable travel reimbursements, those statutes supersede local policy. Also, when determining the reasonableness of a mileage rate or per diem rate, consideration should be given to rates established by the State of Indiana and the Federal government. The local unit should, however, consider the income tax implications of setting its rates higher than the current Federal rates.

In all cases, an officer or employee requesting reimbursement for overnight travel is required to submit a receipt from the hotel or other meeting place where such accommodations were provided.

**ADDITIONAL APPROPRIATIONS**

The following is required if the proper officers of any school corporation determine the need for expenditure of more money in the current year than was provided for in the approved annual budget:

(1) The governing body in all cases of additional appropriations must meet and determine that they desire to appropriate for the expenditure of more money than was appropriated in the annual budget. Accordingly, questions concerning the procedures for additional appropriations, should be directed to the Department of Local Government Finance

(2) The governing body determines whether to proceed with the proposal. An approval may not be in excess of the amount advertised, but can be less than requested. The governing body must adopt a resolution of additional appropriations.

(3) If a school corporation proposes an additional appropriation from a fund that receives property tax levied under IC 6-1.1, the additional appropriation must be reported to and approved by the Department of Local Government Finance. A school corporation may make an additional appropriation without the approval of the Department of Local Government Finance if the appropriation is from a fund that does not receive property tax, however, those appropriations shall be reported to the Department of Local Government Finance.

After the public hearing, the proper officers of a school corporation shall file a certified copy of the final proposal and any other relevant information to the Department of Local Government Finance.

(4) Upon receipt of the certified copy of a proposal for additional appropriations, the Department of Local Government Finance will, in not less than fifteen (15) days after receiving the certificate, determine (in writing) if sufficient funds are available or will be available. The Department of Local Government Finance shall limit the additional appropriation to revenues available or to be made available, which have not been previously appropriated.

(5) If the Department of Local Government Finance disapproves an additional appropriation under IC 6-1.1-18-5, the Department of Local Government Finance shall specify the reason for disapproval on the determination sent to the school corporation.

A school corporation may request a reconsideration of a determination of the Department of Local Government Finance by filing a written request for reconsideration. A request for reconsideration must: (1) be filed with the Department of Local Government Finance within fifteen (15) days of the receipt of the determination by the political subdivision; and (2) state with reasonable specificity the reason for the request. The Department of Local Government Finance must act on a request for reconsideration within fifteen (15) days of receiving the request.

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**CAFETERIA VENDING MACHINES**

We have previously been provided the Division of School and Community Nutrition of the Department of Education policy regarding vending machines which states in part that vending machines containing foods of minimal nutritional value cannot be sold in the food service area during the breakfast and/or lunch periods. These foods (carbonated beverages, candy, etc.) may however be sold outside the food service area during meal periods. The policy also provided that the sale of competitive foods (which meet certain nutritional requirements) may, at the discretion of the state agency and school food authority, be allowed in the food service area during the breakfast or lunch periods only if the income from the sale of such foods accrues to the benefit of the nonprofit food service or the school or student organizations approved by the school.

The Division of School and Community Nutrition policy allows the school food authority to determine where the income from the sale of competitive foods shall go in conformity with the above policy.

The State Board of Accounts is of the audit position that as long as the Division of School and Community Nutrition policy allows for a choice that the decision of which fund the vending revenue is to be accounted for in should be in accordance with the following:

1. The proceeds should accrue to that group's extra-curricular fund if a particular student group or organization manages the vending function.
2. The proceeds may go to the athletic fund if the vending in question is located at athletic events and managed by athletes or athletic department individuals.
3. The proceeds should go to the School Lunch Fund or the Extra-Curricular General Fund, Student Activity Fund or Concession Fund for the benefit of all students and spent consistent with the article in "The School Administrator and Uniform Compliance Guidelines" Vol. 193, March 2011, and page 6-2 of the "Accounting and Uniform Compliance Guidelines manual for Extra-Curricular Accounts" if no particular student group manages the vending function.

The Board of School Trustees should document their preference in the board minutes.

The possibility exists that an Audit Result and Comment may appear in a report if the School Lunch Fund fiscal status is adversely affected by the policy.