

THE SCHOOL ADMINISTRATOR

And Uniform Compliance Guidelines

ISSUED BY STATE BOARD OF ACCOUNTS

Vol. No. 209

March 2015

ITEMS TO REMEMBER

March

- 1 Prove all ledgers for the month of February.
- 2 Deadline for each political subdivision to submit annual report to the Department of Local Government Finance in Gateway Debt Management of any outstanding bonds or leases (as of January 1). (IC 5-1-18-9)
- 2 Last day for political subdivisions to report to the Department of Local Government Finance information and data on its retiree benefits and expenditures. (IC 36-1-8-17.5)
- 20 Last day to report and make payment of state and county income tax withheld during February to the Department of Revenue.
- 31 Last day for the governing board of a school corporation to publish an annual performance report of the school corporation. (IC 20-20-8-3) The report must be published one (1) time annually under IC 5-3-1. (Not earlier than March 15 or later than March 31 or each year)
- 31 Deadline fiscal schools to adopt budget for the 2016 fiscal budget year. (IC 6-1.1-17-5.6)
- 31 If using e-file, last day to file form W-2 with Form W-3 with the Internal Revenue Service.

April

- 1 Prove all ledgers for the month of March.
- 1 Deadline for the Department of Local Government Finance to review the budget by fund of each school corporation that has not reorganized. The Department of Local Government Finance shall give the school corporation written notification specifying any revision, reduction, or increase the department proposes in the school corporation's budget by fund. A public hearing is not required in connection with this review of the budget. (IC 6-1.1-17-16(j))
- 3 Legal Holiday – Good Friday (IC 1-1-9-1)
- 15 Before this date, the board of school trustees of the school corporation located entirely or partially within the county which has the greatest taxable valuation of any school corporation of the county shall appoint a member to serve as a member to the County Board of Tax Adjustment. (IC 6-1.1-29-1; IC 6-1.1-29-2) IC 6-1.1-29-9 provides that the county council may adopt an ordinance to abolish the County Board of Tax Adjustment, which must be adopted by July 1 and may not be rescinded in the year it is adopted.
- 20 Last day to report and make payment of state and county income tax withheld during December to the Department of Revenue.
- 30 Last day to file Employer's Quarterly Federal Tax Return, Form 941, with the Internal Revenue Service for payment of federal tax withheld.

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ITEMS TO REMEMBER
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May

- 1 Prove all ledgers for the month of April.
- 5 Legal Holiday – Primary Election Day (IC 1-1-9-1)
- 20 Last day to report and make payment of state and county income tax withheld during January to the Department of Revenue.
- 25 Legal Holiday – Memorial Day (IC 1-1-9-1)
- 31 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)

COMMODITIES INCLUSION ON FEDERAL EXPENDITURE SCHEDULES

As you know, school corporations were required to complete the Gateway Annual Report starting for FY2014. We received lots of questions about how to calculate the amount of Non-Cash Assistance, commodities, for the Child Nutrition Cluster programs. In the past, we have received from IDOE an Excel spreadsheet that contained the total commodities that were provided to a school corporation. In the office the amounts were prorated between the breakfast program and the lunch program based on the ratio of reimbursements received for each program. We have learned that CFR250.56 calls for all of the commodities to be attributed to CFDA # 10.555 the National School Lunch Program.

After you have logged in to IDOE's School Nutrition portal (scnweb.doe.state.in.us), you will click the green puzzle piece labeled "Food Distribution Program" and click continue at the bottom of the Welcome page. You select the program year and then you click "Summary Menu" near the top of the next page. Click "R/A Summary" and then search for your school corporation's name. This will take you to the School Corporation's page and you will want to go to the "Entitlement" tab. When you get to the entitlement tab you will add the amounts in the following columns "Entitlement Used", "No Charge Used", and "Bonus Used", see highlighted columns below as an example. The sum will be included in CFDA# 10.555 on the Federal Expenditure Schedule.

MONTHLY BANK STATEMENTS AND CANCELED CHECKS

The treasurer of the school corporation should receive a monthly statement at the close of each month from each designated depository which should include all checks paid through the bank and canceled during the period covered by the statement. IC 5-13-6-1 provides in part, "(e) 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."

The State Board of Accounts' audit position is that all canceled checks should be retained in the file with the bank statement with which they were returned which will facilitate any future reference of one to the other that may be necessary for either accounting or audit purposes.

IC 5-15-6-3(a) concerning optical imaging of checks states, in part:

" . . . 'original records' includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . . "

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MONTHLY BANK STATEMENTS AND CANCELED CHECKS
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Furthermore, IC 26-2-8-111 states, in part:

- (a) "If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:
- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
 - (2) remains accessible for later reference."
- (e) "If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

PROMOTION EXPENSE OF SCHOOL CORPORATION

Account 23160, Promotion Expense has been established for expenditures authorized by IC 20-26-5-4 "To appropriate from the school corporation's general fund an amount, not to exceed the greater of three thousand dollars (\$3,000) per budget year or one dollar (\$1) per pupil, not to exceed twelve thousand five hundred dollars (\$12,500), based upon the school corporation's ADM of the previous year (as defined in IC 20-43-1-7) to promote the best interests of the school corporation by: (A) the purchase of meals, decorations, memorabilia, or awards; (B) provision for expenses incurred in interviewing job applicants; or (C) developing relations with other governmental units."

PAYMENT OF TUITION FEES FOR TEACHERS

Our attention is directed upon occasion to an isolated provision adopted by boards of school trustees or other governing bodies for reimbursing teachers for tuition fees and the cost of books for college and university courses. These courses are attended to meet requirements for professional improvement. The cost of any college course taken by teachers, whether during summer vacation or by evening extension classes during the period schools are in session, is the financial obligation of the teacher. The same applies to other employees of the school corporation. However, a school corporation could consider the provisions of IC 20-26-3-1 et seq., home rule, and we could so note accordingly in an audit report.

A school corporation which utilizes these provisions must consider carefully the fiscal impact, since IC 20-29-6-3 expressly states that: ". . . a contract that provides for deficit financing is void to that extent . . ."

BUS DRIVERS - METHODS OF PAYMENT

Employment Contracts

"(a) If a school corporation owns in its entirety the school bus equipment in its entirety, the school corporation may employ a school bus driver on a school year basis in the same manner as other noninstructional employees are employed. (b) If a school corporation employs a school bus driver under subsection (a), the employment contract between the school corporation and the school bus driver must be in writing. (c) A school corporation that hires a school bus driver under this section shall purchase and carry public liability and property damage insurance covering the operation of school bus equipment in compliance with IC 9-25. (d) Sections 5 through 32 of this chapter do not apply to the employment of school bus driver hired under this section."
(IC 20-27-5-4)

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BUS DRIVERS - METHODS OF PAYMENT
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Driver Furnishing Body Or Chassis Of School Bus

“(a) If a school bus driver is required to furnish the school bus body or the school bus chassis, or both, the governing body of the school corporation shall enter into a written transportation contract with the school bus driver. (b) The transportation contract may include a provision allowing the school bus driver to be eligible for the life and health insurance benefits and other fringe benefits available to other school personnel.” (IC 20-27-5-5)

Fleet Contracts; Benefits Package

“(a) When a fleet contractor is required to provide two (2) or more school buses and school bus drivers, the governing body of the school corporation shall enter into a written fleet contract with the fleet contractor. (b) The fleet contract may include a provision allowing the school bus drivers to be eligible for the life and health insurance benefits and other fringe benefits available to other school personnel.” (IC 20-27-5-6)

Transportation Or Fleet Contracts; Negotiations

“Transportation or fleet contracts may either be: (1) negotiated and let after receiving bids on the basis of specifications, as provided for in section 10 of this chapter; or (2) negotiated on the basis of proposals by a bidder in which the bidder suggests additional or altered specifications. A school corporation negotiating and executing a transportation contract shall comply with section 5 and sections 9 through 16 of this chapter. A school corporation negotiating and executing a fleet contract shall comply with sections 8 through 16 of this chapter.” (IC 20-27-5-7)

Payments should be in accordance with applicable Internal Revenue and State Department of Revenue reporting requirements.

ADMINISTRATIVE EXPENSES TITLES I AND II

Allowable maximums for administrative expenses under Titles I and II are 5% and 10% respectively. Administrative salary expense is governed by federal and state regulations. Salaries of Superintendents of School Districts, Assistant Superintendents, Treasurers of School Districts, Principals of Schools and their Assistants are regularly paid from the General Fund of the School Corporation as necessary operating expenses. Normally the positions are covered by full-time contracts and cannot be reimbursed with Title I and II funds. Payments of salaries from Title I and II funds to these individuals could be considered as supplanting of expenses regularly paid from other school funds. Reimbursement for services provided by these staff positions for these federal funds may be recouped by claiming an Indirect Cost Expense based on the approved school corporation rate. Payments of salaries to a less than full-time treasurer, bookkeeper, teacher or aide whose time can be documented as to which Title served, should be included as a direct expense on the budget. A time log must be maintained to substantiate the charges to each of the applicable funds for person's salary is paid from more than one fund source.

INTEREST INCOME

Interest Investment Deposit; Receipt; Reinvestment; Disposition

IC 5-13-9-6 provides in part: "(a) All interest derived from an investment by a political subdivision or by any other local public officer under the authority granted by section 3 of this chapter shall be deposited, except as otherwise provided by law, in the general fund of the investment authority or in any other fund its governing body designates specifically or by rule, subject to the modifications and limitations in this section."

"(b) Interest from the following investments shall be receipted as follows: (1) Interest from investments of funds of a political subdivision that are traceable to United States government funds must be receipted to the fund of which they are a part, if required by federal law or regulation. (2) Interest from investments of funds controlled by court orders must be receipted to that fund unless otherwise designated by the court orders."

The following additional specific restrictions apply to school corporation investments. Any interest income derived from an investment, which includes money from the proceeds of a bond sale or Veterans' Memorial Fund Loan in a Construction Fund, or money from a Levy Excess Fund, Repair and Replacement Fund or any special funds which include federal monies, shall be deposited to that specific fund. We do not take audit exception to the receipt of interest from investing the proceeds of a bond sale to a Construction Fund. Interest on such an investment will be receipted to the Construction Fund unless the treasurer is directed to place the interest in the Debt Service Fund to be applied toward the redemption of the bonds and coupons.

Capital Projects Earned Interest

"Interest on the money in the fund, including the fund's pro rata share of interest earned on the investment of total money on deposit, shall be deposited in the fund. However, the governing body may adopt a resolution to transfer any interest earned on money in the fund to the school corporation's general fund." (IC 20-40-8-7)

Bonded Indebtedness

IC 5-13-9-6 states in part: "(e) Any political subdivision may apply the interest derived from the investment of the proceeds from bonded indebtedness or local tax levies to the appropriate redemption bond interest or sinking fund for the bonded indebtedness. ...(g) Interest from the investment of the public funds of a political subdivision may not be paid personally or for the benefit of any public officer."

Public Deposits Insurance

"Funds deposited in deposit accounts in accordance with this chapter and interest earned or accrued on the funds are public funds and are covered by the insurance fund." (IC 5-13-9-8.5)

STATE EXAMINER DIRECTIVES

Hopefully, you have received some notifications when the State Examiner has passed formal directives to political subdivisions. If you have not, or wish to further examine them, then they can be accessed on the State Board of Accounts website (<http://www.in.gov/sboa/4415.htm>). The current directives that apply to school corporations are 2014-1; 2014-2; 2015-2; and 2015-4.