

PART 3FUNDS AND FUND ACCOUNTINGFUNDS

A fund, as used in the manual, represents moneys set aside for specific activities of a school corporation. A fund constitutes a complete accounting entity and all financial transactions, both receipts and disbursements, are to be recorded in the fund to which they pertain. The funds established by law for Indiana school corporations are: General Fund, Debt Service Fund, Capital Projects Fund, School Transportation Fund, School Bus Replacement Fund, Special Education Preschool Fund, School Lunch Fund, Textbook Rental Fund, Repair and Replacement Fund, Self-Insurance Fund and Levy Excess Fund. Tax levies, subject to limitations, may be established for the General, Debt Service, Capital Projects Fund, Special Education Preschool Fund, School Transportation and School Bus Replacement Funds. No tax levies may be established for the School Lunch Fund or the Textbook Rental Fund as these funds are designed to be self-supporting. Under certain conditions, a Construction Fund and other Special Funds may be established.

Numerical designations for each of these funds shall be as follows:

	<u>New 1-1-08</u>	<u>Prior to 1-1-08</u>
General Fund	0100	010
Referendum Tax Levy Fund	0160	016
Debt Service Fund	0200	020
Debt Service Reserve Fund	0210	
Retirement/Severance Bond Debt Service Fund	0250	025
Exempt Debt (St. Joseph and Lake Counties Only)	0290	
Exempt Retirement/Severance Bond Debt Service Fund (St. Joseph and Lake Counties Only)	0291	
Referendum Debt Exempt Capital Fund	0292	
Capital Projects Fund	0350	035
School Transportation Fund	0410	041
School Bus Replacement Fund	0420	042
Special Education Preschool Fund	0600	060
Rainy Day Fund	0610	061
Retirement/Severance Bond Fund	0620	062
Post-Retirement/Severance Future Benefits Fund	0630	063
Construction Fund	0700	070
School Lunch Fund	0800	080
Textbook Rental Fund	0900	090
Repair and Replacement Fund	1000	100
Self-Insurance Fund	1100	110
Levy Excess Fund	1200	120
Enhanced Access Fund	1250	125
Electronic Map Generation Fund	1260	126
Joint Services and Supply - Special Education Cooperative Fund	1300	130
Joint Service and Supply - Area Vocational School Fund	1400	140
Joint Services and Supply - Other	1500	150
Art Association	1600	160
Child Care Program	1650	165
Historical Society	1700	170
Playground Fund	1750	175
Judgments	1800	180
Educational License Plates	1850	185

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Alternative Education	1900	190
School Library Printed Material	1910	191
SAFE School Haven	1920	192
Early Intervention Grant	1930	193
Reading Recovery	1940	194
School Intervention and Career Counseling	1950	195

2000 Series - Donations, Gifts, and Trusts. Identify funds where the sources of revenue are gifts and donations from persons or organizations who have established memorials or endowments for projects in which the funds are administered by the school corporation.

	New 1-1-08	Prior to 1-1-08
Instruction Support Fund	2100	210
Adult and Continuing Education Fund	2200	220
Extra-Curricular Activities Fund	2300	230
Recreational Activities Fund	2400	240
Cultural Arts Fund	2500	250
Welfare Activities Fund	2600	260
Scholarships and Awards Fund	2700	270
Construction, Remodeling, and Equipping Buildings Fund	2800	280
Miscellaneous Programs	2900	290

3000 Series - Other. Identify funds where the sources of revenue are not specified elsewhere.

Instruction Support Fund	3100	310
Teacher Quality Improvement Program	3140	314
Principal Leadership Academy	3160	316
Economic Education Mini Grant	3180	318
Education Technology	3190	319
Adult and Continuing Education Fund	3200	320
Step Ahead	3210	321
Drug Free Communities	3220	322
Early Childhood Intervention (First Steps)	3230	323
Social Service Block Grant - State	3240	324
Medicaid Reimbursement Fund	3250	325
Extra-Curricular Activities Fund	3300	330
Recreational Activities Fund	3400	340
Cultural Arts Fund	3500	350
Welfare Activities Fund	3600	360
Scholarships and Awards Fund	3700	370
Non-English Speaking Programs, P.L. 273-1999	3710	371
School Technology Fund	3720	372
Tech. Plan Buddy	3730	373
Technology Grants [IC 20-40-15]	3740	374
Performance Based Awards	3750	375
Ind. School Academic Improvement Program (ISAIP)	3760	376
Access Indiana	3770	377
Technology Planning Grant	3780	378
21st Century Scholars	3790	379
Construction, Remodeling, and Equipping Buildings Fund	3800	380
Miscellaneous Programs	3900	390
Excess PTRC Distributions	3955	

4000, 5000, 6000, and 7000 Series - Federal Programs. Projects found in each federal program would be numbered with the third digit; i.e., 4110 would be a federal project funded under P. L. 103-382 IASA Title 1.

	New 1-1-08	Prior to 1-1-08
Title I, P.L. 107-110 IASA	4100	410
Innovative Education Program Strategies Title V (Part A) P.L. 107-110 IASA	4200	420
Title I Migrant, P.L. 100-297 IASA	4300	430
Refugee Child Assistance, P.L. 96-212 IASA	4400	440
Title II-B	4500	450
Title II-C	4600	460
Youth Employment Training	4700	470
Summer Youth Employment	4800	480
Migrant Farm Workers	4900	490
Local Reading Improvement	4920	492
Tutorial Assistance Sub-grant (Under Reading Excellence Act)	4940	494
Community Conservation	5100	510
Stewart Homeless Assistance Act	5110	511
Serve America	5150	515
IDEA, P.L. 101-476	5200	520
(IDEA, Part B) LEA Capacity Building (Sliver) Grants, P.L. 105-17	5250	525
Title I Amendment P.L. 95-561	5300	530
Federal Assistance Educational Preschool Handicapped P.L. 99-457	5400	540
Adult Education and Family Literacy, Title II, P.L. 105-220	5500	550
CETA Program (JTPA)	5600	560
Career Incentive	5700	570
Drug Free Schools	5800	580
Nutritional Grant - State, P.L. 95-166	5900	590
Team Nutrition Training Grants	5904	
Removal of Architectural Barrier to Handicapped Education for Economic Security, P.L. 98-377	5910	591
Title II - Dwight D. Eisenhower - Science and Math Technology Grants	5920	592
Technology Related Assistance for Individuals With Disabilities (Division of Family and Children) P.L. 100-407	5930	593
Title III - Energy Conservation, P.L. 95-619	5940	594
Vocational and Technical Board Grants	6100	610
Title VII Bilingual, P.L. 95-380 and P.L. 95-561 (Includes Lau Program)	6200	620
Dependent Care	6300	630
Child Care and Development Block Grant	6400	640
First Steps	6410	641
Child Development Assoc. Scholarship	6420	642
DOE Drug Education	6430	643
Social Service Block Grant - Federal	6440	644
Medicaid Reimbursement - Federal	6450	645
Step Ahead 4-B, Part II, Family Preservation and Support	6460	646
Enhanced Act Education Programs	6470	647
Educating America, Title III, P.L. 103-227	6480	648
National Science Foundation	6500	650
Other Federal Programs	6600	660
School to Work Development Act, P.L. 103-239	6610	661
School to Work Opportunity Implementation	6700	670
Challenge Grant for Tech (Dir USDOE)	6710	671
Class Size Reduction, P.L. 105-277, Section 307	6720	672
School Renovation, P.L. 106-554	6750	675
IDEA, P.L. 106-554	6810	681
School Technology, P.L. 106-554	6820	682
	6830	683

	New 1-1-08	Prior to 1-1-08
Improving Teaching Quality, No Child Left Behind, Title II Part A	6840	684
Improving Teaching Quality, Enhanced Education Through Technology, Title II, Part D	6850	685
Rural Schools-Direct, (Achievement Programs), P.L. 107-110	6860	686
Rural Schools and Low Income Program-Pass Through State P.L. 107-110	6870	687
Title III, Language Instruction	6880	688
Public Charter School ESEA Title X, Part C	6890	689
Title II Part B Math and Science Partnership	6900	690
Reading First, No Child Left Behind	6940	694
Technology Literacy Challenge, Title III	6980	698
	Funds 7950-7999	
Fiscal Stabilization – Education (Stimulus)		7950
Title I – Grants to LEAs (Stimulus)		7951
Title I – School Improvement (Stimulus)		7952
Special Education – Part B (Stimulus)		7953
Special Education – Part B – Preschool (Stimulus)		7954
Special Education – Part C (Stimulus)		7955
Education Technology (Stimulus)		7956
McKinney – Vento Education for Homeless (Stimulus)		7957
School Lunch Equipment (Stimulus)		7958
Head Start (Stimulus)		7959
TITLE 1, PART D, SUBPART 2 (Stimulus)		7960
Qualified School Construction Bond Fund – Stimulus		7961
Qualified Zone Academy Bond – Stimulus		7962
Title I – ARRA School Improvement (a) Stimulus		7963
New Technology Grants – PL 182-55 – 2009 Stimulus		7964
Education Jobs Fund		7965
Energy Efficiency and Conservation Block Grant (EECBG) (Stimulus)		7966

Accounting systems which require the use of account numbers for identification, the fund number may be included to the left of the receipt or expenditure account designation listed in the chart of accounts to build a complete numerical identification for each item in each fund. Some examples are illustrated below using an eight digit account number for receipt accounts and a nine digit account number for expenditures.

From left to right, the first three digits are reserved for the fund designation and the next four and five digits are for application of the account numbers as they appear in the chart of accounts. If further detailing is desired by the school corporation, more digits may be added to the right of these digits. Examples of account numbers and their interpretation are:

Receipts:

General Fund - Local Property Taxes	0100-1110
Debt Service Fund - Local Property Taxes	0200-1110
General Fund - State Support, Basic Grant	0100-3111
Capital Projects Fund - Earnings on Investments - Interest	0350-1510

Expenditures:

General Fund - Elementary, Regular Instruction	0100-11100
General Fund – Middle/Junior High, Regular Instruction	0100-11200
Textbook Rental Fund – Textbooks/workbooks and Repairs	0900-25520
Construction Fund - Bldgs. Acquisition, Constr. and Improve.	0700-45100
General Fund - Adult Basic Education	0100-13100
Debt Service Fund - Interest on Bonds	0200-52100

Sufficient digits for all items should be available on the master chart of accounts and allow for expansion for additional funds. Additionally, each transaction must also be identified with a three digit "Object" 100 through 700. These Objects are:

Personal Services – Salaries	Supplies
Personal Services – Employee Benefits	Property
Purchased Professional and Technical Services	Other Objects
Purchased Property Services	Other Items
Other Purchased Services	

Further detail must be provided in accordance with the requirements of the Division of School Finance through utilization of the second and third digit position. Example:

Salaries
110 Personal Services – Certified Salaries
120 Noncertified Salaries
Personal Services – Employee Benefits
225 Workers Compensation Insurance
235 Meals Provided

NEW FUND NUMBERS

Effective January 1, 2008, all fund numbers referenced herein are increased to a four digit number.

GENERAL FUND

General Fund, designated Fund 0100 in the prescribed accounting system, is required by IC 20-40-2. The General Fund is to be used to record all receipts and disbursements for current operating purposes except pupil transportation. The General fund may also be used for capital outlay expenditures. A detail of the receipt and expenditure accounts will be found in Parts 4 and 5.

DEBT SERVICE FUND

The Debt Service Fund, designated Fund 0200 in the prescribed accounting system, is required by IC 20-40-9. The fund is to be used to record all receipts and disbursements for (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; or (6) all debt and other obligations arising out of funds borrowed to purchase equipment. Included are payments of school bonds and coupons, lease-rental agreements, civil bond obligations assumed through reorganization, veterans' memorial fund repayments and common school fund repayments, but shall not include emergency and temporary loans obtained for the benefit of any other fund. A detail of the receipt and expenditure accounts will be found in Parts 4 and 5.

CAPITAL PROJECTS FUND

The Capital Projects Fund 0350, in the prescribed accounting system, is authorized by IC 20-40-8.

A school corporation may establish a capital projects fund with respect to any facility used or to be used by the school corporation (other than a facility used or to be used primarily for interscholastic or extra-curricular activities, except as provided in IC 20-40-8-12, and be used for the following

1. Planned construction, repair, replacement, or remodeling.
2. Site acquisition.
3. Site development.
4. Repair, replacement, or site acquisition that is necessitated by an emergency.
5. Except as provided in section IC 20-40-8-12, money in the fund may not be used to pay for: (1) planned construction, repair, replacement, or remodeling; (2) site acquisition; (3) site development; or (4) repair, replacement, or site acquisition that is necessitated by an emergency; of a facility used or to be used primarily for interscholastic or extra-curricular activities.
6. Money in the fund may be used to pay for the construction, repair, replacement, remodeling, or maintenance of a school sports facility. However, a school corporation's expenditures in a calendar year under this section may not exceed five percent (5%) of the property tax revenues levied for the fund in the calendar year. IC 20-40-8-12
7. Purchase, lease, repair or maintenance of equipment to be used by the school corporation (other than vehicles to be used for any purpose and equipment to be used primarily for interscholastic or extra-curricular activities).
8. To purchase, lease, upgrade, maintain, or repair computer hardware, computer software, or computer hardware and software. Wiring and computer networks. Communication access systems used to connect with computer networks or electronic gateways.
9. To pay for the services of full-time or part-time computer maintenance employees.
10. To conduct nonrecurring in-service technology training of school employees.
11. To fund the payment of advances, together with interest on the advances, from the common school fund for educational technology programs under IC 20-49.
12. To fund the acquisition of any equipment or services necessary: to implement the technology preparation curriculum under IC 20-30-12; to participate in a program to provide educational technologies, including computers, in the homes of students (commonly referred to as "the buddy system project") under IC 20-20-13, the 4R's technology program or any other program under the educational program described in IC 20-20-13; or to obtain any combination of equipment or services described in IC 20-40-8-13.
13. Purchase building sites; buildings in need of renovation; building materials; and equipment by vocational building trade classes to construct new buildings and to remodel existing buildings.
14. Leasing or renting of existing real estate, excluding payments authorized under IC 20-47-2 and IC 20-47-3.
15. To pay for services of school corporation employees, that are brick layers, stone masons, cement masons, tile setters, glaziers, insulation workers, asbestos removers, painters, paperhangers, drywall applicators and tapers, plasterers, pipe fitters, roofers, structural and steel workers, metal building assemblers, heating and air conditioning installers, welders, carpenters, electricians, or plumbers as these occupations are defined in the U.S. Department of Labor, Employment and Training Administration, Dictionary of Occupational Titles, Fourth Edition, Revised 1991 if:

- (a) The employees perform construction of, renovation of, remodeling of, repair of, or maintenance on the facilities and equipment specified in IC 20-40-8-10 and IC 20-40-8-11;
- (b) The school corporation's total annual salary and benefits paid by the school corporation to employees described are at least six hundred thousand dollars (\$600,000); and
- (c) The payment of the employees described is included as part of the proposed Capital Projects Fund Plan in IC 20-40-8.

The number of employees covered by IC 20-40-8-16 is limited to the number of employee positions described in this section that existed in the school corporation on January 1, 1993.

16. To pay for energy savings contracts under IC 36-1-12.5.

Effective 1-1-2010. Money in the fund may be used to pay for up to one hundred percent (100%) of the following costs of a school corporation: (1) Utility services. (2) Property or casualty insurance. (3) Both utility services and property or casualty insurance. A school corporation's expenditures under this section may not exceed in 2010 and in 2011 three and five-tenths percent (3.5%) of the school corporation's 2005 calendar year distribution.

SCHOOL TRANSPORTATION FUND

The School Transportation Fund, designated Fund Number 0410 in the prescribed accounting system is required by IC 20-40-6 for each public school corporation in Indiana, including school townships. The School Transportation Fund is to be the exclusive fund used to record all receipts and disbursements of the school corporation for the payment of costs attributable to the transportation of school children to and from school. The cost of transportation listed in IC 20-40-6-6 sections (1) through (7) shall be paid from the School Transportation Fund.

SCHOOL BUS REPLACEMENT FUND

A School Bus Replacement Fund is established from which the costs attributable to transportation listed in IC 20-40-7 shall be paid. Fund Number 0420 has been designated School Bus Replacement Fund.

SPECIAL EDUCATION PRESCHOOL FUND

A Special Education Preschool Fund Designated Fund Number 0600 is required to be established by IC 20-40-4-3. The Fund consists of property taxes and effective January 1, 2009, only state distributions. The Fund may only be used for special education programs for preschool age children as required under IC 20-40-4-5.

House Enrollment Act 1001, Special Session 2009 effective, July 1, 2009, eliminates the Special Education Preschool Fund.

FUNDS

A fund, as used in the manual, represents moneys set aside for specific activities of a school corporation. A fund constitutes a complete accounting entity and all financial transactions, both receipts and disbursements, are to be recorded in the fund to which they pertain. The funds established by law for Indiana school corporations are: General Fund, Debt Service Fund, Capital Projects Fund, School Transportation Fund, School Bus Replacement Fund, Special Education Preschool Fund, School Lunch Fund, Textbook Rental Fund, Repair and Replacement Fund, Self-Insurance Fund and Levy Excess Fund. Tax levies, subject to limitations, may be established for the General, Debt Service, Capital Projects Fund, Special Education Preschool Fund, School Transportation and School Bus Replacement Funds. No tax levies may be established for the School Lunch Fund or the Textbook Rental Fund as these funds are designed to be self-supporting. Under certain conditions, a Construction Fund and other Special Funds may be established.

RAINY DAY FUND

A Rainy Day Fund, designated Fund Number 0610, is authorized by IC 36-1-8-5.1.

IC 36-1-8-5.1 states in part: “(a) A political subdivision may establish a rainy day fund by the adoption of: . . . (2) a resolution, in the case of any other political subdivision. (b) . . . a resolution adopted under this section must specify the following: (1) The purposes of the rainy day fund. (2) The sources of funding for the rainy day fund, which may include the following: (A) Unused and unencumbered funds under: (i) section 5 of this chapter; (ii) IC 6-3.5-1.1-21.1; (iii) IC 6-3.5-6-17.3; or (iv) IC 6-3.5-7-17.3. (B) Any other funding source: (i) specified in the . . . resolution adopted under this section; and (ii) not otherwise prohibited by law. (c) The rainy day fund is subject to the same appropriation process as other funds that receive tax money. (d) In any fiscal year, a political subdivision may transfer under section 5 of this chapter not more than ten percent (10%) of the political subdivision's total annual budget for that fiscal year, adopted under IC 6-1.1-17, to the rainy day fund. (e) A political subdivision may use only the funding sources specified in subsection (b)(2)(A) or in the . . . resolution establishing the rainy day fund. The political subdivision may adopt a subsequent . . . resolution authorizing the use of another funding source. (f) The department of local government finance may not reduce the actual or maximum permissible levy of a political subdivision as a result of a balance in the rainy day fund of the political subdivision.”

Transfers to a political subdivision's rainy day fund may be made at any time during the political subdivision's fiscal year. IC 36-1-8-5.

We urge caution regarding rainy day funds.

RETIREMENT/SEVERANCE BOND FUND

Retirement/Severance Bond Fund, designated Fund Number 0620, is authorized by IC 20-48-1-2 to provide in part: (b) This section applies to each school corporation that: (1) did not issue bonds under IC 20-48-1-2 before its repeal; or (2) issued bonds under IC 20-48-1-2 before April 14, 2003. (c) In addition to the purposes set forth in section 1 of this chapter, a school corporation described in subsection (b) may issue bonds to implement solutions to contractual retirement or severance liability. The issuance of bonds for this purpose is subject to the following conditions: (1) The school corporation may issue bonds under this section only one (1) time. (2) The school corporation must issue the bonds before July 1, 2006. (3) The solution to which the bonds are contributing must be reasonably expected to reduce the school corporation's unfunded contractual liability for retirement or severance payments as it existed on June 30, 2001. (4) The amount of the bonds that may be issued for the purpose described in this section may not exceed: (A) two percent (2%) of the true tax value of property in the school corporation, for a school corporation that did not issue bonds under IC 20-48-1-2 before its repeal; or (B) the remainder of: (i) two percent (2%) of the true tax value of property in the school corporation as of the date that the school corporation issued bonds under IC 20-48-1-2; minus (ii) the amount of bonds that the school

corporation issued under IC 20-48-1-2; for a school corporation that issued bonds under IC 20-48-1-2 before April 14, 2003. (5) Each year that a debt service levy is needed under this section, the school corporation shall reduce the total property tax levy for the school corporation's transportation, school bus replacement, capital projects, or art association and historical society funds in an amount equal to the property tax levy needed for the debt service under this section. The property tax rate for each of these funds shall be reduced each year until the bonds are retired. (6) The school corporation shall establish a separate debt service fund for repayment of the bonds issued under this section. (d) Bonds issued for the purpose described in this section shall be issued in the same manner as other bonds of the school corporation. (e) Bonds issued under this section are not subject to the petition and remonstrance process under IC 6-1.1-20 or to the limitations contained in IC 36-1-15.

RETIREMENT/SEVERANCE BOND DEBT SERVICE FUND

Retirement/Severance Bond Debt Service Fund, designated Fund Number 0250, is required by IC 20-48-1-2 for repayment of retirement/severance bonds.

POST-RETIREMENT/SEVERANCE FUTURE BENEFITS FUND

Post-retirement/Severance Future Benefits Fund, designated Fund Number 0630, is required by IC 20-42-4 to provide a school corporation that: (1) after June 30, 2001, establishes a retirement or severance plan that will require the school corporation to pay post-retirement or severance benefits to employees of the school corporation; or (2) includes in a collective bargaining agreement or other contract entered into after June 30, 2001, any provisions to increase: (A) the benefit; or (B) the unfunded liability; under any retirement or severance provisions that will require the school corporation to pay post-retirement severance benefit to employees of the school corporation.

IC 20-42-4-2(a) provides a school corporation must fund on an actuarially sound basis the post-retirement or severance benefits that will be paid to employees under a plan, an agreement, or a contract described in section 1(1) of this chapter or an increase described in section 1(2) of this chapter. (b) A school corporation must place the assets used to fund on an actuarially sound basis the post-retirement or severance benefits in a separate fund or account, and the school corporation may not commingle the assets in the separate fund or account with any other asset of the school corporation.

CONSTRUCTION FUND

A Construction Fund, designated Fund Number 0700 in the prescribed accounting system, shall be established in all instances where disbursements for capital outlay are made from receipts derived from the sale of general obligation bonds or from other outside sources. Some sources of receipts to the fund, other than from the sale of bonds, are Veterans' Memorial Fund loans, Common School Fund loans, federal grants, and earnings on investments from the fund.

When general obligation bonds are sold to provide money for construction purposes, only the face value of the bonds is receipted to the Construction Fund. Any premium or accrued interest received must be receipted to the Debt Service Fund.

SCHOOL LUNCH FUND

The School Lunch Fund, designated Fund Number 0800 in the prescribed accounting system when established in the school corporation account, is to be used to record all receipts from the sale of lunches, federal and state reimbursement, gifts and other receipts, as detailed in the chart of receipt accounts in Part 4. The School Lunch Fund will also be used to record all disbursements for personal service, food, supplies and equipment for the school lunch program, as detailed in Part 5.

The school lunch program may be operated through the school corporation's extra-curricular account or accounts. However, when handled in this manner, the governing body of the school corporation shall approve the amount of the bond of the treasurer of the extra-curricular account in an amount deemed by said governing body sufficient to protect the account for all funds coming into the hands of the treasurer of such account.

TEXTBOOK RENTAL FUND

The Textbook Rental Fund, designated Fund Number 0900 in the prescribed accounting system when established in the school corporation account, is to be used to record all receipts of fees collected for rent of textbooks and workbooks furnished to students; also, to record all disbursements for purchase of textbooks, for repair of textbooks and for workbooks to be used with rented textbooks furnished to students for a designated fee. Disbursements from the fund may be made without appropriation or the application of other laws relating to budgets of municipal corporations. A detail of the receipt and expenditure accounts will be found in Parts 4 and 5.

Where no textbooks have been purchased and no financial commitments or guarantees for such purchases have been made by the school corporation, the textbook rental program may be operated through the school corporation extra-curricular account or accounts. However, when handled in this manner, the governing body of the school corporation shall approve the amount of the bond of the treasurer of the extra-curricular account in an amount deemed by said governing body sufficient to protect the account for all funds coming into the hands of the treasurer of the account.

REPAIR AND REPLACEMENT FUND

The governing body of each school corporation in Indiana may establish a Repair and Replacement Fund, designated Fund Number 1000 in the prescribed accounting system, to be used solely for the repair of buildings and the repair and replacement of building fixtures that are owned or leased by the school corporation and that are of a type constituting loss capable of being covered by casualty insurance. Once established, the fund may extend for a specified number of years, not to exceed five (5), and for a specified annual amount permitted to be expended during each year. The unexpended balance in the fund at the close of a calendar year carries forward in the fund to the next calendar year. The amount to be expended is composed of the balance of the fund at the beginning of the year and any statutory transfers into the fund. There is no tax levy authorized for the support of the fund. Any balance in the fund may be invested and the net proceeds from the investment become a part of the Repair and Replacement Fund. IC 20-40-11-11 provides a means for reduction or rescission of the Fund.

SELF-INSURANCE FUND

The governing body of each school corporation in Indiana may establish a Self-Insurance Fund designated 1100 in the prescribed accounting system to provide monies for the payment of any judgment rendered against the school corporation or an officer or employee for which the school corporation is liable under the Tort Claims Act; the Civil Rights Laws; and, the law governing the liability of Public Employees on Contracts. The payment of any claim or settlement for which the school corporation is liable pursuant to the above Acts and the payment of any premium, management fee, claim or settlement for which the school corporation is liable pursuant to any federal and state statute including but not limited to payments in relation to Workers Compensation, Unemployment Compensation, or the payment of any settlement or claim for which insurance coverage is permitted under IC 20-26-5-4(14) which since July 1, 1983, includes group insurance for employees' accident, sickness, health, or dental coverage, provided that any plan of self-insurance shall include an aggregate stop-loss provision.

Subject to the approval of the commissioner of the department of insurance, the governing body of the school corporation may support the Self-Insurance Fund by transfer. Any balance remaining in the Self-Insurance Fund at the end of any fiscal year shall carry over in the Fund.

If established, the Fund shall be designated Fund Number 1100 in the prescribed accounting system.

LEVY EXCESS FUND

The Levy Excess Fund, designated Fund Number 1200 in the prescribed accounting system, is required by IC 20-40-10 and IC 20-44-3 for each local taxing unit. The school corporation shall receipt to the fund that portion of the property taxes received which exceeds of the school corporation's ad valorem property tax levy as certified each year by the Department of Local Government Finance. However, no requirement exists to establish the fund in your records until such time as the total taxes received exceeds one hundred percent (100%) of the total taxes levied for any taxable year and the amount that would be deposited is \$100 or more. Once established, the fund must continue to be carried in your records.

SPECIAL FUNDS

Special Funds may be established to account for money received by a school corporation for a specific purpose or purposes if no local tax revenues are involved. These Funds may be supported by gifts, donations, endowments or be established pursuant to federal statutes. For example, money received from federal grants prior to any required expenditures to support the program or project being financed may be accounted for by establishing separate funds appropriately titled (Gifts and Donations Fund, Scholarship Endowment; IASA Title I, etc.). Disbursements from these funds do not require appropriations or the application of other laws relating to the budgets of municipal corporations.

IC 36-1-8-12 provides for creation of a special fund, if a political subdivision receives state grant money requiring local matching money. The grant money and matching money would be receipted into the special fund

Federal programs and other programs which are partially funded and which require matching funds from the school corporation must be handled through the General Fund of the school corporation and do require appropriations and the application of budget laws pertaining to municipal corporations.

FUND ACCOUNTING

A ledger account on prescribed Form Number 508 must be established for each fund. Each fund account will serve as a control account for all receipt and disbursement transactions pertaining to that fund. In addition, a ledger account on Form Number 508 must be established for the "All Funds Control" to which all receipts and disbursements for all funds shall be posted. Posting to these ledger accounts, as well as the receipt and expenditure accounts, shall be made as follows for each day's transactions.

Receipts:

1. Post each receipt from the duplicate receipts to the receipt accounts. (See Part 4)
2. Post the total of the receipts for each fund to the ledger account for that fund.
3. Post the total of all receipts to the All Funds Control Account.
4. Enter the total receipts for all funds in the applicable columns of the Treasurer's Daily Balance of Cash and Depositories.

Disbursements:

1. Post the gross amount of checks (before payroll deductions) to the expenditure accounts. Make reference, where necessary, to the distribution of expenditures shown on the claim (See Part 5).
2. Post the gross amount of the checks (before payroll deductions) for each fund to the ledger account of that fund.
3. Post the net amount of the disbursements for all funds (after payroll deductions) to the All Funds Control account. Posting to the account should be made directly from the register of checks (duplicate copies of checks) which register should be totaled to reflect the gross amount of checks, each of the applicable payroll deductions, and the net amount of the checks issued.
4. Post as receipts to the applicable clearing accounts the amounts of payroll deductions as reflected in the totals of the checks issued. If any of the checks issued were for the purpose of transmitting payroll deductions to the proper payee, they will be posted as disbursements to the applicable clearing accounts and to the All Funds Control account. Disbursements from the payroll deduction clearing accounts will not be posted to the detail expenditure accounts or to the ledger accounts for each fund, since under the accounting system these accounts are posted in "gross" when posting the payrolls.
5. Enter the net amount of the checks issued in the proper columns of the Treasurer's Daily Balance of Cash, Depositories and Investments indicating there in the depository on which the checks were drawn.

PROOF OF POSTING

At the end of each month the receipt and expenditure accounts, the fund accounts and the All Funds Control account should be balanced and the All Funds Control reconciled to the Treasurer's Daily Balance of Cash, Depositories and Investments. A proof of correctness of the posting and reconciling with Treasurer's Daily Balance of Cash, Depositories and Investments should be made as follows:

1. Foot each receipt and expenditure account, each fund account and the all funds control to show the total receipts and expenditures for the month and for the year to date and extend the balances in the respective accounts.
2. Total the receipt accounts for each fund and verify with the total receipts shown on the fund account of that fund.
3. Total the disbursements for all expenditure accounts and verify with the total disbursements in each program (appropriation) and with the total disbursements in the control account of that fund.
4. Summarize the totals of all expenditure accounts of each program and verify that total with the total disbursements for that program.
5. Total the receipts for all funds and verify with the total receipts in the "All Funds Control account.
6. Total the disbursements for all funds and verify with the total disbursements shown on the All Funds Control account. In the proof, if there are any payroll deductions not disbursed, the amounts thereof will have to be added to the total disbursements posted to the All Funds Control account. This is because checks will be posted in "gross" to the fund accounts and in "net" to the All Funds Control.

7. Add the balances in each fund, together with the balances in any payroll deduction accounts (clearing accounts) and the total thereof should agree with the balance in the all funds control.
8. Confirm that the balance in the All Funds Control account agrees with the balance reflected in the Treasurer's Daily Balance of Cash, Depositories and Investments.

If properly maintained and correctly posted, the foregoing procedure will provide the school administration at all times with the total receipts, total disbursements and the balance in each fund and, also, with a summary of all receipts, disbursements and the balance of all funds as reflected in the All Funds Control account.

"Deposits in transit" will represent amounts, received and entered on the records before the close of the month, for which a deposit has been made, but not in time to be included in the balance shown on the bank statement.

RECONCILEMENT OF FUND BALANCES WITH DEPOSITORIES

At the close of each month the balance in the All Funds Control account must be reconciled with the Treasurer's Daily Balance of Cash, Depositories and Investments and to the balances shown on the depository statements. In making the reconciliation any deposits in transit and all outstanding checks must be considered.

"Outstanding checks" will represent those checks issued and entered on the records but which have not been paid by the bank at the close of the month. To arrive at the outstanding checks, all paid checks must be compared with the duplicate checks or check register. At the time this comparison is made the month in which such check was paid by the bank should be indicated on the duplicate check or check register to facilitate the preparation of the list of the outstanding (or unpaid) checks.

Another purpose in stamping or otherwise indicating the month in which the check was paid is to facilitate tracing a check to the bank statement should a question later develop and you need to locate the particular check. All checks paid by the bank should be filed with the bank statement with which they are returned and, although they should be sorted into numerical sequence within each bank statement, they should not be commingled with other checks or with the checks returned with other bank statements.

On the following page, you will find an illustrated form to be used in reconciling your records to the Treasurer's Daily Balance of Cash, Depositories and Investments and to the depository statements. This reconciliation must be made at the close of each month, IC 5-13-6-1(c)

DEPOSITORY STATEMENT AND CASH RECONCILEMENT

	<u>Bank Statement</u>	<u>Less Outstanding Check</u>	<u>Net Balance*</u>
Balance in Depository:	\$	\$	\$
(List Each Depository)			
Totals	<u>\$</u>	<u>\$</u>	\$
Add: Deposits in Transit Cash on Hand (List any other reconciling items)			<u> </u>
Total			\$
Deduct: (List any reconciling items to be deducted)			<u> </u>
Record Balance, All Funds - Control (Proof)			<u>\$</u>

SCHEDULE OF OUTSTANDING CHECKS
(List by Depository)

<u>Date</u>	<u>Number</u>	<u>Amount</u>	<u>Date</u>	<u>Number</u>	<u>Amount</u>
		\$			\$
					<u> </u>
			Total		<u>\$</u>

* The "Net Balance" for each depository should agree with the balance shown in the Treasurer's Daily Balance of Cash and Depositories; however, if there are any deposits in transit or other reconciling items affecting the depository accounts they must be considered.