



INDIANA SCHOOL BOARDS  
ASSOCIATION

# BUDGETING *and* FINANCIAL OVERSIGHT *for* SCHOOL BOARD MEMBERS

5th Edition  
**RESOURCE GUIDE**

Vol. 5 September 2025



# TABLE of CONTENTS

Vol. 5 September, 2025

Foreword.....	3
School Board’s Fiscal Responsibility.....	4
School Board Financial Oversight Monthly Checklist.....	6
Introduction to State Agencies .....	9
Key Financial Calendar Dates .....	11
DLGF Overall School Budget Calendar (Adapted).....	12
NEW 2025 School Board Budgeting and Financial Reporting Laws .....	14
Basics of State Funding Formula .....	19
Revenue Overview .....	25
Expenditures Overview.....	30
Indiana Teacher Salary Requirements .....	31
Fiscal and Qualitative Indicators Dashboard Report.....	32
Appendix A - Indiana School Boards Association Code of Ethics.....	35
Appendix B - School Finance Terms to Know .....	39
Appendix C - Sample Internal Reports.....	45
Fund Report .....	46
Appropriations Report by Line Item .....	47
Appropriations Report by Account Numbers in Summary.....	48
Debt Service Worksheet.....	49
Cash Flow Analysis .....	50
Comparative Expenditure Report .....	51
Appendix D - Curricular Materials June 2025 Memo .....	53
Appendix E - Budget Calendar .....	57
Appendix F - Sample Resolutions.....	67
Resolution to Transfer Amounts from the Operations Fund to the Education Fund .....	68
Resolution to Transfer Amounts from the Education Fund to the Operations Fund .....	69
Cash Reserve and Liquidity Policy .....	70
Appendix G - Tax Increment Financing .....	73
Appendix H - Audit Reports .....	77
Appendix I - Teacher Compensation FY 2026 Update .....	81





## FOREWORD

A tenet espoused by the Indiana School Boards Association (ISBA) is that the financial oversight of school corporations and the adoption of annual budgets are core responsibilities of school board members. While the superintendent is responsible for managing day-to-day finances, school board members must be accountable to ensure the financial solvency of the school corporation they serve. With the issue of financial oversight of school corporations being a consistent statewide discussion topic, the ISBA is working to empower our membership to provide effective leadership in the budget development process.

To support board members in this role, ISBA is publishing this fifth edition of the Budgeting and Financial Oversight for School Board Members Resource Guide. It is important for ISBA members to understand overall school board responsibilities in the budgeting process and be aware of available tools and resources to guide them in the adoption of a financially sound annual budget. Many financial reporting and oversight changes have been prompted by recent legislation passed by the Indiana General Assembly, including new laws enacted in the 2025 budget session, that necessitate an update to this publication.

This guide is intended to provide board members with a breadth of information and resources, including: an overview of state agency roles and responsibilities, the annual financial calendar, state and local revenues, local expenditures, internal financial reporting, and sample board resolutions and reporting templates for school board members to use on a regular basis. ISBA encourages school board members to review and regularly use the School Board Financial Oversight Monthly Checklist at board meetings. It is envisioned that this resource guide will be updated on a biennial basis, and continued training and support will be offered to members by ISBA via future webinars, seminars, and conference sessions.

We are fortunate to have partnered for a second consecutive edition with Dr. Michele Moore, Clinical Assistant Professor in Educational Leadership from Indiana University, to update the information provided in this Resource Guide previously co-authored by Mr. Dennis Tackitt and the team at Administrator Assistance. These life-long educators have impressive resumes that include successful tenures as local superintendents or chief financial officers with extensive experience in managing the financial assets of Indiana school corporations.

I hope you find this resource guide to be a helpful, user-friendly tool to support you in fulfilling your duties and obligations as a school board member of one of Indiana's 290 school corporations. Thank you for your valued membership in ISBA and your service to your school community. Your leadership is to be commended!



Sincerely,  
*Terry Spradlin*, Executive Director



## THE SCHOOL BOARD'S FISCAL RESPONSIBILITY

School board members are entrusted by the community with financial resources for the education of children. School board members are expected to spend tax dollars in an efficient and responsible manner. The ISBA Code of Ethics states that a school board member should:

- ✓ *Accept the responsibility, along with fellow board members, to ensure that adequate facilities and resources are provided for the proper functioning of schools.*
- ✓ *Conduct all school business transactions openly.*
- ✓ *Vigorously seek adequate financial support for the schools.*

In many Indiana communities, the size of its school district's budget in a given year is larger than that of any other entity in the community—public or private. School corporations may be the community's largest employer.

An effective school board makes sure that each of its members has at least a basic understanding of school finance; understands the financial condition of the district; and can monitor and assess the impact of agreed upon budgetary decisions recommended by district leaders and approved by the governing body. From an oversight perspective, it is incumbent on board members to ask the right questions and receive adequate financial data before taking formal action on budgeting in the boardroom.

### **Questions to consider or ask as a board member:**

1. Does the district have a well-defined, articulated vision and mission that drives financial decision-making?
2. Are fund balances easily identified and monitored?
3. Do board members understand the predictability of revenues and expenditures?
4. How much does the district spend each month?
5. Are board members mindful of potential one-time expenditures?
6. What is the potential impact of transfers to other funds on the Education Fund, and what is the availability of other funds to supplement the Education Fund, if needed?
7. Do board members agree on when rainy day funds may be expended?
8. Does the district have a three-year strategic plan on spending district resources?
9. Do board members understand the costs of the collective bargaining agreement and insurance? What is the percentage amount being spent on salaries and benefits?
10. Are district resources tied to instructional and school improvement goals?

The answers to these questions will prepare and empower a school board to fulfill a primary oversight duty by ensuring the financial solvency of the school corporation.

### **ALIGNMENT TO VISION AND MISSION**

School board and district leaders may not consider a budget a communication tool, but in fact it is one of the best ways a board or district leader can commit to a vision and mission for all students. School boards and district leaders should be able to articulate their fiscal decisions and be explicit on how district spending aligns with the district's vision and mission. Budget alignment to a district's educational strategy and goal setting is a critical element of a successful budget strategy, which is key to reaching organizational goals. Why is this important?

1. Resources will be tailored and allocated to the needs of the school district. Taxpayers dislike wasteful spending of tax dollars. Aligning spending to the mission and vision of the district allows for transparency in school budgeting.
2. More dollars are available for priority spending. Strategic planning of limited resources allows for better decision-making of taxpayer funds.
3. The budgeting process becomes a necessary step in strategic planning. The budget anchors the strategic planning process.

A school budget is a comprehensive financial plan that involves five distinct essential elements:

1. Planning for the needs of the school district.
2. Seeking adequate funding for desired programs.
3. Spending revenue funds to support students and programs.
4. Monitoring expenditures to align with the district's mission and vision.
5. Evaluating results of spending decisions.



## SCHOOL BOARD FINANCIAL OVERSIGHT MONTHLY CHECKLIST

ISBA offers this checklist for school boards to review and track on a monthly basis to ensure that you are seeking essential information and asking the right questions throughout the year. Use of this monthly checklist will help you demonstrate fiscal transparency and accountability in fulfilling your fiduciary responsibilities.

### JANUARY

- Review December and Year-end financial statements and bank accounts.
- Approve Stale Check List (Outstanding Checks more than 2 yrs. old)
- Approve resolution(s) as needed for transfer of funds between education fund and operations fund for operating overhead expenses as needed, and any transfer of funds to rainy day fund of excess funds. (Some schools do this when they approve the following year's budget or in December)
- School Board should analyze the report of receipts and expenditures for each fund for the previous calendar year.
- Conduct Board of Finance meeting to review fund balances, bank accounts, investments for calendar year just ended, along with superintendent or designee review of the corporation's fiscal and qualitative indicators.
- Review DLGF 1782 Notice (Budget Order) for New Year
- Board president, superintendent or financial officer sign Form 9 for submission to IDOE by January 31. (For six months ended December 31.)

### FEBRUARY

- Second school year ADM Count in February for IDOE.
- Financial Officer confirms corporate debt in DLGF Gateway by March 1.
- Review January financial statements and bank accounts.

## **MARCH**

- Review February financial statements and bank accounts.
- Receive possible future projects to be considered from each building

## **APRIL**

- Review financial statements and budget variance report for the quarter ended March 31.
- Review bank accounts and investments as of March 31.
- Review capital projects for work in progress and schedule of planned projects for current year.

## **MAY**

- Review April financial statements and bank accounts.

## **JUNE**

- Review May financial statements and bank accounts.
- Spring property tax settlement distributed by county auditor.
- Semi-annual bond or lease payments due.

## **JULY**

- Review financial statements and budget variance report for the quarter ended June 30.
- Review bank accounts and investments as of June 30.
- Approve budget calendar.
- Finalize future projects to be built into next year's budget.
- Publish Notice of Hearing and post capital projects plan and bus replacement plan on district website.
- Board president, superintendent and financial officer sign Form 9 to submit to IDOE by July 31. (For six months ended June 30.)

## **AUGUST**

- Referendum Certification of the Ballot Question must be filed by August 1 at noon.
- Review July financial statements and bank accounts.
- Conduct budget hearing. (October 24 is the last possible hearing date.)
- Annual financial report is filed with SBOA through Indiana Gateway.

## **SEPTEMBER**

- Adopt budget to approve appropriations, tax rates, three-year capital projects plan and five-year bus replacement plan. (November 31 is the last possible date to adopt the budget.)
- Adopt any additional appropriations or appropriation reductions for current year.
- Publish Notice of Adoption.
- Review August financial statements and bank accounts.

## OCTOBER

- First ADM Count of the school year is taken.
- Review financial and budget variance letter (if any) for quarter ended September 30.
- Review bank accounts and investments as of September 30.

## NOVEMBER

- Review October financial statements and bank accounts.

## DECEMBER

- Review November financial statements and bank accounts.
- Consider the need to encumber funds from the current budget to roll into the next year's appropriation through School Board resolution.
- Fall property tax settlement distributed by county auditor.
- Semi-annual bond or lease payments due.
- DLGF certifies budgets, levies, and tax rates and issues the school 1782 notice.

## BEST PRACTICE FOR SCHOOL BOARD MEMBERS

Review financial statements of major funds monthly. Give attention to available cash balances within funds, amounts of appropriation currently used and available for the remainder of the fiscal year, along with year-to-date comparisons of actual and projected amounts.

Fiscal stewardship for school boards includes monitoring reports and communicating with the superintendent or designee as needed for clarity in understanding the content of reporting presented. At a minimum, school board members should review fund reports (cash balances), appropriation reporting, and cash flow projections monthly. Sample financial reports are included in Appendix C.

Two simple practices are recommended for school board members to do each month. The first is to examine what percent of expenditures are held in cash. To do this, take the ending fund balance in the Education Fund and divide it by the annual approved budget to determine how much cash the district is holding. This number should be tied to a cash management policy established by the board. This should be repeated for the Operations Fund so the board member can determine if the school district is maintaining the correct amount of cash for their own situation for the two major funds: Education and Operations.

Another simple practice that board members should follow is to determine if the expenditures are on target for the year. To do this, determine what month of the fiscal year it is and divide this number by 12. For example, April is the fourth month of the fiscal year (most school budgets run January-December). Take 4 divided by 12 to get 33%. Then compare 33% to what percent of the school budget has been spent. The amount spent should be around the same percentage as the percent of months of the fiscal year. There are reasons it might be higher, such as a third payroll in a month or the annual insurance payment. When the number is different, it provides the school board member an opportunity to exercise their due diligence and ask questions of the school leadership to determine why spending is greater than the budget at a certain point in time.



## INTRODUCTION TO STATE AGENCIES

### OFFICE OF MANAGEMENT AND BUDGET (OMB)

The OMB oversees and coordinates the financial functions of state government. <https://www.in.gov/omb/>

The Office of Management and Budget is comprised of the following agencies:

**State Budget Agency:** Facilitates revenue forecasting, budget development, and budget implementation. Evaluates and communicates the fiscal and policy impacts of legislative proposals with the objective of assuring the best information available to the decision makers. <https://www.in.gov/sba/>

**Department of Revenue:** Administers the tax laws of the state of Indiana in an equitable and courteous manner to promote the highest degree of public trust and voluntary compliance. <https://www.in.gov/dor/>

**Department of Local Government Finance:** Protects the interests of all Indiana property taxpayers by assuring uniform and equitable assessments and by providing oversight of the budgets of all local governmental units. <https://www.in.gov/dlgf/>

**Distressed Unit Appeal Board:** Reviews petitions from distressed political subdivisions, including school corporations. <https://www.in.gov/duab/>

**Indiana Board of Tax Review:** Reviews determinations by local/county assessment officials concerning the assessed value of tangible property, property tax deductions, or property tax exemptions, and also reviews assessment determinations made by the Department of Local Government Finance. <https://www.in.gov/ibtr/>

**Indiana Finance Authority:** Oversees state debt issuance and provides financing solutions for state, local, and business investment in Indiana. <https://www.in.gov/ifa/>

**Indiana Public Retirement System:** Advances the achievement of retirement security for current and future retirees and beneficiaries (for certified and non-certified employees). <https://www.in.gov/inprs/>

**State Board of Accounts:** Performs state and local government audits, prescribes uniform account standards, and trains public officials. Historically, school corporation audits have taken 90-120 days for the SBOA to complete, with the final audit report following 30 days later. School board members have the opportunity to attend entrance and exit conferences with SBOA auditors. <https://www.in.gov/sboa/>

The SBOA will sometimes contract out the school audit to an outside CPA firm depending on the number of audits it has to do. This is a routine procedure and should not cause concern for the district if the audit is selected to be contracted out.

The State Board of Accounts maintains a school chart of accounts crosswalk to define allocation of receipts and expenditures within all public school funds. The cross-walk includes a highlighted list of changes by date and Indiana Code changes made over time. The crosswalk, also known as the School Uniform Compliance Guidelines Manual, is found on the State Board of Accounts website (under uniform compliance guidelines) using the following link: <https://www.in.gov/sboa/political-subdivisions/schools/>

## **SECRETARY OF EDUCATION**

The Indiana Secretary of Education was given new duties in 2025 under the reorganization plan of Governor Mike Braun. Additional agencies and boards were moved under the Secretary of Education's oversight. The Secretary of Education oversees the following organizations:

### **INDIANA DEPARTMENT OF EDUCATION (IDOE)**

The IDOE's Division of School Finance is responsible for administering the state's biennial budget for student tuition support. The IDOE gathers the Average Daily Membership (ADM) student count to determine the tuition support allocation for each school corporation. Additionally, the Division issues reimbursements summer school expenses along with other grants to local districts (e.g., high ability, teacher appreciation grant, formative assessment grant, etc.). Schools use the common financial report known as Form 9 to submit to the IDOE financial data for the six-month periods ending on June 30 and December 31. The Financial Form 9 serves as the basis for audits conducted by the State Board of Accounts. <https://www.in.gov/doe/>

### **STATE BOARD OF EDUCATION (SBOE)**

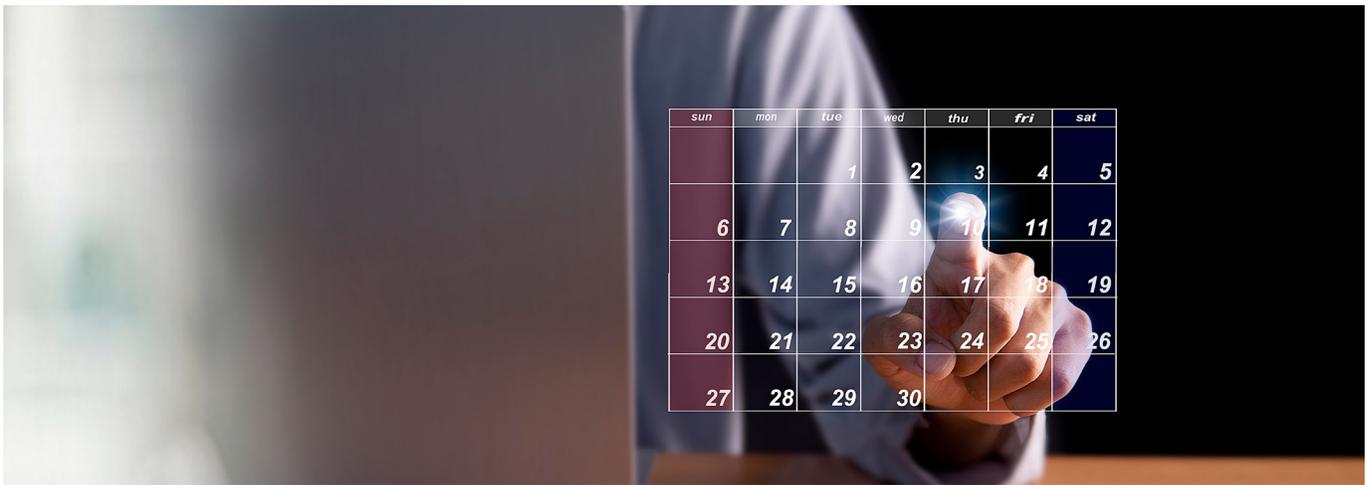
The State Board sets K-12 education policy, as directed by the Indiana General Assembly. The State Board meets monthly and is composed of 10 appointed members plus the Secretary of Education. <https://www.in.gov/sboe/>

### **INDIANA EDUCATION EMPLOYMENT RELATIONS BOARD (IEERB)**

IEERB promotes cooperative relationships between public school teachers and school corporations, issues rules and guidance to lead school employees and employers through the labor relations and collective bargaining process, and facilitates mediation and arbitration when needed. IEERB also requires school districts to submit a collective bargaining report annually which is published on Gateway. While this board was moved in the organizational structure to the Secretary of Education, it will retain its independent status. <https://www.in.gov/ieerb>

### **COMMISSION OF HIGHER EDUCATION (ICHE)**

Created in 1971 by an act of the General Assembly the Indiana Commission for Higher Education is a coordinating agency with a 14-member public body that supports public and independent universities and colleges in the state, the student financial aid program, and career-technical education. <https://www.in.gov/che/>



## KEY FINANCIAL CALENDAR DATES (2025-2026)

*These dates are specific to school districts and taken in part from the memo found in Appendix E*

### DEPARTMENT OF LOCAL GOVERNMENT FINANCE (DLGF)

- The detailed DLGF school budget calendar is included in this manual beginning on page 12.
- All budgets must be locally approved no later than November 3.
- DLGF is required to issue the Budget Order (1782 Notice) on or before December 31. The 1782 notice is a document outlining fund information of the school corporation.
- The school corporation must respond to the 1782 notice within 10 calendar days with requested changes as specified in IC 6-1.1-17-16(g). If no response is received, the budgets, rates and levies will be certified in the final budget order for the unit.
- Local districts must submit to DLGF via Gateway approved budgets, three-year capital projects plan, five-year bus replacement plan, additional appropriations, appropriation reductions, excess levy appeals, transportation appeals, and revisions to the capital projects and bus replacement plans.

### INDIANA DEPARTMENT OF EDUCATION – DIVISION OF SCHOOL FINANCE (IDOE)

- Form 9 for the six-month period ending June 30 must be submitted by July 31.
- Form 9 for the six-month period ending December 31 must be submitted by January 31.
- ADM counts are set by the State Board of Education and taken two times a year in the fall and winter (2025-26 dates are October 1, 2025, and February 2, 2026.)
- Curricular Materials will be included in the tuition support payment to schools.
- Parents will no longer be charged textbook fees based on 2023 legislation passed.
- Non-English Speaking grant amounts will be distributed monthly with the basic tuition grant and is based upon reported counts tied to the WIDA testing.
- Career and Technical Education (CTE) counts are submitted October 1 for 2025 along with the Fall Count.
- Special Education student count is taken on December 1.
- Summer School expenses must be submitted by September 15 for later reimbursement.
- Complexity Funding is now pulled directly from FSSA and DCS data. Schools no longer submit TANF and SNAP counts. Counts are based upon the number of students enrolled in those programs on October 1, 2024.

# DLGF SCHOOL BUDGET CALENDAR (2025-2026)

Adapted from DLGF memo dated February 6, 2025; See Appendix E

---

<b>July 15</b>	Department provides each taxing unit an estimate of the maximum permissible property tax levy for the ensuing year and guidance on calculating allowable adjustments to the maximum levy. The report will be posted on the Department website. (IC 6.1.1-18.5-24)
<b>July 31</b>	Deadline for the Department to provide each taxing unit with an estimate of the property tax cap loss (“circuit breaker impact”) for the ensuing year.
<b>August 1</b>	<b>Last day</b> for county auditor to certify net assessed values to the Department. The Department will make values visible to political subdivisions via Gateway.
<b>August 1</b>	The county fiscal body shall review at its first meeting in August the estimated property tax levy limits and the estimated reductions due to circuit breakers for each taxing district. The county fiscal body will prepare and distribute a written recommendation for the taxing units or the county auditor will distribute the minutes of the meeting to all taxing units after the minutes are approved by the fiscal body.
<b>October 14</b>	<b>Last day</b> to post a notice to taxpayers (Budget Form 3) of proposed 2026 budgets and net tax levies and a public hearing to Gateway. Units who have not submitted by October 12 will not have time to complete the budget process before the deadline.
<b>October 21</b>	<b>Last day</b> for units to file excess levy appeals for school operations fund for transportation, annexation/consolidation/extension of services, three-year growth factor, emergency, and correction of error with the Department. Last day for units to file request for adjustment for school operations fund for bus replacement.
<b>October 24</b>	Last possible day for taxing units to hold public hearing on their 2026 budgets. Public hearing must be held at least 10 days before the budget is adopted. Note: This deadline is subject to scheduling of the public hearing.
<b>October 31</b>	Last possible day ten or more taxpayers may object to proposed 2026 budget, tax rate, or tax levy of political subdivision. Objection must be filed not more than seven days after the public hearing. This deadline is subject to the scheduling of the public hearing.
<b>November 3</b>	Deadline for all taxing units to adopt 2026 budgets, tax rates, and tax levies. Note: This deadline is subject to scheduling of public hearing. See October 14 and October 24 for additional information.
<b>November 10</b>	<b>Last day</b> for units to submit their 2026 budgets, tax rates, and tax levies to the Department through Gateway as prescribed by the Department.

---

<b>November 10</b>	Second installment of 2024-pay-2025 taxes due.
<b>December 31</b>	<i>Last day</i> for the Department to accept additional appropriation requests for the 2025 budget year from units as prescribed by the Department.
<b>December 31</b>	Deadline for the Department to certify 2026 budgets, tax rates, and tax levies unless a taxing unit in a county is issuing debt after December 1 in the year preceding the budget year or intends to file a shortfall appeal under IC 6-1.1-18.5-16.
<b>December 31</b>	Property tax distributions for November collection.
<b>January 15</b>	Deadline for the Department to certify 2026 budgets, tax rates, and tax levies if a taxing unit in a county is issuing debt after December 1 in the year preceding the budget year or intends to file a shortfall appeal under IC 6-1.1-18.5-16.
<b>April 15</b>	<i>Last day</i> for the county treasurer to mail 2025-pay-2026 tax bills. Bills must be mailed at least fifteen (15) business days before the first installment is due. (IC 6.1.1-22-8.1I)
<b>April 28</b>	<i>Last day</i> for the county auditor to publish the first notice of the 2026 tax rates to be collected in the county for each purpose and the total rates in each taxing district. (IC 6-1.1-22-4)
<b>May 5</b>	<i>Last day</i> for the county auditor to publish a second notice of the 2026 tax rates to be collected in the county for each purpose and the total of the rates in each taxing district. (IC 6-1.1-22-4)
<b>May 12</b>	<i>Last day</i> for the county auditor to publish a third notice of the 2026 tax rates to be collected in the county for each purpose and the total of the rates for each taxing district. (IC 6-1.1-22-4)
<b>May 12</b>	First installment of 2025-pay-2026 property taxes due. (IC 6-1.1-22-9)
<b>June 30</b>	Deadline for the county auditor to distribute tax collections to the appropriate taxing units. (IC 6-1.1-22.5-14; IC 6-1.1-27-1)
<b>June 30</b>	Deadline for State Budget Agency (“SBA”) to provide the Maximum Levy Growth Quotient (“MLGQ”) to civil taxing units, school corporations, and Department. (IC 6-1.1-18.5-2)
<b>June 30</b>	Deadline for Gateway submission of the Pre-Budget Report.



## **NEW 2025 BUDGETING AND FINANCIAL REPORTING LAWS**

The Indiana General Assembly passed significant new laws during the 2025 legislative session affecting the tuition support formula, K-12 education categorical grant funding, curricular materials funding, and property tax matters. The following summarizes nine (9) laws impacting school finance and budgeting that are important for school officials to understand.

### **HOUSE ENROLLED ACT 1001 (Public Law 213-2025) STATE BUDGET**

Among other provisions, HB 1001 appropriates money for Fiscal Years 2026 and 2027 for capital expenditures, the operation of the state, K-12 and higher education, the delivery of Medicaid and other services, and various other distributions and purposes. Repeals the Governor's Workforce Cabinet. Increases the cigarette tax by \$2 per pack on cigarettes. Increases the tax rate imposed on the sale of closed system cartridges, open system electronic cigarettes, moist snuff, alternative tobacco products, other tobacco products, and cigars. Adds expenditures related to the Stop the Bleed program and the purchase of bleeding control kits to the allowable purposes for which a secured school fund matching grant may be used. Makes certain eligibility changes for the On My Way Pre-k program and the CCDF program.

The appropriation for the K-12 tuition support formula is \$9,370,000,000 in FY 2026 and \$9,650,000,000 in FY 2027; Foundation funding per student is \$6,967 in FY 2026 and \$7,071 in FY 2027. Funding per full-time virtual student is 85% the amount of full Foundation funding per student. HEA 1001 eliminates the income guidelines for the Indiana Choice Scholarship Voucher program, making all families eligible to participate in the program. Adds in FY 2027 the completion of Honors Plus seals as a component of the Academic Performance funding included in the tuition support formula. The amount is set at \$2,495 per Enrollment or Employment Honors Plus seal completer, and at \$873 per Enlistment Honors Plus seal completer. The Foundation funding amount each fiscal year includes the \$160 million appropriated in Fiscal Year 2025 for the Curricular Materials Reimbursement Fund. The expenses incurred by school corporations for curricular materials will now be paid from the Basic Tuition Support amount each school corporation receives, not from a separate Curricular Materials Reimbursement Fund.

## **HOUSE ENROLLED ACT 1102 (Public Law 31-2025) CONTRACTING FOR PRESCHOOL PROGRAMS**

Removes language restricting school corporations from entering into a contract with a religiously affiliated nonprofit preschool program.

## **HOUSE ENROLLED ACT 1134 (Public Law 158-2025) EXECUTIVE SESSIONS**

Allows meetings of a state or local agency governing body concerning the following topics to be held in executive session: (1) Employee health care options with respect to special exceptions to coverage. (2) Employee specific compensation or employment matters of individual employees (excluding general discussion of employee compensation during a budget process). (3) Employee handbook changes. (4) Review of negotiations on the performance of publicly bid contracts, when public knowledge may result in increased costs. (5) Solicitation of contract proposals containing a bidder's proprietary information.

## **HOUSE ENROLLED ACT 1198 (Public Law 86-2025) LOCAL PUBLIC WORK PROJECTS**

Changes the amount of a public work project that a board may perform using its own workforce, without awarding a contract, from an estimated cost of less than \$250,000 to an estimated cost of less than \$375,000, adjusted annually to account for inflation. Provides that the Department of Local Government Finance shall annually publish the adjusted cost estimate threshold on its website. Removes the distinction between a political subdivision that is a school corporation and a political subdivision that is not a school corporation for the cost of a public work project that is not subject to certain procedures. Provides that if a federal grant is to be issued to fund a portion of the construction on a public work project, the successful bidder has 90 days to proceed with the contract. Provides that plans and specifications approved by an architect or engineer are not required for certain public works on a public building.

## **HOUSE ENROLLED ACT 1427 (Public Law 230-2025) DEPARTMENT OF LOCAL GOVERNMENT FINANCE**

Among other provisions, removes the sunset of provisions that authorize the sale of bonds at a negotiated sale. Amends provisions pertaining to the investment of public funds in certain depositories. Requires the fiscal officer (rather than the executive) of a political subdivision to upload certain contracts to the Indiana transparency website (<https://www.in.gov/itp/>). Permits the political subdivision to identify an individual other than the fiscal officer to upload contracts to the website. Provides that the change to the agricultural base rate in Senate Enrolled Act (SEA) 1 does not apply for the January 1, 2025, assessment date to land in inventory. Repeals the increase in the personal property tax exemption for the 2025 assessment in SEA 1, but retains the increase of the personal property tax exemption to \$2,000,000 for the 2026 assessment date and thereafter. Removes an exception to provisions added in SEA 1 exempting depreciable personal property placed in service after January 1, 2025, from the 30% minimum valuation floor if property tax revenue that is attributable to the depreciable personal property is pledged as payment for bonds, leases, or other obligations. Repeals the local property tax credits for veterans enacted in SEA 1 and reinstates the property tax deductions in current law for veterans that were expired under SEA 1. Provides, for particular calendar years, that all or part of a building is deemed to serve a charitable purpose and is exempt from property taxation if it is owned by certain nonprofit entities. Provides that the DLGF may (as opposed to shall) adopt certain rules with respect to property of an exempt organization used in a nonexempt trade or business. Amends the requirements that must be satisfied to receive a property tax exemption for property used by a for-profit provider of early childhood education. Establishes a partial property tax exemption for an employer that provides childcare on the employer's property for the employer's employees and certain other employees. Amends certain notice and procedural provisions applicable to proceedings before the Indiana Board of Tax Review. Clarifies the

deadline for submitting amended certified net assessed value amounts. Specifies the calculation of the maximum permissible property tax levy for certain units that fail to comply with certain budget and tax levy review and adoption procedures. Adds provisions that: (1) require the DLGF to increase the maximum permissible property tax levy for certain qualifying municipalities for property taxes first due and payable in 2025 to include all debt service levies of the qualifying municipality for property taxes first due and payable in 2025; (2) specify that the adjustment is a one time and permanent increase; (3) modify the: (A) local income tax trust account threshold percentage of a county that contains a qualifying municipality (for purposes of determining whether the county shall receive a supplemental distribution); and (B) certified share allocation determination for a qualifying municipality; and (4) prohibit the use funds from the state general fund to make up certain local income tax related shortfalls. Provides that a tract or item of real property owned by a political subdivision may not be sold at a tax sale.

## **HOUSE ENROLLED ACT 1641 (Public Law 181-2025)**

### **COUNTY GOVERNMENT MATTERS**

Among other provisions, HEA 1641 allows an executive session to be held to communicate with an attorney, subject to the attorney client privilege. Provides that the governing body of a school corporation may enter into a public-private agreement for the construction or renovation of school buildings under the statutes governing public-private agreements.

## **SENATE ENROLLED ACT 1 (Public Law 68-2025)**

### **LOCAL GOVERNMENT FINANCE**

Places restrictions on the issuance of certain general obligation bonds. Amends a capitalization rate percentage under the statewide agricultural land base rate determination. Provides that the percentage cap used to determine the maximum levy growth quotient is 4% in 2026. Provides that, notwithstanding any growth in a political subdivision's assessed value (AV) in the previous year, a political subdivision's ad valorem property tax levy shall not exceed the ad valorem property tax levy for its last preceding annual budget, unless the fiscal body of the political subdivision adopts an affirmative tax rate and tax levy increase by ordinance following a separate public hearing. Requires a resulting decrease in tax rates for each political subdivision in which there was an increase in the political subdivision's AV in the previous year, subject to any affirmative tax rate and tax levy increase adopted by the fiscal body of the political subdivision. Phases out the authority for the Department of Local Government Finance (<https://www.in.gov/dlgf/>) to permit an excess tax levy that is based on AV growth, school transportation costs, and other circumstances. Retains the provisions that permit an excess tax levy if the civil taxing unit cannot carry out its governmental functions in the case of annexation, a natural disaster, an accident, or an emergency. Phases in an increase in the acquisition cost threshold for the business personal property tax exemption from \$80,000 to \$2,000,000. Provides that the 30% minimum valuation limitation does not apply to business personal property placed in service after January 1, 2025. Phases down the homestead standard deduction over five years to zero beginning for taxes due and payable in 2031. Phases in an increase in the supplemental homestead deduction to 2/3 of the AV of the homestead. Phases in an AV deduction for all property that is subject to the 2% circuit breaker credit for excessive property taxes for assessment dates beginning in 2025 up to a 1/3 AV deduction for taxes due and payable in 2031, and each taxable year thereafter. Expires certain property tax deductions allowed in current law and instead allows a credit against local property taxes in certain instances. Makes certain changes to the qualification requirements and credit amount for the over 65 circuit breaker credit. Provides a supplemental homestead tax credit for property taxes for a person's homestead if the person qualifies for a standard homestead deduction for the same homestead property. Provides that specified referendums may be placed on the ballot only at a general election (in November in even calendar years). Amends the ballot language for controlled project, school operating, and school public safety referendums. Provides that a school corporation may not adopt a resolution to place a controlled project referendum on the ballot during the second calendar year after the final calendar year in which a previously approved controlled project referendum levy is imposed (this provision creates a 12-month

“cooling off” period). Modifies the threshold amounts used for determining whether a political subdivision’s project is a controlled project and whether the petition and remonstrance process or the referendum process applies based on the political subdivision’s total debt service tax rate. Adds provisions to authorize a county fiscal body to adopt an ordinance to establish a property tax payment deferral program (<https://www.in.gov/dlgf/deductions-property-tax/>). Provides that a qualified individual participating in the program may defer the payment of part of the property taxes that would otherwise be due on a homestead. Provides that property taxes deferred under the program are due after the occurrence of a deferral termination event. Provides that the maximum amount of taxes that may be deferred cumulatively year over year may not exceed \$10,000. Increases, beginning in 2028, the maximum local income tax (LIT) expenditure rate for all counties to 2.9%. Authorizes a city or town to impose a municipal LIT rate beginning in 2028 not to exceed 1.2%. Provides that within a county’s total expenditure rate, the county may adopt: (1) up to a 1.2% rate for county general purpose revenue; (2) up to a 0.4% rate for fire protection and emergency medical services; (3) up to a 0.2% rate for nonmunicipal civil taxing unit general purpose revenue; and (4) up to 1.2% for certain cities and towns that are not eligible to adopt a municipal LIT rate. Eliminates provisions that provide for a distribution of LIT expenditure rate revenue to schools and civil taxing units in counties that imposed a rate under the prior county adjusted gross income tax. Authorizes a county fiscal body to impose a local income tax expenditure rate to provide property tax relief for property tax liability attributable to homesteads in the county before January 1, 2028. Expires the authority to impose a property tax relief rate under the LIT and repeals the levy freeze rate. Provides that, in order to continue to impose an expenditure tax rate after 2027, each county must adopt a new ordinance on or before October 1, 2027, to impose the rate. Provides that, for counties that fail to adopt an ordinance to renew an existing expenditure tax rate in 2027, the expenditure tax rate for the county in 2028 shall be the minimum tax rate necessary for existing debt service. Specifies that this does not prevent the county from renewing, imposing, or modifying an expenditure tax rate in subsequent years. Eliminates local income tax councils beginning July 1, 2027, and instead provides that the county fiscal body is the adopting body in all counties for purposes of the county LIT, and the city or town fiscal body is the adopting body in the case of a municipal LIT. Establishes the state and local income tax holding account within the state general fund for purposes of LIT distributions. Requires the budget agency to maintain an accounting for each county imposing a county LIT based on annual returns filed by or for county taxpayers (same as current law). Requires undistributed amounts so accounted to be held for purposes of the state and local income tax holding account beginning after December 31, 2026. (Under current law, undistributed amounts are required to be held in reserve separate from the state general fund.) Requires the budget agency to present each December to the budget committee a report of the following: (1) An estimate of the monthly certified distribution amounts for the immediately succeeding calendar year. (2) A description of the method used to determine the monthly estimates. Requires the department to develop and maintain a property tax transparency portal through which taxpayers may: (1) compare the property tax liability in their current tax statement compared to their potential property tax liability based on changes under a proposed tax rate; and (2) provide taxpayer feedback to the department. Requires all school corporations to adopt a resolution for an operating referendum tax levy that is imposed for the first time with property taxes first due and payable beginning after 2027 to share revenue with certain charter schools. Requires, beginning with distributions in 2028, that all school corporations begin sharing revenue from the school corporation’s operations fund levy with certain charter schools (this provision applies to a school corporation that has at least the greater of 100 students or 2% of ADM with legal settlement in the district attending charter schools). Provides for the phasing in of the sharing of revenue with certain charter schools from the school corporation’s operations fund levy. Provides for the appointment of additional board members to the governing board of a charter school that receives property tax revenue. Sets forth additional procedures related to the closure of a charter school. Dissolves the Union School Corporation.

## **SENATE ENROLLED ACT 146 (Public Law 190-2025)**

### **TEACHER COMPENSATION**

Requires the Department of Education (<https://www.in.gov/doe/>) to submit a report to the General Assembly before November 1, 2025, that provides an analysis of the feasibility and cost of increasing school corporation employee health plan options. Creates the Indiana Teacher Recruitment Program. Beginning June 30, 2025: (1) increases the minimum salary for a teacher employed by a school corporation to \$45,000 (current law requires \$40,000); and (2) requires a school corporation to expend an amount for teacher compensation that is not less than 65% of state tuition support (current law requires 62%). Amends the requirements for a school corporation and the department when the department determines that the school corporation cannot meet minimum teacher salary requirements (see Note below). Removes a provision that provides that the matrix rating system may not rank or compare teacher preparation programs.

Note: If a school corporation fails to meet the minimum salary requirements, the IDOE will send a notice to the school corporation. The school board must publicly acknowledge receipt of the notice and enter the acknowledgement in the minutes of the meeting. The school corporation must also publish the notice on its website.

## **SENATE ENROLLED ACT 249 (Public Law 75-2025)**

### **TEACHER COMPENSATION**

Amends provisions that allow school corporations to provide a supplemental payment to teachers in excess of the salary specified in the school corporation's compensation plan. Makes corresponding changes.



## BASICS OF THE STATE FUNDING FORMULA

The calculation methodology for the basic tuition support distribution to school corporations is found in Indiana Code 20-43-6-3. Each year, the Indiana Department of Education provides a formula simulation for school corporations to enter estimated data and forecast state tuition support distributions for their district. The funding formula has gone through many changes over the years. Terms like de-ghoster, minimum guarantee, transition to foundation, and others have all played different roles in the legislation.

During the biennial budget session, the Indiana General Assembly modifies the school formula to address changes in fiscal and education policy, influenced by political priorities of the majority caucus in each chamber. Possible changes in public policy could be new programs, refinement of previous formulas to match new political landscapes, or the change with the largest impact, the financial health of the state. Changes in school corporations are important variables in the formula as well, and would include overall student enrollment, special education, English language learners, virtual enrollment or any variety of demographic changes in smaller subgroups. These changes, both at the state level and the local school corporation level, create many moving parts to compare the year-to-year change in the funding formula.

### FUNDING FORMULA

The Funding Formula is divided into separate grants: Basic Tuition Support (foundation and complexity), Special Education Grant, Career and Technical Education Grant, Non-English Speaking Grant, and the Academic Performance Grant.

The legislature introduced a tuition support funding level cap in the state budget. For FY 2026, the Tuition Support Cap is \$9,370,000,000 and for FY 2027, the Tuition Support Cap is \$9,650,000,000. Note this includes funding for

curricular materials which is now included in the tuition support payment to schools and not as a separate funding line item.

This change will eliminate the previous distribution for curricular materials, the curricular materials cost submission and the annual fee study. The curricular materials costs and fee study dashboards will be removed in 2025. (See Appendix D for further details).

The first step in the formula is to begin with each school district's prior year revenue for Basic Tuition Support

## **AVERAGE DAILY MEMBERSHIP (ADM)**

The next section of the formula identifies a district's Average Daily Membership (ADM). Average daily membership includes both virtual and nonvirtual students as well as exclusions that include students who are over 22 years old or foreign exchange students on an F1 visa. Over the years, average daily membership defined in IC 20-23-4-6 has gone through a variety of different calculations. The intent is for all students to be counted who receive instructional services from the school corporation for funding purposes.

To count student enrollment accurately, there are two counts, fall and spring, which determine funding for January-June and July-December, respectively.

## **FOUNDATION AMOUNT**

In recent years, the foundation amount has become the most important factor in the funding formula. As the formula has shifted to the concept of money following the student, the amount that each student generates grows in importance. In past years, there were different limitations used in the formula to restrict variances from one year to the next in the amount each school corporation would receive per student. The foundation amount will be equal for every student in the state of Indiana. The concept is that no matter where the student lives, the student generates the same dollar amount to the school corporation. Differences in students' backgrounds/needs now produce revenue in other areas of the funding formula, which we will cover later. The foundation amount is \$6,967 per ADM for the 2025-2026 tuition support formula for nonvirtual students with virtual students getting \$5,921.95. For the 2026-2027 formula, those amounts are nonvirtual students \$7,070 and virtual students \$6,010.35.

## **COMPLEXITY GRANT**

Until FY 2016-2017, the formula included the percentage of students that received textbook assistance to calculate the complexity index. Today this calculation is based on students who qualify for SNAP and/or TANF assistance or are in foster care. For the 2025-2026 school year, the determination of a school's complexity grant is a multiplier of \$4,001 (2025-2026) and \$4,015 (2026-2027) using count information from a single point in time (October 1, 2024), for the biennium (FY 2026 and FY 2027). This amount is a decrease from the \$4,024 amount used for complexity in 2023-2024. The complexity index is pulled from FSSA and DCS data with a matching process based on student information being used. It excludes Medicaid funding.

## **SPECIAL EDUCATION GRANT**

This is one grant that has not experienced the number of changes that the other grants have in policy terms. All K-12 students who are identified as needing special education services are categorized as Severe, Mild or Moderate, and Communication or Homebound. The student's primary disability is only counted once under the Severe, Mild, or Moderate categories. The Communication disabled student, no matter what their primary disability, also counts in the Communication portion of the grant.

For students with a severe disability, the school corporation receives \$11,592 for the 2025-2026 school year and \$11,634 for the state’s fiscal year beginning in July 2026. Each Mild or Moderate student generates \$2,913 in 2025-2026 and \$2,924 in the 2026-2027 school year. For every Communication and Homebound disabled student, the school corporation receives \$548 for 2025-2026 and \$550 for 2026-2027.

Another portion of this grant is the Special Education Preschool grant for those 3, 4, and some 5-year-old students. Each student, without regard for their disability category, generates \$3,798 in 2025-2026 and \$3,812 dollars in 2026-2027.

## NON-ENGLISH SPEAKING GRANT

This grant is for students who have a primary language other than English or limited English proficiency. It is a formula based upon the student’s score on the WIDA Consortium ACCESS Assessment. Students who score at Level 1 or 2 on WIDA; or are an English language learner (ELL) with severe special needs who require a different assessment to assess English proficiency receive funding for the district of \$547 (2025-2026) or \$549 (2026-2027) multiplied by the number of students. Students who score at Level 3, 4, or 5 on WIDA receive \$382 (2025-2026) or \$383 (2026-2027) per student to the district.

## CAREER AND TECHNICAL EDUCATION GRANT

This grant can be divided into two revenue components (See Table 1). The first component is funding that is provided based on the number of credit hours students take in courses identified by the Department of Workforce Development in consultation with the Department of Education and Indiana Works Council. Each course is then placed into a matrix about the wage level and need for workers in the respective fields. Each of the six boxes is then given a dollar value per student credit hour.

**Table 1. Revenue Components**

<b>2025-2026 Value per Credit Hour Matrix</b>		<b>Labor Market Need</b>	
		<b>LEVEL 1</b>	<b>LEVEL 2</b>
<b>Wage Level</b>	<b>High Value</b>	\$710	\$1065
	<b>Moderate Value</b>	\$398	\$597
	<b>Less than Moderate Value</b>	\$199	\$298

<b>2026-2027 Value per Credit Hour Matrix</b>		<b>Labor Market Need</b>	
		<b>LEVEL 1</b>	<b>LEVEL 2</b>
<b>Wage Level</b>	<b>High Value</b>	\$712	\$1069
	<b>Moderate Value</b>	\$399	\$599
	<b>Less than Moderate Value</b>	\$200	\$299

The first part of the grant is calculated as the sum of the number of credit hours for each course, times the number of students in the course, times the appropriate wage and need matrix result.

The second revenue component counts the number of students in different types of programs. If students are enrolled in a work-based learning program or an apprenticeship, the school corporation will receive \$497 (2025-

2026) or \$498 (2026-2027) per student. If students are enrolled in an introductory program, schools receive \$298 (2025-2026) or \$299 (2026-2027) per student, while those students that are enrolled in a college and career course generate \$149 (2025-2026) or \$150 (2026-2027) per student. Planning for College and Careers Course also provides \$149 (2025-2026) or \$150 (2026-2027) per student. Finally, those students that travel from one school where they are currently enrolled to another school to participate in a career and technical education program in which multiple schools are served also generate an additional \$149 (2025-2026) or \$150 (2026-2027). The sum of these two revenue components results in the Career and Technical Education Grant.

Another part of the CTE Grant is the Credential Completion Grant. This grant provides funding to the school district for the student who successfully completed a modern youth apprenticeship or course sequence designated and approved under IC 20-51.4-4.5-6(a); and received an industry recognized credential with regard to the apprenticeship or course sequence. The school where a student successfully completed any other credential approved under IC 20-43-8-15.5(h) may also receive this grant. The grant amount is \$497 (2025-2026) or \$499 (2026-2027).

## **ACADEMIC PERFORMANCE GRANT**

The previous “Honors Diploma Grant” was renamed and changed substantially for funding in 2023-2024 and beyond. Schools will receive different amounts based on different student achievements. Schools will receive: \$1,491 (2025-2026) or \$1,497 (2026-2027) for mid-year graduates. Schools will receive \$1,491 (2025-2026) or \$1,497 (2026-2027) for students earning a Core 40 with Academic or Technical honors designation and received SNAP, TANF, or Foster Care assistance or \$1,094 (2025-2026) or \$1,098 (2026-2027) for Core 40 with Academic or Technical honors designation and did not receive SNAP, TANF, or Foster Care assistance. Schools will also receive funding of \$40 per credit hour completed by the student in dual credit courses (credit must be part of the Indiana Core Transfer Library) with a \$1,200 cap based on each eligible student. The Dual Credit Funding has been eliminated for FY 2027 and beyond. In addition, schools will also receive \$1,491 (2025-2026) or \$1,497 (2026-2027) for each student who successfully completes the Indiana College Core 30. Schools can also receive \$2,486 (2025-2026) or \$2,495 (2026-2027) per student earning an associate’s degree. School districts will receive the single largest amount determined for each student. If a student is both a dual credit student and earns an associate’s degree, the school will receive \$2,486 for the associate’s degree since it is the largest amount.

For FY 2027, funding is changing in line with the new high school graduation requirements with the Academic Performance Grant reflecting the Honors Plus Seals:

- Employment: \$2,495
- Enrollment: \$2,495
- Enlistment: \$873

***Pupil enrollment is the biggest factor in change in school funding from year to year.*** Each addition or reduction in student enrollment impacts the school’s foundation funding amount. In addition, the legislature has incentivized several programs including Indiana College Core 30, Dual Credit, and high-wage CTE courses that make it desirable for a district to pursue these additional funding opportunities. Overall, school members should remember that increasing revenues can support increasing expenditures while decreasing revenues due to declining enrollment of other changes will require the school district to cut expenditures or pursue alternate revenue sources such as referendums. In planning future funding, school districts should carefully adjust their programming to reflect the new changes associated with the Honors Plus Seals.

# SCHOOL FUNDING FORMULA STIMULATION STATE TOTALS

**FY 2025 Through FY 2027 State Tuition Support Simulation: CCR Run**  
**FY 2025- FY 2027 Estimates; FY 2025 October ADM, CTE, NESP, And Special Education Actuals**  
**FY 2026 and FY 2027 Complexity Index Actuals**

**Virtual ADM Receives 85% Foundation Amount; Choice Scholarship Income Requirement Eliminated in FY 2027**  
**Foundation Amount Includes \$160 M Curricular Materials Reimbursement in FY 2026 & FY 2027**  
**Academic Performance Includes Honors Plus Seals in FY 2027**

	FY 2025		FY 2026		FY 2027	
	Estimated	Estimated	% Chg.	Estimated	% Chg.	
<b>State Totals</b>						
Non-Virtual ADM	1,046,219	1,045,881	0.0%	1,058,706	1.2%	
Virtual ADM	34,002	35,478	4.3%	38,167	7.6%	
Total ADM	1,080,221	1,081,359	0.1%	1,096,873	1.4%	
Complexity Index	0.1763	0.1706	-3.2%	0.1705	-0.1%	
Foundation	7,169,232,790	7,488,417,219	4.5%	7,708,070,861	2.9%	
Complexity	712,020,255	683,603,972	-4.0%	685,008,495	0.2%	
Basic Tuition Support	7,881,253,045	8,172,021,191	3.7%	8,393,079,356	2.7%	
Special Education	840,390,835	866,855,100	3.1%	901,881,422	4.0%	
Career & Tech Education	218,617,285	236,371,600	8.1%	256,371,245	8.5%	
Honors/ Academic Performance	42,725,540	44,246,113	3.6%	43,625,860	-1.4%	
Non-English Speaking Program	44,616,358	48,246,551	8.1%	52,072,879	7.9%	
Total	9,027,603,063	9,367,740,555	3.8%	9,647,030,762	3.0%	
\$/ADM	8,357	8,663	3.7%	8,795	1.5%	
<b>Grants</b>						
<b>Basic Tuition Support</b>						
Foundation	\$6,681	\$6,967	4.3%	\$7,071	1.5%	
Complexity	\$4,024	\$4,001	-0.6%	\$4,015	0.3%	
<b>Honors/ Academic Performance</b>						
Honors Tier 1	\$1,500	\$1,491	-0.6%	\$1,497	0.4%	
Honors Tier 2	\$1,100	\$1,094	-0.5%	\$1,098	0.4%	
Associate Degrees	\$2,500	\$2,486	-0.6%	\$2,495	0.4%	
Indiana College Core	\$1,500	\$1,491	-0.6%	\$1,497	0.4%	
Dual Credits	\$40	\$40	0.0%	\$0	-100.0%	
Early Graduation	\$1,500	\$1,491	-0.6%	\$1,497	0.4%	
Employment Honors Plus Seal	\$0	\$0	0.0%	\$2,495	0.0%	
Enrollment Honors Plus Seal	\$0	\$0	0.0%	\$2,495	0.0%	
Enlistment Honors Plus Seal	\$0	\$0	0.0%	\$873	0.0%	
<b>Special Education</b>						
Severe	\$11,659	\$11,592	-0.6%	\$11,634	0.4%	
Moderate	\$2,930	\$2,913	-0.6%	\$2,924	0.4%	
Communication/Homebound	\$551	\$548	-0.5%	\$550	0.4%	
Preschool	\$3,820	\$3,798	-0.6%	\$3,812	0.4%	
<b>Non-English Speaking Program</b>						
NESP Level 1 or Level 2	\$550	\$547	-0.5%	\$549	0.4%	
NESP Level 3+	\$384	\$382	-0.5%	\$383	0.3%	
<b>Career and Tech</b>						
High Value 1 (Per Credit)	\$714	\$710	-0.6%	\$712	0.3%	
High Value 2 (Per Credit)	\$1,071	\$1,065	-0.6%	\$1,069	0.4%	
Moderate Level 1 (Per Credit)	\$400	\$398	-0.5%	\$399	0.3%	
Moderate Level 2 (Per Credit)	\$600	\$597	-0.5%	\$599	0.3%	
Less than Moderate 1 (Per Credit)	\$200	\$199	-0.5%	\$200	0.5%	
Less than Moderate 2 (Per Credit)	\$300	\$298	-0.7%	\$299	0.3%	
Pilot	\$300	\$298	-0.7%	\$299	0.3%	
Intro CTE Course	\$300	\$298	-0.7%	\$299	0.3%	
Apprenticeship/WBL	\$500	\$497	-0.6%	\$499	0.4%	
Area Participation	\$150	\$149	-0.7%	\$150	0.7%	
Preparing for College and Careers	\$150	\$149	-0.7%	\$150	0.7%	
Credential Completion Grant	\$500	\$497	-0.6%	\$499	0.4%	

Prepared by Legislative Services Agency 4/23/2025

# SCHOOL FUNDING FORMULA STIMULATION DISTRICT EXAMPLES

**FY 2025 Through FY 2027 State Tuition Support Simulation: CCR Run**  
**FY 2025- FY 2027 Estimates; FY 2025 October ADM, CTE, NESP, And Special Education Actuals**  
**FY 2026 and FY 2027 Complexity Index Actuals**

**Virtual ADM Receives 85% Foundation Amount; Choice Scholarship Income Requirement Eliminated in FY 2027**  
**Foundation Amount Includes \$160 M Curricular Materials Reimbursement in FY 2026 & FY 2027**  
**Academic Performance Includes Honors Plus Seals in FY 2027**

	FY 2025	FY 2026		FY 2027	
	Estimated	Estimated	% Chg.	Estimated	% Chg.
<b>0015 Adams Central Community Schools</b>					
Non-Virtual ADM	1,293	1,297	0.3%	1,302	0.4%
Virtual ADM	-	-	0.0%	-	0.0%
Total ADM	1,293	1,297	0.3%	1,302	0.4%
Complexity Index	0.0725	0.0605	-16.6%	0.0605	0.0%
Foundation	8,635,193	9,034,213	4.6%	9,204,357	1.9%
Complexity	377,074	313,883	-16.8%	316,197	0.7%
Total Basic Tuition Support	9,012,267	9,348,096	3.7%	9,520,554	1.8%
Special Education	788,721	818,087	3.7%	852,926	4.3%
Career & Tech Education	291,167	298,060	2.4%	308,528	3.5%
Honors/ Academic Performance	86,820	90,067	3.7%	89,934	-0.1%
Non-English Speaking Program	13,958	13,883	-0.5%	13,929	0.3%
Total	10,192,933	10,568,193	3.7%	10,785,871	2.1%
\$/ADM	7,886	8,150	3.3%	8,286	1.7%
<b>0025 North Adams Community Schools</b>					
Non-Virtual ADM	1,466	1,438	-1.9%	1,405	-2.3%
Virtual ADM	-	-	0.0%	-	0.0%
Total ADM	1,466	1,438	-1.9%	1,405	-2.3%
Complexity Index	0.1640	0.1678	2.3%	0.1678	0.0%
Foundation	9,791,006	10,019,103	2.3%	9,937,549	-0.8%
Complexity	967,143	965,484	-0.2%	946,842	-1.9%
Total Basic Tuition Support	10,758,149	10,984,587	2.1%	10,884,391	-0.9%
Special Education	1,242,648	1,278,896	2.9%	1,323,832	3.5%
Career & Tech Education	346,810	358,136	3.3%	373,477	4.3%
Honors/ Academic Performance	92,080	94,961	3.1%	83,391	-12.2%
Non-English Speaking Program	5,656	5,626	-0.5%	5,643	0.3%
Total	12,445,343	12,722,206	2.2%	12,670,734	-0.4%
\$/ADM	8,492	8,847	4.2%	9,016	1.9%



## REVENUE OVERVIEW

Funding for K-12 education may appear complicated, but generally it is the result of some type of taxation. The state of Indiana has a biennial budget, meaning the state budget contains appropriations for two fiscal years. Support to school corporations is appropriated by the Indiana General Assembly and uses the state tuition funding formula, or state tuition support, to allocate funding for schools. Prior to 2009, tuition support was a combination of state and local tax dollars. Beginning in 2009, the state began taking a more active and dynamic role in school finance, and tuition support is now funded exclusively by the state, primarily through a combination of sales and use taxes, the individual income tax and corporate income taxes.

Tuition support dollars are allocated to each school corporation's Education Fund, as established in Indiana Code IC 20-40-2. According to the Indiana State Board of Accounts, the Education Fund, designated Fund 0101, is to be used to record all receipts of tuition support distributions and disbursements for expenses allocated to student instruction and learning.

Per IC 20-40-2-6, transfers are allowed from the Education Fund to the Operations Fund after they are authorized by the governing body in a public meeting. The transfers would allow for tuition support distributions to be used for expenditures not allocated to student instruction and learning. To be clear, school corporations do not impose any levies, or taxes, for the Education Fund; instead, state and federal dollars are used to provide revenue for this fund. These transfers are capped at 15%.

Local property taxes are levied to provide revenue for the Operations Fund and Debt Service Funds. The property tax still represents the largest local revenue generator for local units of government, including public schools. No state has completely eliminated the use of property tax as a source of revenue for public schools, but like Indiana, have placed limits on local property tax growth (Proposition 13 in California is probably the most famous example). The property tax is charged against real property (land and improvements), utilities, and personal property revenues used to primarily fund a school corporation's operations and debt obligations.

The Operations Fund (formerly the Capital Projects Fund, Transportation Operating Fund and Bus Replacement Fund) is designated Fund 0300 and authorized by IC 20-40-18. The Operations Fund is used to record receipts of

the operation property tax levy; may be used to record receipts of excise taxes and local income tax; and transfers from the Education fund or Operating Referendum Tax Levy Fund. The Operations Fund is used for purposes that include implementing a capital projects plan; paying transportation costs; fulfilling a school bus replacement plan; or paying expenses allocated to overhead and operational activities.

The Debt Service Fund, designated Fund 0200, 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.

Additional revenue sources include a referendum. A local referendum may be passed by local voters for operational costs, capital needs, or safety. If a majority of local voters approve a referendum, a maximum tax rate is established for a period of eight (8) years. This levy will go away after eight (8) years unless the voters vote to approve it again.

Legislation passed in 2025 will require more school districts to go through the ballot process in order to issue new debt. Those new requirements are summarized below:

<b>Unit Type</b>	<b>Controlled Project</b>	<b>Subject to Petition and Remonstrance</b>	<b>Subject to a Referendum</b>
<b>School Corporation</b>	$x > \$0.40$	$\$0.40 < x < \$0.70$	$x > \$0.70$

Referenda tax levies do not apply to property tax caps (aka circuit breaker).

Indiana’s K-12 public schools have lost \$4.1 billion in property tax revenue to the circuit breaker tax caps since the law went into effect in 2009 (See Table 2).

**Table 2. Circuit Breaker Losses**

<b>Indiana K-12 Property Tax Circuit Breaker Losses</b>	
2009	\$ 14,145,306
2010	\$ 105,300,588
2011	\$ 209,166,714
2012	\$ 196,567,133
2013	\$ 245,518,529
2014	\$ 253,620,766
2015	\$ 237,879,503
2016	\$ 240,560,903
2017	\$ 251,246,896
2018	\$ 253,378,120
2019	\$ 271,371,452
2020	\$ 307,120,024
2021	\$ 321,714,656
2022	\$ 363,963,500
2023	\$ 474,001,082
2024	\$ 362,638,125
<b>Total 2009-2024</b>	<b>\$ 4,108,193,297 (\$4.1 B)</b>

SOURCE: <https://public.tableau.com/app/profile/ofma.visualizations/viz/IndianaCountyPropertyTaxChanges2023-2024/Intro>

## **OTHER FUNDING SOURCES FOR THE EDUCATION FUND**

The state provides funds for summer school programs. The summer school grant is a reimbursement of actual expenditures that were incurred by the local school district to provide summer school within established parameters. The amount appropriated for FY 2026 is \$17,442,000 which is 5% less than in previous years.

The Indiana General Assembly also establishes and funds grants for special purposes that are outside the funding formula, typically referred to as categorical grants. HEA 1001 (Public Law 213) in 2025 updated the TAG funding model to focus on high-performing teachers in high-need areas. The updated law specifically outlines three stipends that a teacher may be eligible for, as well as the stipend amount and parameters for eligibility:

- A "recognition" stipend of \$3,500 for teachers who demonstrate high performance in improving student outcomes.
- An "exemplary" stipend of \$5,000 for teachers who demonstrate high performance in improving student outcomes and serve as a mentor for their colleagues or teach in a high-need area.
- An "exemplary plus" stipend of \$7,500 for teachers who demonstrate high performance in improving student outcomes, serve as a mentor for their colleagues, and teach in a high-need area.

By state law, the percentage of eligible educators at each corporation or charter school is capped at 20%. Thus, corporations and charter schools that apply for this competitive grant are encouraged to focus this recognition on their highest performers. More detailed information on the updated TAG model and rubric will be provided by the Indiana Department of Education later in 2025, with an anticipated TAG submission due date in December and

distributions occurring in March. Schools must distribute the grants to eligible teachers within 60 days of receiving the funding from IDOE.

(See IDOE file: <https://drive.google.com/file/d/1idMSaEqV7IxDqsXdMoj2u2yNgKvRgCOc/view>)

The Indiana General Assembly also provides grants to schools for high ability programs to serve identified students. These funds are designed to support instruction for high ability students and encourage high ability students to reach the highest possible level at every stage of the students' development. District grants are determined by the number of identified high ability students, K-12.

Other miscellaneous revenue sources will vary for each school corporation. Most will have interest income on investments. Some other potential sources are facility rentals, supply fees, indirect costs, and reimbursements from extracurricular accounts.

## **PROPERTY TAX FUNDS**

The Property Tax Funds that are controlled by the school corporation include but are not limited to: Debt Service Funds, Operations Fund, Referendum, and the Rainy-Day Fund. Each of these funds is limited to specific uses, and subject to State regulations and Board policy.

## **FEDERAL GRANT FUNDS**

The federal government has consistently provided funding for the following grant and entitlement programs:

- Child Nutrition: Provides breakfast and lunch to qualifying students.
- Title I: A literacy grant to ensure that all children have a fair, equal and significant opportunity to obtain a highly qualified education.
- Title IIA: Designed to increase the academic achievement of all students, including staff professional development.
- Title III: Funds to increase English language proficiency and academic achievement for students with limited English proficiency.
- Title IV: Funds to support well-rounded education for all students, including specifics for STEAM and technology.
- IDEA: Individuals with Disabilities Education Act (IDEA).
- Rural and Low-Income Schools: Funds to support education for children from low-income families (RLIS).
- Medicaid: reimbursement funds to offset costs of providing select special education services for students (e.g., speech, OT, PT, transportation, etc.)

## **SELF-SUPPORTING FUNDS**

Some self-supporting funds that school corporations may have are self-insurance funds, food service, and other miscellaneous funds as determined by the school corporation. The Rainy Day Fund is an important fund for school corporations. It is listed here under self-supporting because its receipts are transferred from existing funds. The Rainy Day Fund acts as a "savings" account for school districts where they can set aside money for a "rainy day" or a specific project.

## **REFERENDUM FUNDS**

The Indiana General Assembly made significant changes to school district taxation in 2008. Part of those changes included allowing schools to have referendums. A referendum is where a question is placed on the local ballot, and

voters vote on whether to approve that additional tax increase for the specified reason. Three different types of ballot questions can be put on the ballot in Indiana in regard to school financing: a construction referendum, an operating referendum, or a school safety referendum. If passed by a majority of taxpayers, the referendum is then outside of the property tax caps.

Significant changes were made to referendum requirements and districts may be forced to have a referendum under the following conditions effective July 1, 2025: if the political subdivision's total debt service tax rate exceeds the threshold amount of \$0.70, then the project must go to a referendum and a taxpayer petition under Ind. Code § 6-1.1-20-3.5(b) is not required.

The ballot question must be certified by the county auditor by August 1 for the November election. Beginning in 2025, districts may only run referendums in the November General Election, which occur in even calendar years.



## EXPENDITURES OVERVIEW

HEA 1009 (Public Law 244-2017) made significant accounting changes effective January 1, 2019. To comply, school corporations established an Education Fund to replace the long-standing General Fund. The Education Fund will contain expenses for classroom instruction and instructional support services, also known as Categories 1 and 2, respectively, in the State Board of Accounts' latest Chart of Accounts.

Category 3, non-instructional support, and Category 4, operating overhead, were formerly accounted for in the General Fund. These expenses combined with capital project expenses, transportation expenses and bus replacement costs will comprise the new Operations Fund, which also became effective January 1, 2019.

It is worth noting that the objective of the Education Fund is to capture expenses for instruction and instructional support and may serve as a future metric for analysis and comparison with other school corporations. As of July 1, 2018, the IDOE began tracking all corporation expenditures by building in accordance with federal ESSA guidelines.

Recent state legislation requires that districts must spend 65% of the state tuition support on full time teacher salaries and benefits. Adjunct teachers, supplemental pay for teachers, stipends, and some fees for participating in a special education cooperative or interlocal agreement or consortium are included in the calculation of teacher compensation.

The Operations Fund, therefore, represents monies spent on operating expenses not associated with instructional delivery. Examples of expenditures previously captured in the General Fund/Education Fund include board of education, superintendent's office, business office, human resources, utilities, custodial and maintenance, and property and casualty insurance.

Expenditures for other funds remain largely unchanged. Debt service is still expensed through the Debt Service Fund. Similarly, pension debt service remains in the Pension Debt Service Fund.

The referenda-based funds also are unchanged, representing expenditures associated with the tax revenues and intended purposes of the specific referenda, either operating, capital, or safety related in nature.

Finally, the Rainy-Day Fund may be used for both transfers and direct expenditures, as defined by school board resolution.

# INDIANA TEACHER SALARY REQUIREMENTS

SEA 146-2025 stipulated that teacher salaries move to a beginning salary of \$45,000 for the 2025-2026 school year with 65% of the State tuition support to be expended on classroom teachers (Salary and Benefits), and a funding floor set so that the amount spent on teacher salaries the following school year will be at least as much as the current school year.

There are appeals for specific circumstances if a school district is unable to reach the \$45,000 beginning teacher salary base. The 65% State tuition support requirement applies to classroom teachers who spend at least 50% of their work providing instruction to students. School counselors are considered in the calculation.

The funding floor stipulates that a school will spend at least as much on overall teacher salaries from one year to the next unless the school is in deficit financing.

# FISCAL AND QUALITATIVE INDICATORS

## DASHBOARD REPORT

House Enrolled Act 1315(ss)-2018 authorized the creation of a Fiscal and Qualitative Indicators Dashboard to be published annually and used to evaluate the financial health of each school corporation. Under this statute, school corporations face increased financial scrutiny from the state in a process intended to prevent additional school corporations from entering financial distress.

A Fiscal and Qualitative Indicators Committee was established under the law to select the indicators to be included in the dashboard. The committee is comprised of seven members representing the following state agencies and stakeholder groups:

- Distressed Unit Appeal Board (DUAB), Chair
- Indiana Department of Education (IDOE)
- Department of Local Government Finance (DLGF)
- State Board of Accounts (SBA)
- State Budget Agency (SBA)
- Management Performance Hub (MPH)
- Indiana Association of School Business Officials (IASBO)

Beginning in 2018, the committee held public meetings to discuss, identify, and select the fiscal and qualitative indicators. The committee recently recommended revisions to better identify/isolate the impact of federal stimulus funds. The following provides an updated sample of the Fiscal & Qualitative Indicator Dashboard Report that is publicly released and posted online typically in December on an annual basis.

# SAMPLE FISCAL & QUALITATIVE INDICATOR DASHBOARD REPORT

## School Corporation Financial Indicators

### ADAMS CENTRAL COMMUNITY SCHOOL CORPORATION

Select Your School Here: 0015

ADAMS CENTRAL COMMUNITY SCHOOL CORPORA...



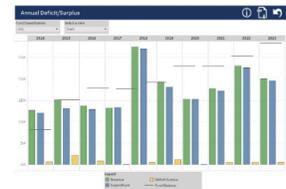
Basic Information



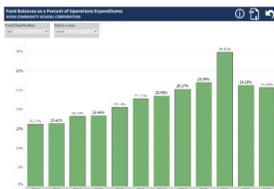
Enrollment & Demographics



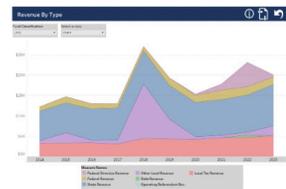
Fund Balances



Annual Deficit/Surplus



Fund Balance as a % of Expenditures



Revenue by Type



Operating Referendum Revenue



PDF Print All Charts

The above chart shows the fiscal indicator dashboard for Adams Central School Corporation (alphabetically and, the first school district in the dashboard report database).

## SCHOOL CORPORATION DESIGNATIONS AND CORRECTIVE ACTION PLANS

The Distressed Unit Appeal Board reviews fiscal and qualitative indicator data periodically to identify school corporations that may show signs of financial distress and for which a “corrective action plan” may be necessary. Based on the review, DUAB may place school corporations in one of three categories:

- 1) Assessment – Additional analysis is warranted to understand the “drivers behind the school corporation’s fiscal indicators and how the school corporation is responding;”
- 2) Observation – The school corporation is showing some warning signs and should be monitored for possible future engagement;
- 3) No Action – No further action is needed at this time

Two of the factors most likely to place a school in the “Assessment” category are ongoing declines in the Average Daily Membership (ADM) of students and declining/negative fund cash balances. However, additional factors may also lead to DUAB’s determination that an assessment is necessary.

Once DUAB has determined the list of school corporations for “Assessment,” DUAB staff will contact the superintendent and school board president of each of the school corporations identified for assessment. School corporation leaders are expected to cooperate in the assessment process and provide any information and documents requested by DUAB. The agency will make available via e-mail an assessment discussion document that will be used to guide the conversation between school corporation officials and staff.

DUAB aims to work collaboratively with school corporations throughout the assessment process, providing technical assistance where possible and connecting school corporations with partner agencies when appropriate. Additionally, pursuant to IC 20-19-7-18, reports, correspondence, and other records associated with the school corporation’s assessment process and corrective action plan are excepted from public disclosure at the discretion of DUAB or the school corporation unless and until the school corporation is placed on the watch list and such placement is reviewed by the State Budget Committee.

If DUAB determines that a corrective action plan is necessary, the school corporation must develop and submit a plan within 90 days. Once established, the corrective action plan can be modified either by DUAB or at the request of the governing body of the school corporation. It shall be the responsibility of the superintendent to update the governing body on the implementation of the corrective action plan, which may occur in an executive session. DUAB staff shall meet with the superintendent, president of the governing body, and other administrators as needed at least once every 90 days to discuss the status of the corrective action plan.

IC 5-13-7-8 requires the superintendent (or designee) of a school corporation to submit a written report to the local board of finance for the school corporation on the financial condition of the school corporation using the fiscal and qualitative indicators to be reviewed at its annual meeting.

The fiscal and qualitative indicators dashboard reports for all school corporations may be found at:  
*<https://www.in.gov/duab/school-corporation-fiscal-indicators>*



## **APPENDIX A**

### **SCHOOL BOARD MEMBER CODE OF ETHICS**



## INDIANA SCHOOL BOARDS ASSOCIATION CODE OF ETHICS

### **A SCHOOL BOARD MEMBER SHOULD HONOR THE HIGH RESPONSIBILITY THAT MEMBERSHIP DEMANDS:**

- BY understanding that the basic function of the school board member is policy-making and not *administrative*, and by accepting the responsibility of learning to distinguish between these two functions.
- BY accepting the responsibility, along with fellow board members, to assure that adequate facilities and resources are provided for the proper functioning of schools.
- BY always advocating for what is best for *all* children.
- BY representing the entire school community at all times.
- BY accepting the responsibility of becoming well-informed concerning the duties of board members, and the proper function of public schools.
- BY recognizing responsibility as a State official to seek the improvement of education throughout the State.

### **A SCHOOL BOARD MEMBER SHOULD DEMONSTRATE RESPECTFUL RELATIONSHIPS WITH OTHER MEMBERS OF THE BOARD:**

- BY recognizing that authority rests only with the board in official meetings and that the individual member has no legal status to bind the board outside of such meetings.
- BY recognizing the integrity of previous board members and the merit of their work.

- BY refusing to make statements or promises as to how he or she will vote on any matter which should properly come before the board as a whole.
- BY making decisions only after all facts bearing on a question have been presented and discussed.
- BY respecting the opinion of others and by supporting the decisions of the board.
- BY refusing to participate in irregular meetings which are not official and when all members do not have the opportunity to attend.
- BY working with fellow board members and the administration to fairly determine the present and future educational needs of the community.

### **A SCHOOL BOARD MEMBER SHOULD MAINTAIN DESIRABLE RELATIONS WITH THE SUPERINTENDENT OF SCHOOLS AND OTHER EMPLOYEES:**

- BY striving to procure the best professional leader available for the head administrative position.
- BY giving the superintendent full administrative authority for properly discharging the professional duties of the position and the responsibility to achieve acceptable results.
- BY acting only after consideration of the superintendent's recommendations on matters of school governance.
- BY striving to lead as a united team with the superintendent.
- BY respecting proper communication channels, referring all complaints to the proper administrative office and considering them only after failure of an administrative solution.
- BY providing adequate safeguards around the superintendent and other employees so that they can perform their responsibilities.
- BY presenting criticisms of an employee directly to the superintendent.

### **A SCHOOL BOARD MEMBER SHOULD MAINTAIN A COMMITMENT TO THE COMMUNITY:**

- BY developing and adopting a mission and a vision statement for the school corporation.
- BY conducting all school business transactions openly.
- BY vigorously seeking adequate financial support for the schools.
- BY refusing to use the school board position for personal gain.
- BY always maintaining proper confidentiality.
- BY earning the community's confidence that all is being done in the best interests of school children.

*As adopted by the ISBA Board of Directors, 2010; Revised, 2023*





## **APPENDIX B**

### **SCHOOL FINANCE TERMS TO KNOW**

# SCHOOL FINANCE TERMS TO KNOW

**Additional Appropriations** - process that allows a school corporation to spend more than the original certified budget.

**Average Daily Membership** – (ADM) The actual count of enrolled students taken in September/October and February which is used to calculate basic tuition support.

**Advanced Draw** - is the ability of a school corporation to apply to the county treasurer for advances against the budget from funds which may be available from tax proceeds.

**Annual Financial Report** - (AFR) is the compilation of all fund receipts and disbursements by funds, grants received and/or disbursed by the corporation by source, and other financial information as required by the State Board of Accounts. The AFR is uploaded to the DLGF through Indiana Gateway and is due by the end of August.

**Appropriations** - authorized expenditures, or the authority to spend, are created through the annual budget process and authorized by DLGF. Actual expenditures cannot exceed appropriations. Money in a fund cannot be spent unless there is an appropriation.

**Approved or Certified Budget** - are when appropriations and revenues are certified by DLGF and communicated via the Form 1782.

**Assessed Valuation** – (AV) is the monetary value of properties determined by the local assessor and used as the basis for applying approved tax rates to levy property taxes.

**Audit** - is conducted by SBOA every two years. SBOA tests school corporations for internal controls (designed to prevent fraud), compliance with state and federal funds requirements, and accuracy of accounting for expenses and revenues.

**Basic Grant** - These are the funds derived from the state funding formula which includes tuition support, academic honors diploma, vocational and special education student counts.

**Budget** - is a financial plan that will include both revenues and expenditures for a specified time period.

**Budget Adoption** - is a legal and public process at the meeting after the budget Hearing. During this process the board of school trustees formally adopts the proposed appropriations, the capital projects plan, the bus replacement plan and the proposed tax rates. Once the board adopts the budget, a Notice of Adoption is posted to DLGF's website and all budget forms are uploaded to Gateway for review by DLGF.

**Budget Calendar** - is a calendar issued by DLGF that highlights the key budget dates.

**Budget Cycle** - is when a budget begins and ends. Most school corporations have budgets that begin on January 1st and end on December 31st.

CY = Calendar Year/Jan 1-Dec 31

FY = Fiscal Year/July 1-Jun 30

**Budget Deficit** - is when a government entity spends more than it receives in tax revenue.

**Budget Forms** - are forms prescribed by the DLGF to present anticipated revenues and expenditures for the next 18 months, resulting in an annual budget and related tax rates for the next calendar (or fiscal) Year. Forms include a three-year capital projects plan and five-year bus replacement plan.

**Budget Hearing** - is a legal and public process by which the board of school trustees establishes a budget for the next calendar (or fiscal) year. A Notice of Hearing is posted on DGLF's Gateway informing the public of the date, time and purpose of the hearing and the subsequent meeting to adopt the budget.

**Budget Order** – The Form 1782 notice is issued by DLGF upon their following their review and upon their approval. The order establishes maximum appropriations and the tax rates necessary to levy local property taxes.

**Bus Replacement Plan** - identified plan of purchase or lease of school buses for at least five (5) budget years immediately following the year the plan is adopted. This plan must include an estimate for each year of the nature and amount of proposed expenditures from the operations fund for transportation services. Justification must be provided to increase seating capacities from prior year and increased number of buses in the corporation fleet. School Boards approve the bus replacement plan resolution, post the plan on their website, and publish through Indiana Gateway at least 10 days prior to the adoption hearing of the plan resolution.

**Capital Projects Plan** - (CPF) compilation of anticipated purchase of capital assets or projects (in excess of \$10,000) that are considered capital in nature (e.g., building renovation, technology additions, etc.) for three years from the adoption year by the School Board. The CPF plan must be posted on the corporation's website and published through Indiana Gateway at least 10 days prior to the adoption hearing of the CPF resolution.

**Cash Balance** - is the balance of actual cash at any given point of time.

**Cash Flow** - is a revenue or expense stream that changes a cash account over a given period. Projecting and monitoring cash is key to sound financial management.

**Circuit Breaker or Property Tax–Cap** - is an Indiana Constitutional Limit on the collection of property taxes. Beginning with 2010 tax bills, property owners have been entitled to a circuit breaker cap on the amount of property taxes over: 1% of homestead properties; 2% of residential properties; 2% of agricultural land; 2% of long-term care facilities; 3% of nonresidential properties; and 3% of personal property. If an individual tax bill exceeds the cap, the taxpayer only pays the capped amount.

**Collective Bargaining** – Commonly referred to as public law 217, the process of bargaining between representatives of the certified teachers and the local school board. Formal bargaining cannot begin before September 15 and must conclude by November 15. SEA 390 requires public hearings to be held for public comments regarding negotiated items prior to the process of starting collective bargaining, and after a tentative agreement has been reached.

**Contracted Service** - A service performed under contract, expressed or implied, by persons or companies other than school personnel.

**Current Year Financial Worksheet** - The Current Year Financial Worksheet is used by local units to complete Budget Form 4-B. This report contains data on actual expenditures from the first half of the current year, cash balances as of June 30 of the current year, certified or adopted budgets from the current year, additional appropriations and temporary loans by fund which have occurred in the current year.

**Encumbrance** - is an obligation by way of issuing a purchase order or entering into a contract which is to be met from an appropriation.

**Excess levy appeal** - is a process to appeal to the Department of Local Government Finance before October 20 of a given year as found in IC 20-46-8-3 for an increase to its operations fund maximum levy. The corporation must establish the increase is necessary due to transportation or bus replacement increases of at least 10% over the preceding year due to identified factors.

**Form 9** - is IDOE's official financial report for public schools. Form 9 is prepared and submitted to the IDOE Division of School Finance for the six months ending June 30 and December 31. Form 9 serves as the basis for SBOA audits and is used by banks, insurance companies and bond rating agencies to determine credit worthiness.

**Fund** - represents money that is set aside for a specific purpose. A fund is a complete accounting entity of all financial transactions, both revenues and expenditures, and are recorded in the fund to which they pertain. The most used funds include education, operations, debt services, rainy day, and various referendum (general or operating) funds.

**Debt Service Fund** - (fund 0200) composed primarily of expenses related to bond or loan payments (payment of lease obligations and interest; repayment of common school, emergency loans, or other loans from the State of Indiana), temporary loan interest from short-term borrowing or other anticipated debt.

**Debt Worksheet** - the Debt Worksheet is used by local units to identify debt obligations that must be paid in the budget year and annual expenses associated with these debts.

**DOE 54 Report** - report issued monthly by the IDOE to communicate state tuition support amounts to the school corporation. The report is reconciled frequently with accurate student counts supplied by the school corporation. A full explanation of how funds are reconciled by the IDOE is found in the introduction to the state funding formula section of this manual.

**Education Fund** - (fund 0101) – expenses related to instruction. Instruction includes all activities involving interaction between teachers and students. Teaching may be provided directly in classrooms or in other locations through traditional courses or special programs (CTE, high ability, special education, summer school, etc.). Teaching may be in-person or virtual through electronic means. Expenses in the education fund also include support services (guidance, nurses, speech, and media center, along with expenses of the principal's office. Extracurricular expenses of activities, clubs, and athletics are not included in the education fund.

**Fiscal Year versus Calendar Year** - Fiscal year entails the timeframe between July 1 through June 30. The state of Indiana operates on a fiscal year budget. A calendar year entails the timeframe between January 1 and December 31. Most school corporations operate on a calendar year budget. Federal funds run on a fiscal year timeframe between October 1 and September 30.

**Gateway** - is DLGF's website where taxpayers may view budgets, budget order, debt service and other school finance information. Gateway is where all schools submit (or upload) their budgets. There are multiple sections to the budget submitted in Gateway, as summarized below. The data from those sections are provided in the public reports available on Gateway.

**Form 1: Line-Item Budget Estimate** – The form displays itemized budget estimates for each fund and department as advertised and adopted by the local unit.

**Form 2: Estimate of Miscellaneous Revenue** – The form displays estimates of all revenues except property taxes by fund as submitted by the local unit. Revenue estimates used in calculating certified budgets are available after DLGF budget review.

**Form 3: Notice to Taxpayers of Budget Estimates and Tax Levies Budget Form 3** is the advertisement published in local newspapers concerning the budgets and levies which are to be raised in the ensuing year. In addition, this form notifies taxpayers of the dates and locations of the public hearing and budget adoption meeting.

**Form 4: Budget Resolution** – The form displays the proposed budget resolution which includes the budget and levy as advertised and adopted by the local unit.

**Form 4-B: Budget Estimate - Financial Statement - Tax Rate** – The form displays budget and revenue estimates, June 30 cash balances, and tax rates and levies by fund as advertised and adopted by the local unit. Certified amounts are available after DLGF budget review.

**Maximum Levy** - is the maximum amount of property taxes that a school corporation may receive. Maximum levies grow by the Assessed Value Growth Quotient (AVGQ). AVGQ is a mechanism for comparing property taxes to incomes. State law limits the amount that local governments can increase property tax levies each year. It is calculated based on a six-year average of Indiana non-farm person income growth.

**Net Assessed Value** - (NAV) is the taxable value of property within a corporation's boundaries. The NAV is used when calculating a tax rate.

**Operations Fund** (fund 0300) – Other expenses related to ensuring teaching and learning occurs in school districts. Expenses within the operations fund typically includes all transportation related expenses including bus purchases, capital projects including technology and buildings and grounds improvements and construction, expenses of the superintendent's office including business office expenses, custodial services and building maintenance expenses, and needed utilities and insurance coverages for buildings and operations.

**Statement of Cash (Banks) and Investments** - is a monthly report detailing beginning and ending balances, interest rates, interest earned and maturity date (where applicable) for each bank and investment account.

**Structural Deficit** - is a fundamental imbalance in receipts and expenditures. Structural deficits will eventually create a financial problem for any school district.

**Tax Levy** - is the amount of property taxes a school corporation may receive. Property taxes are a primary source of funding for local government units, including counties, cities and towns, townships, libraries and other special districts including fire districts and solid waste districts. Property taxes are administered and collected by local government officials. These funds are used to pay for a variety of services including welfare; police and fire; new construction and maintenance of buildings; local infrastructure like highways, roads and streets; and the operations, including salaries, of the local units of government.

**Tax Rate** - a ratio at which a person or entity is assessed. It is calculated in Indiana as the property tax levy divided by the NAV, multiplied by 100.

**Temporary Loan** - is a loan to a fund, authorized by a board resolution, that is to be repaid by the end of the year. Often this loan is from one fund to another or a tax anticipated warrant loan.





## APPENDIX C

### SAMPLE INTERNAL REPORTS

# SAMPLE INTERNAL REPORTS

## SAMPLE FUND REPORT

Fund Cash Balance Report (7/2023 5 FY January–December)					PAGE: 1
Fund	Fund Name	Beginning Cash Balance	Receipts	Expenditures	Ending Cash Balance
0101	Education Fund	7,752,243.64	17,392,508.05	16,133,720.86	9,011,030.83
0200	DEBT SERVICE FUND	515,671.70	1,405,722.10	1,863,692.16	57,701.64
0300	Operations Fund	8,265,902.17	6,030,040.80	6,934,219.94	7,361,723.03
0610	LOCAL RAINY DAY FUND	2,815,052.64	-	-	2,815,052.64
0630	POST- RETIREMENT/SEVERANC	40,000.00	-	20,000.00	20,000.00
0700	CONSTRUCTION FUND	3,782,320.16	330,000.00	268,357.98	3,843,962.18
0800	SCHOOL LUNCH FUND	608,537.54	1,057,254.58	1,087,555.35	578,236.77
0900	Curricular Materials	440,290.22	416,076.63	139,200.02	717,166.83
1600	Child Care Program	-	26,524.06	38,953.62	(12,429.56)
2700	SCHOLARSHIPS AND AWARDS	-	20,618.40	20,618.40	-
3028	FORMATIVE ASSESMENT	19,547.98	-	-	19,547.98
3029	SPED Excess Cost	(4,314.40)	43,247.56	39,950.56	(1,017.40)
3250	MEDICAID REIMBURSEMENT	29,578.53	10,742.41	8,024.50	32,296.44
3270	SECURED SCHOOL SAFETY	(50,000.00)	50,000.00	-	-
3719	Non English Speaking	-	6,742.94	1,240.93	5,502.01
3749	CTE GRANT	3,098.00	-	-	3,098.00
3769	High Ability	17,465.00	24,988.94	17,404.44	25,049.50
3780	State Connectivity Grant	24,969.39	7,388.41	11,263.39	21,094.41
3954	Career Ladders Grant	-	319,640.00	-	319,640.00
4169	Title I 2022–23	(33,436.86)	348,842.33	354,186.40	(38,780.93)
5119	McKinney Vento Homeless	-	14,181.75	16,922.15	(2,740.40)
5220	Special Ed Part B 611	(46,369.30)	550,796.28	520,772.34	(16,345.36)
5229	SP ED PART B 611 FY 2022	(42,856.36)	147,663.48	107,033.00	(2,225.88)
5809	Title IV, Part A	-	7,604.74	12,101.63	(4,496.89)
6849	Title II FY19–21	-	55,058.34	64,635.86	(9,577.52)
8400	PREPAID LUNCH ACCOUNT	118,829.78	206,458.50	271,180.51	54,107.77
<b>Totals</b>		<b>24,256,529.83</b>	<b>28,472,100.30</b>	<b>27,931,034.04</b>	<b>24,797,596.09</b>

**NOTES:**

*Federal Grants are reimbursement grants so they will usually have negative fund balances in the fund report since the district must first spend the money then get reimbursed for it.*

*Some state grants like the Secured Safety Grant are also a reimbursement grant as illustrated above.*

# SAMPLE APPROPRIATIONS REPORT BY LINE ITEM

Fund	Account	Object	Class	Program	Category	2025	July 2025	2025	Unexpended	Unencumbered
						Original Budget	Monthly Activity	YTD Activity	Balance	Balance
0101	11100	110	051	000	CERTIFIED	455,000.00	49,165.47	262,280.44	192,719.56	192,719.56
0101	11100	110	052	000	CERTIFIED	279,500.00	32,855.82	175,577.05	103,922.95	103,922.95
0101	11100	110	054	000	CERTIFIED	381,500.00	41,099.58	235,736.21	145,763.79	145,763.79
0101	11100	110	056	000	CERTIFIED	450,000.00	52,461.96	278,820.82	171,179.18	171,179.18
0101	11100	110	057	000	CERTIFIED	780,000.00	83,786.46	498,746.86	281,253.14	281,253.14
0101	11100	110	058	000	CERTIFIED	769,000.00	94,893.10	525,684.66	243,315.34	243,315.34
0101	11100	110	059	000	CERTIFIED	515,000.00	56,027.19	298,811.68	216,188.32	216,188.32
0101	11100	120	051	000	NONCERTIFIED SALARY		0.00	7,287.30	9,212.70	9,212.70
0101	11100	120	052	000	NONCERTIFIED SALARY		0.00	9,723.90	12,276.10	12,276.10
0101	11100	120	054	000	NONCERTIFIED SALARY		428.63	16,876.86	26,123.14	26,123.14
0101	11100	120	056	000	NONCERTIFIED SALARY		0.00	19,376.04	11,623.96	11,623.96
0101	11100	120	057	000	NONCERTIFIED SALARY	45,000.00	0.00	14,894.86	30,105.14	30,105.14
0101	11100	120	058	000	NONCERTIFIED SALARY	15,000.00	0.00	6,640.43	8,359.57	8,359.57
0101	11100	120	059	000	NONCERTIFIED SALARY	17,500.00	0.00	9,223.91	8,276.09	8,276.09
0101	11100	211	051	000	FICA NON CERT	1,275.00	0.00	557.50	717.50	717.50
0101	11100	211	052	000	FICA NON CERT	1,700.00	0.00	743.89	956.11	956.11
0101	11100	211	054	000	FICA NON CERT	3,300.00	32.80	1,291.08	2,008.92	2,008.92
0101	11100	211	056	000	FICA NON CERT	2,400.00	0.00	1,482.33	917.67	917.67
0101	11100	211	057	000	FICA NON CERT	3,450.00	0.00	1,139.43	2,310.57	2,310.57
0101	11100	211	058	000	FICA NON CERT	1,150.00	0.00	508.02	641.98	641.98
0101	11100	211	059	000	FICA NON CERT	1,400.00	0.00	705.61	694.39	694.39
0101	11100	212	051	000	FICA CERTIFIED	35,000.00	3,450.50	18,030.74	16,969.26	16,969.26

**NOTES:**

- *How to Read Account Numbers. Account Numbers are a code based on:*
  1. Fund Number
  2. Account Number
  3. Object Number
  4. School Number
- *This report is just for a few the Elementary Accounts in the Education Fund. Note it is fund 0101 (Education) and the Account Numbers are 11100 (Elementary Accounts) and the Objects range from Teacher Salaries (110) to FICA taxes (212). In addition, each school has its own number so expenditures by school can be tracked.*
- *Many boards will be given the entire appropriations reports which can run several hundred pages long. This sample report in its entirety is over 200 pages.*

# SAMPLE APPROPRIATIONS REPORT BY ACCOUNT NUMBERS IN SUMMARY

ABC COMMUNITY SCHOOL CORPORATION 2025 FUND						
		Net	Expenditures	Expenditures	Difference	% Expended
Education Fund		Appropriations	Current YTD 5-31-25	Prior YTD 5-31-24	CYTD/PYTD	2025
11000	Instruction - Regular Programs	31,789,474	13,700,082	12,832,269	867,813	43.10%
12000	Instruction - Special Programs	7,374,287	3,193,680	3,041,600	152,080	43.31%
13000	Instruction - Adult/Cont Ed Programs	0	0	0	0	0.00%
14000	Instruction - Summer School Program	271,100	0	0	0	0.00%
16000	Instruction - Remediation Programs	94,000	37,362	37,175	187	39.75%
17000	Payments to Other Govt. Units	1,740,000	522,052	497,775	24,277	30.00%
21000	Support Services - Students	3,196,322	1,239,451	1,215,083	24,368	38.78%
22000	Support Services - Instruction	2,144,412	739,857	824,645	(84,788)	34.50%
23000	Support Services - General Adm	1,055,200	334,598	482,032	(147,434)	31.71%
24000	Support Services - School Adm	3,779,761	1,490,326	1,399,269	91,057	39.43%
25000	Central Services	1,048,000	297,476	325,205	(27,729)	28.39%
26000	Operation & Maintenance of Plant	8,086,829	2,618,630	2,607,054	11,576	32.38%
27000	Student Transportation	0	0	0	0	0.00%
33000	Community Service Operations	574,500	195,666	193,688	1,978	34.06%
51000	Principal on Debt	0	0	0	0	0.00%
<b>TOTAL</b>		<b>61,153,885</b>	<b>24,369,180</b>	<b>23,455,795</b>	<b>913,385</b>	<b>1.49%</b>
<b>DEBT SERVICE FUND</b>						
51000	Principal on Debt	96,496	0	0	0	0.00%
52000	Interest on Debt	0	0	0	0	0.00%
53000	Lease Rental	18,636,994	0	0	0	0.00%
54000	Advancements & Obligations	0	0	0	0	0.00%
60000	Transfers from One Fund to Another	0	0	197,584	(197,584)	0.00%
<b>TOTAL</b>		<b>18,733,490</b>	<b>0</b>	<b>197,584</b>	<b>(197,584)</b>	<b>0.00%</b>
<b>PENSION BOND FUND</b>						
51000	Principal on Debt	678,813	0	0	0	0.00%
52000	Interest on Debt	0	0	0	0	0.00%
60000	Transfers from One Fund to Another	0	0	29,454	(29,454)	0.00%
<b>TOTAL</b>		<b>678,813</b>	<b>0</b>	<b>29,454</b>	<b>(29,454)</b>	<b>0.00%</b>
<b>Operations FUND</b>						
22000	Network Support	3,466,491	1,254,113	1,652,503	(398,390)	36.18%
26200	Maintenance of Buildings - Utilities	1,285,476	643,650	732,866	(89,216)	50.07%
26400	Maintenance of Equipment	0	0	77,199	(77,199)	0.00%
25750	Health Services	20,000	4,701	5,258	(557)	23.51%
27000	Purchase of School Buses	1,466,435	592,435	476,230	116,205	40.40%
27010	Service Area Direction	412,698	146,383	141,307	5,076	35.47%
27100	Vehicle Operation	3,363,907	1,045,746	1,018,454	27,292	31.09%
27200	Monitoring Services	232,500	98,443	89,006	9,437	42.34%
27300	Vehicle Servicing & Maintenance	1,182,000	443,458	400,540	42,918	37.52%
27500	Insurance on Buses	115,000	37,653	25,375	12,278	32.74%
27700	Contracted Services	100,000	2,393	1,642	751	2.39%
27900	Other Services	0	0	0	0	0.00%
27910	Bus Driver Training	10,000	1,000	1,955	(955)	10.00%
45100	Bldg. Acquisition, Construction, Imp	227,000	90,537	148,566	(58,029)	39.88%
45200	Energy Savings Contracts	161,000	77,698	77,698	0	48.26%
45400	Sports Facilities	0	0	23,406	(23,406)	0.00%
45500	Rent of Buildings & Equipment	13,000	6,980	13,310	(6,330)	53.69%
47000	Purchase of Equipment	59,000	5,731	26,078	(20,347)	9.71%
49000	Emergency Allocation	0	0	0	0	0.00%
60000	Transfers from One Fund to Another	0	0	82,178	(82,178)	0.00%
<b>TOTAL</b>		<b>12,114,507</b>	<b>4,450,921</b>	<b>4,993,571</b>	<b>(542,650)</b>	<b>36.74%</b>

**NOTES:**

*This report is another common type of report that a school board will receive in the monthly board packet.*

# SAMPLE DEBT WORKSHEET

## Debt Worksheet

**Selected Year:** 2025 **Selected**

**County:** XXXXX

**Selected Unit:** ABC Corporation

Fund                      0180 - DEBT SERVICE

Debt Obligations as Reported by Unit	July 1 - Dec. 31, 2024	Jan. 1 - Dec. 31, 2025	Jan. 1 - Jun. 30, 2026
Fees	\$5,000	\$5,000	\$0
XX SCHOOL IND SCHL BLDG CORP 2014 Bond	\$249,513	\$501,751	\$252,163
General Obligation Bonds of 2019	\$159,177	\$162,610	\$1,416
Ad Valorem Property Tax First Mortgage Bonds, Series 2021	\$790,000	\$1,559,000	\$846,000
General Obligation Bonds of 2020	\$688,358	\$1,393,988	\$0
GENERAL OBLIGATION BONDS OF 2024	\$134,550	\$269,225	\$133,975
<b>FUND TOTAL AS REPORTED BY UNIT:</b>	<b>\$2,026,598</b>	<b>\$3,891,574</b>	<b>\$1,233,554</b>

**NOTES:**

1. This report is publicly available on Gateway
2. In this sample, note that in 2024, the district will pay off their 2020 General Obligation Bond
3. In previous years, unreimbursed textbook rental might appear on this report. That item was eliminated by legislation starting in 2023.
4. Notice that the debt is listed and each year is shown across the top of the page. This method allows to easily add and remove debt.

# SAMPLE CASH FLOW REPORT

**XYZ School Corporation**  
**Operations Fund Cash Flow - 2025**

	Projected January	Projected February	Projected March	Projected April	Projected May	Projected June
BEGINNING CASH BALANCE	3,100,000	2,625,100	2,150,200	1,675,300	550,400	75,500
<b>REVENUES</b>						
1110 Local Property Tax	-	-	-	-	-	4,500,000
1211 LET	-	-	-	-	-	124,000
1212 CVET	-	-	-	-	-	55,000
1231 FIT	-	-	-	-	-	24,500
1232 Local Income Tax	83,000	83,000	83,000	83,000	83,000	83,000
5200 Transfer from Education Fund	75,000	75,000	75,000	75,000	75,000	75,000
TOTAL REVENUE	<u>158,000</u>	<u>158,000</u>	<u>158,000</u>	<u>158,000</u>	<u>158,000</u>	<u>4,861,500</u>
<b>EXPENDITURES</b>						
Operations Overhead Expenditures						
23110 Service Area Direction	7,500	7,500	7,500	7,500	7,500	7,500
23120 Service Area Assistants	10,000	10,000	10,000	10,000	10,000	10,000
23150 Legal Services	5,000	5,000	5,000	5,000	5,000	5,000
23160 Promotion Expenses	6,000	6,000	6,000	6,000	6,000	6,000
23210 Office of The Superintendent	15,000	15,000	15,000	15,000	15,000	15,000
23220 Community Relations	8,000	8,000	8,000	8,000	8,000	8,000
25110 Office of The Business Manager	9,000	9,000	9,000	9,000	9,000	9,000
25150 Payroll Services	12,000	12,000	12,000	12,000	12,000	12,000
25180 Property Accounting	2,000	2,000	2,000	2,000	2,000	2,000
25191 Refund of Revenue	500	500	500	500	500	500
25195 Bank Account Service Charge	500	500	500	500	500	500
25230 Warehousing and Distributing	1,200	1,200	1,200	1,200	1,200	1,200
25720 Recruitment and Placement	2,500	2,500	2,500	2,500	2,500	2,500
25750 Health Services	5,000	5,000	5,000	5,000	5,000	5,000
25790 Other Personnel Services	3,000	3,000	3,000	3,000	3,000	3,000
25920 Ditch Assessments	100	100	100	100	100	100
26200 Maintenance of Buildings	25,000	25,000	25,000	25,000	25,000	25,000
26300 Maintenance of Grounds	20,000	20,000	20,000	20,000	20,000	20,000
26400 Maintenance of Equipment	5,000	5,000	5,000	5,000	5,000	5,000
26500 Vehicle Maintenance (not buses)	2,000	2,000	2,000	2,000	2,000	2,000
26600 Security Services	15,000	15,000	15,000	15,000	15,000	15,000
26700 Insurance	-	-	-	100,000	-	-
26800 Other Operation and Maintenance of Plant	1,000	1,000	1,000	1,000	1,000	1,000
33910 High School Band Uniforms	-	-	-	-	-	25,000
33930 Latch Key Kid Program	3,000	3,000	3,000	3,000	3,000	3,000
Total New Operations Expenditures	158,300	158,300	158,300	258,300	158,300	183,300
CPF Expenditures						
26200 Maintenance of Buildings	125,600	125,600	125,600	125,600	125,600	125,600
26400 Maintenance of Equipment	2,000	2,000	2,000	2,000	2,000	2,000
26700 Insurance	-	-	-	250,000	-	-
26800 Other Operation and Maintenance of Plant	12,500	12,500	12,500	12,500	12,500	12,500
41000 Land Acquisition and Development	-	-	-	-	-	-
43000 Professional Services	10,000	10,000	10,000	10,000	10,000	10,000
45100 Building Acquisition, Construction and Improvemer	-	-	-	-	-	-
45400 Sports Facilities	25,000	25,000	25,000	25,000	25,000	25,000
47000 Purchase of Mobile or Fixed Equipment	5,000	5,000	5,000	5,000	5,000	5,000
Other	-	-	-	-	-	-
Total CPF Expenditures	180,100	180,100	180,100	430,100	180,100	180,100
Transportation Expenditures						
25191 Refund of Revenue	2,000	2,000	2,000	2,000	2,000	2,000
25750 Health Services	1,000	1,000	1,000	1,000	1,000	1,000
27010 Service Area Direction	25,000	25,000	25,000	25,000	25,000	25,000
27100 Vehicle Operation	175,000	175,000	175,000	175,000	175,000	175,000
27200 Monitoring Services	50,000	50,000	50,000	50,000	50,000	50,000
27300 Vehicle Servicing and Maintenance	35,000	35,000	35,000	35,000	35,000	35,000
27500 Insurance on Buses	-	-	-	300,000	-	-
27700 Contracted Transportation Services	5,000	5,000	5,000	5,000	5,000	5,000
27910 Bus Driver Training	1,500	1,500	1,500	1,500	1,500	1,500
Total Transportation Expenditures	294,500	294,500	294,500	594,500	294,500	294,500
Bus Replacement						
27400 Purchase of School Buses	-	-	-	-	-	1,250,000
Total Bus Replacement	-	-	-	-	-	1,250,000
TOTAL OPERATIONS EXPENDITURES	<u>632,900</u>	<u>632,900</u>	<u>632,900</u>	<u>1,282,900</u>	<u>632,900</u>	<u>1,907,900</u>
NET INCOME	(474,900)	(474,900)	(474,900)	(1,124,900)	(474,900)	2,953,600
ENDING CASH BALANCE	2,625,100	2,150,200	1,675,300	550,400	75,500	3,029,100

**NOTES:**

*In this report, notice that for two months, the district will have negative cash flow in the Operations fund until the property taxes are received. The school district will need to borrow money for another fund like Rainy Day or use a Tax Anticipation Warrant to pay for operations.*

# SAMPLE COMPARATIVE EXPENDITURE REPORT

ABC Community School Corporation Education Fund Financial Summary										
	2,016	2,017	2,018	2,019	2,020	2,021	2,022	2,023	2,024	2,025
Approved Budget	51,604,152	56,174,800	53,111,138	55,607,428	51,750,800	55,044,400	54,416,000	55,000,000	62,660,500	61,075,900
Additional Appropriations	-	-	-	-	-	-	-	3,000,000	-	-
Actual Cash Receipts	50,435,152	54,417,837	53,694,263	52,215,910	52,250,868	54,041,876	55,967,997	57,956,234	61,213,697	
2016 Actual Expenditures	<u>53,304,136</u>									
2017 Actual Expenditures		<u>57,442,688</u>								
2018 Actual Expenditures			<u>54,410,224</u>							
2019 Actual Expenditures				<u>51,696,256</u>						
2020 Actual Expenditures					<u>50,338,963</u>					
2021 Actual Expenditures						<u>50,738,468</u>				
2022 Actual Expenditures							<u>52,820,232</u>			
2023 Actual Expenditures								<u>56,161,932</u>		
2024 Actual Expenditures									<u>61,156,885</u>	
YTD Revenue - Expenditures	<span style="color: red;">(2,868,984)</span>	<span style="color: red;">(3,024,851)</span>	<span style="color: red;">(715,961)</span>	519,654	1,911,905	3,303,408	3,147,765	1,794,302	56,812	
Education Fund Cash Balance	7,450,244	4,425,393	3,709,432	4,229,086	6,140,991	9,444,399	12,592,164	14,386,466	14,443,278	
Educations Fund/Percent of Projected Expenditures	<u>14%</u>	<u>8%</u>	<u>7%</u>	<u>8%</u>	<u>12%</u>	<u>19%</u>	<u>24%</u>	<u>26%</u>	<u>24%</u>	
Projected Annual Expenditures	51,604,152	56,174,800	53,111,138	55,607,428	51,750,800	55,044,400	54,416,000	55,000,000	62,660,500	
Actual YTD Expenditures	53,304,136	57,442,688	54,410,224	51,696,256	50,338,963	50,738,468	52,820,232	56,161,932	61,156,885	
Percent of Annual Projected Expenditures	103%	102%	102%	93%	97%	92%	97%	102%	98%	

**NOTES:**

*In this particular example, you can see the district has spent more funds than it received in revenues in 2014-2016 and more than it budgeted for the same time period. The district then pivoted and began to spend less compared to revenues and actually began to grow cash balance in the period, 2017-2021.*





## **APPENDIX D**

### **CURRICULAR MATERIALS JUNE 2025 MEMO**

# CURRICULAR MATERIALS JUNE 2025 MEMO



## Indiana Department of Education

Dr. Katie Jenner, Secretary of Education

To: Superintendents, Principals, and Non-Public School and Financial Leaders

From: Brenda Erbse, Senior Director, Office of School Finance

Date: June 13, 2025

Subject: Changes to Curricular Materials Processing for Fiscal Year 2026

House Enrolled Act (HEA) 1001-2025 section 184 repealed the curricular materials fund code, IC 20-40-22. This repeal has the following effects:

1. The state curricular materials fund no longer exists. This means that starting in fiscal year 2026, there will ***not*** be a separate distribution for curricular materials.
2. Since there will not be a separate distribution for curricular materials, the Indiana Department of Education (IDOE) will not be collecting curricular materials costs for fiscal year 2026.
3. IDOE will no longer be conducting an annual fee study since the code cite requiring the collection of these data, IC 20-40-22-8(d) was repealed.
4. The curricular materials and fee study dashboards will be removed during the summer of 2025.

Furthermore, sections 179-181 of HEA 1001-2025 removed the curricular materials distribution for eligible non-public school students as well. This means that:

1. Non-public schools will no longer be asked to submit their curricular material costs
2. Non-public schools will no longer certify the number of students eligible for curricular materials assistance during the October certification.

The foundation amount was increased to accommodate the repeal of the curricular materials fund. There will ***not*** be a separate line item in the state tuition support formula for curricular materials.

HEA 1001-2025 section 174 prohibits the school employer from bargaining with the exclusive representative contract costs for curricular materials as defined in IC 20-18-2-2.7. Section 175 amends IC 20-29-6-12.5 requiring school employers to exclude curricular material contract costs from the school funding formula revenue available for collective bargaining. The IDOE Certification of Estimated Education Fund Revenue provided under IC 20-29-6-12.5(b) will not reflect the exclusion of contract costs for curricular materials. The IDOE does not have access to the necessary data to make the calculation. Therefore, subtracting the eligible contract costs of the curricular materials from the IDOE Certification of Estimated Education Fund Revenue must be done by the school employer.

Indiana Government Center North, 9th Floor • 100 N Senate Ave • Indianapolis, Indiana 46204  
317-232-6610 • [www.in.gov/doe](http://www.in.gov/doe)



## Indiana Department of Education

---

Dr. Katie Jenner, Secretary of Education

HEA 1002-2025 section 94 was amended to explicitly allow school corporations and charter schools to assess and collect a reasonable fee for supplies and materials that are not curricular materials and that supplement the instruction in a particular course of study. Examples of supplies and materials could be workbooks not part of a curricular material contract, science supplies, and art supplies.

If you have any questions, please contact us at [schoolfinance@doe.in.gov](mailto:schoolfinance@doe.in.gov).





## **APPENDIX E**

### **2025 BUDGET CALENDAR**

---

# STATE OF INDIANA

---

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



INDIANA GOVERNMENT CENTER NORTH  
100 NORTH SENATE AVENUE N1058(B)  
INDIANAPOLIS, IN 46204  
PHONE (317) 232-3777  
FAX (317) 974-1629

**TO: Local Officials**

**FROM: Jamie Bolser, Budget Division Director**

**DATE: February 6, 2025**

**RE: 2025 Budget Calendar**

On-time property tax bills are a top priority for the Department of Local Government Finance (“Department”) for 2025 pay 2026.

To achieve this objective, it is necessary for all involved in the assessment and property tax billing processes to understand that there are sequential deadlines for completing statutory responsibilities. This memo includes the key deadlines for calendar year 2025. All deadlines below have been adjusted to reflect the last possible day a particular task must be performed. Failure to meet these deadlines may jeopardize on-time tax billing.

The Department will issue additional detailed guidance on many of these topics to local officials throughout the year.

If you have any questions about the Budget submission calendar, please contact your [Budget Field Representative](#).

PLEASE NOTE: This memorandum is simply intended to be informative and is not a substitute for the law. In the event that any part of this memorandum conflicts with provisions of the Indiana Code, the Indiana Code governs.

# 2025 BUDGET CALENDAR

**Dates may change by the action of the 2025 General Assembly.**

January 1	2024 year-end cash balances and operating results available for all units.
January 1	Real Property and Personal Property assessment date for taxes due and payable in 2026. (Ind. Code § 6-1.1-2-1.5).
January 1	Mobile homes assessment date for taxes due and payable in 2025. (Ind. Code § 6-1.1-2-1.5)
January 1	Deadline for establishing new taxing units seeking a maximum levy for 2026. (Ind. Code § 6-1.1-18.5-7)
January 1	Quarterly property tax appeal reports are due to the fiscal officer of each taxing unit (including redevelopment commissions). The notice may be provided in an electronic format. Township assessors must provide the county assessor with any information the county assessor requests that is necessary to provide the quarterly notices. (Ind. Code § 6-1.1-15-19)
January 15	Deadline for Gateway submission of second half 2024 tax distribution and settlement through Gateway DECAF – Form 22. (Ind. Code § 5-14-3.8-9) <i>Pertains exclusively to county auditors.</i>
January 15	Deadline for the Department to certify 2025 budgets, tax rates, and tax levies if a taxing unit in a county is issuing debt after December 1 in the year preceding the budget year or intends to file a shortfall appeal. (Ind. Code § 6-1.1-17-16)
February 28	Deadline for Gateway submission of Debt Management annual affirmation. (Ind. Code § 5-1-18-9)
March 1	Last date for the county assessor to submit the ratio study and coefficient of dispersion study to the Department. (Ind. Code § 6-1.1-14-12)
March 1	Last possible day for a unit to hold its first public hearing and present appropriate information before adopting an ordinance or resolution to enter into or form a fire protection territory. (Ind. Code § 36-8-19-6)
March 1	Deadline for Gateway submission of SB131 Reporting for Solid Waste Management Districts (“SWMDs”). (Ind. Code § 13-21-3-13.5) <i>Pertains exclusively to solid waste management districts and the units that report on their behalf.</i>

March 2	Deadline for the executive of a political subdivision to submit an attestation to the Department stating that the political subdivision has uploaded any contract entered into in the immediately preceding year related to the provision of fire services or emergency medical services, as required by Ind. Code § 5-1.1-3.8-3.5. (Ind. Code § 6-1.1-17-5.4)
March 15	Deadline for submission of auditors' tax billing data (TAXDATA, ADJMENTS) for 2024-pay-2025 taxes. (Ind. Code § 36-2-9-20). <i>Please note that these data files are submitted as part of the county's abstract data submission in Gateway and do not need to be emailed separately to the Department's Data Inbox.</i>
March 31	Deadline for the county auditor to deliver the abstract to the county treasurer or the treasurer to issue provisional tax bills. (Ind. Code § 6-1.1-22.5-6)
March 31	Deadline to adopt an ordinance or resolution creating a fire protection territory to receive a tax levy in 2026. (Ind. Code § 36-8-19-6)
March 31	Quarterly property tax appeal reports are due to the fiscal officer of each taxing unit (including redevelopment commissions). The notice may be provided in an electronic format. Township assessors must provide the county assessor with any information the county assessor requests that is necessary to provide the quarterly notices. (Ind. Code § 6-1.1-15-19)
April 15	Last day for the county treasurer to mail 2024-pay-2025 tax bills. (Ind. Code § 6-1.1-22-8.1(c))
April 15	Deadline for Gateway submission of TIF Management Report. (Ind. Code § 36-7-14-13 and Ind. Code § 36-7-14.5-9) <i>Pertains exclusively to redevelopment commissions and redevelopment authorities and the cities, towns, and counties that are reporting on their behalf.</i>
April 28	Last day for the county auditor to publish <u>first notice</u> of the 2025 tax rates to be collected in the county for each purpose and the total of the rates in each taxing district. (Ind. Code § 6-1.1-22-4)
May 1	Last day for the State Budget Agency ("SBA") to provide the amount of the supplemental Local Income Tax ("LIT") distribution to the Department and qualifying counties. (Ind. Code § 6-3.6-9-15) <i>Note: See May 15 and May 31 for more about Supplemental LIT distribution.</i>
May 5	Last day for the county auditor to publish a <u>second notice</u> of the 2025 tax rates to be collected in the county for each purpose and the total of the rates in each taxing district. (Ind. Code § 6-1.1-22-4)

May 12	Last day for the county auditor to publish <u>third notice</u> of the 2025 tax rates to be collected in the county for each purpose and the total of the rates in each taxing district. (Ind. Code § 6-1.1-22-4)
May 12	First installment of 2024-pay-2025 property taxes due. (Ind. Code § 6-1.1-22-9)
May 15	Deadline for the Department to provide unit level Supplemental LIT distribution reports. (Ind. Code § 6-3.6-9-15)
May 31	Last day for the county auditor to distribute to each taxing unit the amount of the supplemental distribution that is allocated to the taxing unit. (Ind. Code § 6-3.6-9-15)
June 2	Last day for all units that are planning on establishing a new cumulative fund or planning on re-establishing an existing cumulative fund to submit their proposal to the Department for approval. (Ind. Code § 6-1.1-41-4)
June 14	Last day for redevelopment commissions to provide written notice of available TIF excess AV (“TIF Passthrough”) to the county auditor, the fiscal body of the county or municipality that established the department of redevelopment, and the officers who are authorized to fix budgets, tax rates, and tax levies for each of the other taxing units that is wholly or partly located within the allocation area. (Ind. Code § 36-7-14-39(b)(5); Ind. Code § 36-7-14-48(f); Ind. Code § 36-7-14-52(c); Ind. Code § 36-7-15.1-26(b)(4); Ind. Code § 36-7-15.1-35(f); Ind. Code § 36-7-15.1-53(b)(4); Ind. Code § 36-7-15.1-62(c))
June 30	Quarterly property tax appeal reports are due to the fiscal officer of each taxing unit (including redevelopment commissions). The notice may be provided in an electronic format. Township assessors must provide the county assessor with any information the county assessor requests that is necessary to provide the quarterly notices. (Ind. Code § 6-1.1-15-19)
June 30	Deadline for the county auditor to distribute tax collections to the appropriate taxing units. (Ind. Code § 6-1.1-22.5-14; IC 6-1.1-27-1)
June 30	Deadline for the SBA to provide Maximum Levy Growth Quotient (“MLGQ”) to civil taxing units, school corporations, and the Department. (Ind. Code § 6-1.1-18.5-2(c))
June 30	Deadline for Gateway submission of Pre-Budget Report.
July 1	Last day for the Department to certify the assessed values of state distributable property to the assessor and the auditor. (Ind. Code § 6-1.1-8-27(a))

July 1	Last day for the county assessor to deliver the real estate book (i.e., roll and balance 2025-pay-2026 gross assessed values) to the county auditor. (Ind. Code § 6-1.1-5-14(b))
July 1	Last day for the county assessor to deliver the personal property assessment data to the auditor. (Ind. Code § 6-1.1-3-17(b))
July 15	The Department provides to each county an estimate of the maximum allowable appropriation and maximum amount of property taxes that may be imposed for community mental health centers or community intellectual disability and other developmental disabilities centers that are exempt from property tax levy limits for the ensuing year. The report will be posted on the Department's website. (Ind. Code § 12-29-1-3.5)
July 15	The Department provides each library with their maximum allowable budget able to be adopted by the library board, and the threshold that will trigger the budget to be adopted by appropriate fiscal body.
July 15	The Department provides each unit with an estimate for the 2026 non-property tax revenues of MVH, LRS, ABC Gallonage, FIT, CVET, and Excise based on historical distribution amounts. (Ind. Code § 6-1.1-17-0.7(c))
July 15	Deadline for Gateway submission of first half 2025 tax distribution and settlement through Gateway DECAF – Form 22. (Ind. Code § 5-14-3.8-9) <i>Pertains exclusively to county auditors.</i>
July 15	Beginning of the Department Budget Workshops. The Department will schedule individual appointments with each taxing unit and their representatives to assist with the preliminary budget data submission into Gateway.
July 31	Deadline for the Department to provide each taxing unit with an estimate of the property tax cap loss (“circuit breaker impact”) for the ensuing year. The report will be posted on the Department website. (Ind. Code § 6-1.1-20.6-11.1)
August 1	Deadline for the county auditor to provide to the Department and each political subdivision a notice of the AV withholding from the ensuing year certified net assessed values. (Ind. Code § 6-1.1-17-0.5)
August 1	Last day for the county auditor to submit TIF neutralization forms to the Department for review and approval. This is a prerequisite step for AV Certification.

August 1	Last day for the county auditor to certify net assessed values (“CNAV”) to the Department. The Department will make AV visible to every political subdivision via Gateway. All units are encouraged to use Gateway’s public site to validate the AVs certified by the county auditor. (Ind. Code § 6-1.1-17-1)
August 1	The county fiscal body shall review at its first meeting in August the estimated property tax levy limits and the estimated reductions due to circuit breakers for each taxing unit. The county fiscal body will prepare and distribute a written recommendation for the taxing units, or the county auditor will distribute the minutes of the meeting to all taxing units after the minutes are approved by the fiscal body. (Ind. Code § 6-1.1-17-3.6)
August 16	Deadline for the Department to release the first 2026 LIT estimates. The report will be posted on the Department’s website. (Ind. Code § 6-3.6-9-5)
September 2	Last day for units with appointed boards, including certain libraries, to submit proposed 2026 budgets, tax rates, and tax levies to the appropriate fiscal body for binding adoption. For these units, the Department will remove edit access to the Gateway Budget module at the end of the day. (Ind. Code § 6-1.1-17-20; Ind. Code § 6-1.1-17-20.3) <i>Pertains exclusively to units that are subject to binding review.</i>
September 30	Deadline for Gateway submission of Economic Development Reporting (“EDR”) for non-tax-based casino revenue. (Ind. Code § 4-33-23-17)
September 30	Quarterly property tax appeal reports are due to the fiscal officer of each taxing unit (including redevelopment commissions). The notice may be provided in an electronic format. Township assessors must provide the county assessor with any information the county assessor requests that is necessary to provide the quarterly notices. (Ind. Code § 6-1.1-15-19)
October 1	LIT rate changes adopted by the appropriate fiscal body after December 31 of the prior year and before September 1 become effective for the county. (Ind. Code § 6-3.6-3-3)
October 1	Deadline for the SBA to provide the second LIT estimates for the 2026 distributions. (Ind. Code § 6-3.6-9-5)
October 14	Last day to post a notice to taxpayers (“Budget Form 3”) of proposed 2026 budgets and net tax levies and a public hearing to Gateway. Units who have not submitted by October 14 will not have time to complete the process before the deadline. (Ind. Code § 6-1.1-17-3) <i>Note: See October 24 for additional information.</i>
October 16	Deadline for the Department to release the second 2026 LIT estimates. The report will be posted on the Department’s website. (Ind. Code § 6-3.6-9-5)

October 21	Last day for units to file excess levy appeals for annexation/consolidation/extension of services, three-year growth factor, emergency, and correction of error with the Department. Last day for units to file a request for adjustment for school operations fund for bus replacement and transportation expenses. (Ind. Code § 20-46-8-3; Ind. Code § 20-46-8-4; Ind. Code § 6-1.1-18.5-12; Ind. Code § 6-1.1-18.5-13(1), (2), (3); Ind. Code § 6-1.1-18.5-14)
October 24	Last possible day for taxing units to hold a public hearing on their 2026 budgets. The public hearing must be held at least ten (10) days before the budget is adopted. Units that have not had a public hearing by October 24 will not have time to complete the process before the deadline. (Ind. Code § 6-1.1-17-5)  <i>Note: This deadline is subject to the scheduling of the public hearing. See October 14 for additional information.</i>  In Marion County and second-class cities, the public hearing may be held any time after the introduction of the 2026 budget. (Ind. Code § 6-1.1-17-5(a))
October 31	Last possible day ten (10) or more taxpayers may object to a proposed 2026 budget, tax rate, or tax levy of a political subdivision. Objection must be filed not more than seven (7) days after the public hearing. This deadline is subject to the scheduling of the public hearing. (Ind. Code § 6-1.1-17-5(b))
October 31	Last possible day for the appropriate fiscal body to adopt and submit a LIT change for it to be effective on January 1, 2026. (Ind. Code § 6-3.6-3-3)
November 3	Deadline for all taxing units to adopt 2026 budgets, tax rates, and tax levies. (Ind. Code § 6-1.1-17-5(a))  If a taxpayer objection petition is filed, the appropriate fiscal body shall adopt, with its budget, a finding concerning the objections in the petition and any testimony presented at the adoption hearing. (Ind. Code § 6-1.1-17-5(c))  <i>Note: This deadline is subject to scheduling of the public hearing and the actual hearing. See October 14 and October 24 for additional information.</i>
November 10	Second installment of 2024-pay-2025 taxes due. (Ind. Code § 6-1.1-22-9)
November 10	Last day for units to submit their 2026 budgets, tax rates, and tax levies to the Department through Gateway as prescribed by the Department. (Ind. Code § 6-1.1-17-5) <i>If Ind. Code § 6-1.1-17-5.2 applies and the fiscal body overrides the veto of the adopted budget, the deadline is five (5) business days after the action to override the veto is taken.</i>

December 31	Last day for the Department to accept additional appropriation requests for the 2025 budget year from units as prescribed by the Department.
December 31	Deadline for the Department to certify 2026 budgets, tax rates, and tax levies unless a taxing unit in a county is issuing debt after December 1 in the year preceding the budget year or intends to file a shortfall appeal. (Ind. Code § 6-1.1-17-16)
December 31	Deadline for the county auditor to distribute tax collections to the appropriate taxing units. (Ind. Code § 6-1.1-22.5-14; Ind. Code § 6-1.1-27-1)
December 31	Deadline for Gateway submission of annual ERA abatement publication through Gateway File Transmission. (Ind. Code § 6-1.1-12.1-8) <i>Pertains exclusively to county auditors.</i>
December 31	Quarterly property tax appeal reports are due to the fiscal officer of each taxing unit (including redevelopment commissions). The notice may be provided in an electronic format. Township assessors must provide the county assessor with any information the county assessor requests that is necessary to provide the quarterly notices. (Ind. Code § 6-1.1-15-19)
January 1, 2026	Deadline for establishing new taxing units seeking a maximum levy for 2027. (Ind. Code § 6-1.1-18.5-7)
January 1, 2026	LIT rate changes adopted by the appropriate fiscal body and submitted to the Department via Gateway, after August 31, 2025, and before November 1, 2025, become effective for the county on January 1, 2026. (Ind. Code § 6-3.6-3-3)
January 1, 2026	Real Property and Personal Property assessment date for taxes due and payable in 2027. (Ind. Code § 6-1.1-2-1.5).
January 1, 2026	Mobile homes assessment date for taxes due and payable in 2026. (Ind. Code § 6-1.1-2-1.5)
January 1, 2026	Date by which annexation must become effective so that reorganized unit can seek adjusted maximum levy for pay-2026 taxes.
January 15, 2026	Deadline for Gateway submission of second half 2025 tax distribution and settlement through Gateway DECAF – Form 22. (Ind. Code § 5-14-3.8-9) <i>Pertains exclusively to county auditors.</i>
January 15, 2026	Deadline for the Department to certify 2026 budgets, tax rates, and tax levies if a taxing unit in a county is issuing debt after December 1 in the year preceding the budget year or intends to file a shortfall appeal under Ind. Code § 6-1.1-18.5-16. (Ind. Code § 6-1.1-17-16)





## **APPENDIX F**

### **SAMPLE RESOLUTIONS & POLICY**

**RESOLUTION TO TRANSFER AMOUNTS FROM THE  
OPERATIONS FUND  
TO THE EDUCATION FUND**

**(RECURRING BASIS: MONTHLY, QUARTERLY, ANNUALLY)**

WHEREAS, the Board of School Trustees is the governing body of ISBA Community School Corporation, ABC County, Indiana, and

WHEREAS, HB 1009 required the governing body of each school corporation to establish and education fund for the payment of expenses allocated to student instruction and learning under IC 20-42.5, and

WHEREAS, HB 1009 required the governing body of each school corporation to establish and operations fund for the payment of expenses that are not allocated to student instruction and learning under IC 20-42.5, and

WHEREAS, the Board of School Trustees has determined there are insufficient funds in the Education Fund to support the expenses allocated to student instruction and learning,

THEREFORE, BE IT RESOLVED, that the Board of School Trustees authorizes the Treasurer of the ISBA School Corporation to transfer the amount of \$ XXXX from the operations fund to the education to support student learning and instruction under IC-20.42.5 for the period of January – December, 20xx.

This resolution was duly made, seconded and adopted this xx day of xx, 20xx.

**RESOLUTION TO TRANSFER AMOUNTS FROM THE  
EDUCATION FUND  
TO THE OPERATIONS FUND**

**(RECURRING BASIS: MONTHLY, QUARTERLY, ANNUALLY)**

WHEREAS, the Board of School Trustees is the governing body of ISBA Community School Corporation, Adams County, Indiana, and

WHEREAS, HB 1009 required the governing body of each school corporation to establish and education fund for the payment of expenses allocated to student instruction and learning under IC 20-42.5, and

WHEREAS, HB 1009 required the governing body of each school corporation to establish and operations fund for the payment of expenses that are not allocated to student instruction and learning under IC 20-42.5, and

WHEREAS, HB 1009 requires that distributions of tuition support be received in the education fund;

THEREFORE BE IT RESOLVED, that the Board of School Trustees authorizes the Treasurer of the ISBA School Corporation to transfer the amount of \$\_\_\_\_\_ from the education fund to the operations fund to reimburse the operations fund for expenses that are not allocated to student instruction and learning under IC-20.42.5 for the period of January – December, 20xx.

This resolution was duly made, seconded and adopted this xx day of xx, 20xx.

# CASH RESERVE AND LIQUIDITY POLICY

## [ISBA CODE: 6013]

The purpose of the Corporation's Cash Reserve and Liquidity Policy ("Policy") is to provide the School Board and school employees with shared objectives and parameters for the management of its funds, to maintain and improve the financial stability of the Corporation and sufficient liquidity of the Corporation's funds to provide an adequate cushion against unexpected temporary revenue shortfalls or unpredicted one-time expenditures.

This Policy shall be reviewed annually in January by the Board of Finance.

### DEFINITIONS

For purposes of this policy, the following definitions apply:

**Available Fund Balance** – shall be defined as the amount, measured in dollars, of available reserves of the Corporation as measured by the balance remaining after the total liabilities are subtracted from the total assets. ("Available Fund Balance").

**Reserve Target** – shall mean the target level of the Available Fund Balance.

**Unrestricted Fund (Cash Balance)** – shall mean the following funds: *[list here the funds to be included – Education, Operations, Rainy Day, and/or Operating Referendum]*

### RESERVE TARGET

When assessing the Available Fund Balance for the Corporation, the Corporation shall consider each of the listed unrestricted funds listed in this policy. The Reserve Target Balance for each Fund shall be *[insert here percentage for each fund – recommend percentage is at least 16% per Fund]*. The *[insert here school business official title]* will measure compliance with this Policy as of December 31st each year, or as soon as practical after final year-end account balances become available. For the purposes of this Policy, the current year's actual operating expenses will exclude significant capital outlays and non-recurring items. The Reserve Target will also be actively monitored by the *[insert here school business official title]* and Superintendent throughout the year.

If the Reserve Target is not met or is projected to not be met at some point within a five-year period, then during the annual budgeting process, Available Fund Balances and reserve levels will be considered and a plan to replenish the Available Fund Balance to a level consistent with the Reserve Target will be established based on the requirements outlined in this Policy.

### MAINTAINING RESERVE TARGET

In order to provide liquidity adequate to meet Corporation needs, the Reserve Target will be maintained and managed through a method to minimize the need to borrow in the event of unforeseen financial challenges, including changes in revenue streams and expenses and significant economic downturns or enrollment declines. The Reserve Target will generally be funded or replenished by excess revenues over expenses or one-time revenues.

### MAINTAINING LIQUIDITY

Liquidity is the amount of cash and the ease of converting assets to cash with minimum loss of the value of the asset to meet the financial obligations of the Corporation. The marketability or ability to buy or sell an asset without incurring significant losses to access the funds determines the liquidity and availability of the asset. Adequate

liquidity shall be evaluated by the Business Office to ensure that the Corporation is able to meet foreseeable and unforeseeable financial obligations.

There are various tools to help manage cash flow. The three most prominent are:

- Using cash reserves;
- Interfund transfers; and
- Borrowing funds externally, as permitted by state law.

The following constitutes key elements to consider when determining whether the Corporation has adequate liquidity:

- An evaluation of all commitments resulting from liabilities related to employees' rights and benefits, including post-employment benefits, accrued paid time off and insurance;
- Reserve Target is evaluated;
- Ability to repay outstanding debt obligations, including bonds, lease rental payments and other financial commitments to repay debt; and
- A level of cash available for the normal operational expenditures to ensure that the Corporation will be able to withstand fluctuations in monthly revenues/expenditures, to enable the Corporation to be able to timely meet its financial obligations. Two months' operational expenditures should be available in cash or cash equivalent.

The Superintendent or designee is responsible for reporting on the reserve target at least quarterly.





## **APPENDIX G**

### **TAX INCREMENT FINANCING**

# TAX INCREMENT FINANCING

## INTRODUCTION

Tax increment financing (TIF) is an economic development mechanism used by municipalities and counties throughout Indiana. A combination of changes in state property tax controls and the budgetary pressures faced by local taxing units have motivated state and local officials to closely evaluate TIF policy in recent years. This focus has led to statutory changes regarding TIF reporting limitations on the permissible durations of a TIF and restrictions on TIF assessed value capture.

The potential impact of TIF on local taxing units, such as school districts, is a common topic in TIF policy debates. However, quantifying the actual fiscal impact of TIF use on these “overlapping” taxing units is a complex endeavor that requires an understanding of both the local economic context and property tax mechanics in Indiana. Because the property tax rate controls enacted in 2008 apply differentially to parcels, a parcel level analysis is required to accurately estimate the impacts of property tax related policies like TIF. Finally, the question about whether impacts should be described as negative is predicated on assumptions about the necessity and effectiveness of public sector incentives to attract private sector development, which can vary by circumstance.

## MECHANICS OF TAX INCREMENT FINANCING

State statute (IC 36-7-4) establishes the policies and regulations governing tax increment financing. TIF operates by “capturing” the property tax revenues produced by new investment within a defined geographic to fund infrastructure and economic development initiatives related to the development. The revenue produced by a TIF property is commonly used to secure debt to improve the physical infrastructure of the redevelopment area. TIF is widely utilized by local government units in Indiana, and in various forms throughout the United States. One reason TIF use is widespread is that it allows civil units to fund economic development based on prospective development without increasing property tax rates for existing taxpayers, as is the case if general property taxes were used. To be a TIF project, a qualified redevelopment commission first designates an “allocation area,” a defined geographical area within which assessed value will be captured. The existing tax base at the time the allocation area is created is established as the “base.” Any increased assessed value due to the construction of new facilities or other capital investment is captured in the “increment.” The property tax revenues produced by the increment assessed value are allocated to the redevelopment commission for use in economic development related purposes. The property tax revenues produced by the TIF base are not allocated for redevelopment purposes but remain with the local taxing units. At the end of the TIF’s lifespan (25 years after debt service is issued for most Indiana TIF districts), the entire increment reverts to base taxing units.

Senate Enrolled Act 566-2019 provided for the creation of residential housing development TIF districts. DLGF has outlined a process for how those districts may be established. Indiana Code 36-7-25-7 allows for up to 15% of those revenues to be used for educational programs, work training programs and worker retraining programs. House Enrolled Act 1005 (Public Law 204-2023) amended IC 36-7-14-53 regarding the residential housing development TIF to eliminate restrictions on use of the program by only certain communities with little or no housing development, it also removes school board review and approval of the residential housing TIF, and reduces the lifespan of residential housing TIFs to 20 years after the date on which the first obligation was incurred to pay principal and interest on bonds or lease rentals on leases payable from tax increment revenues from the program. Any county or municipal redevelopment commission can now use the residential housing program TIF without restriction (of the 1% cap rule) through June 30, 2027. House Enrolled Act 1454 (Public Law 236-2023), SECTION 182, sets the June 30, 2027, expiration date for these changes and the law as it existed on January 1, 2023, will be reinstated (to include the 1% cap restriction and school board review and approval authority).

## ECONOMIC DEVELOPMENT TOOLS

Tax increment financing is popular in Indiana because it is one of the few economic development financing tools available to local civil units. While property tax abatements are frequently used to incentivize investment, they do not generate revenue from the new investment and so do not provide a revenue stream to finance infrastructure improvements.

Fiscal structures such as local sales taxes or local food and beverage taxes are either not available in Indiana or cannot be authorized by local taxing units. Other available tools, such as economic improvement districts, community revitalization (CRED) districts and urban enterprise zones are useful in certain situations but are not as flexible in their use or availability as tax increment financing. TIF is frequently used in Indiana because it is a flexible, market tested tool to fund local economic development and redevelopment.

### DEFINITIONS:

- Allocation Area – A geographically defined area within which assessed value can be captured for economic development purposes.
- Redevelopment Commission – The governmental entity with the authority to administer TIF allocation areas. Redevelopment commissions are typically comprised of members appointed by a political subdivision.
- Base Assessment Date – The tax year in which a TIF allocation area is first effective.
- Base Assessed Value – The net assessed value within the allocation area as of the Base Assessment Date. The revenue produced from base assessed value is allocated to the taxing units, not the redevelopment commission.
- Increment Assessed Value – The increase in assessed value within the allocation area subsequent to the Base Assessment Date. Revenue produced by increment assessed value is allocated to the Redevelopment Commission for redevelopment or economic purposes.
- TIF Pass Through – Any amount of excess Increment Assessed Value released to base taxing units by decision of the Redevelopment Commission.

### INTERACTIONS WITH PROPERTY TAX CONTROLS

A common misconception is that the use of TIF simply redirects property tax revenue that would otherwise be available to taxing units on a one-to-one basis. However, the interaction between TIF and overlapping taxing units is much more nuanced.

A common property tax levy is determined by a mechanism known in statute as the “assessed value growth quotient” (AVGQ). This metric is the six-year moving average of non-farm person income in Indiana. It is used to determine the allowable year-to-year increase for most non-debt levies. Schedule bond payment determines the certified levy for debt service funds. Aside from a few instances, the process used to establish property tax levies is independent of the TIF policy used by local civil units. Property taxes are then calculated by dividing the established certified levies by the total tax base (certified net assessed value).

If an investment is not captured in a TIF district, its assessed value would otherwise contribute to the tax base of local taxing units – the denominator of the tax rate calculation. Given no change in certified levy, a higher tax base will result in a lower tax rate. This interplay with the property tax rate is where TIF policy interacts with the budgets of other taxing units. A change in tax rate doesn’t typically affect the level of property taxes a taxing unit can charge, or levy, (outside cumulative fund levies, which are determined by the tax rate) but can influence the amount of revenue a unit receives due to interactions with Indiana’s property tax rate controls, or “circuit breakers”.

School referendum funds are an important exception to the typical TIF interaction. IC 36-7-14-39 requires that TIF assessed value is included in the tax base of a school referendum fund. Levies approved by referendum for school operations are typically rate controlled. Increases in TIF increment assessed value do contribute to more property tax revenue in school referendum funds.

## **CIRCUIT BREAKER RATE CAPS**

In 2008, the Indiana General Assembly enacted a series of property tax reforms that significantly altered the landscape of local government finance generally, and tax increment finance specifically. One of these reforms was the institution of parcel level, rate-based property tax controls that became known as the “Circuit Breaker Credit.” Once fully established, the circuit breaker limited property taxes to 1% of homestead property assessed value, 2% of rental, residential and farmland assessed value, and 3% of assessed value for all other property classes. The circuit breaker credit is the difference between the full property tax bill charged to the taxpayer and the amount the taxpayer is obligated to pay under the system of rate controls. While the circuit breaker credit made property tax obligations more predictable for taxpayers, it introduced a high degree of uncertainty into local government revenue estimation and budgeting.

Prior to the circuit breaker credit, growth in property tax revenue was determined primarily by levy controls. Taxing units were able to establish their allowable (certified) levy, regardless of fluctuations in the property tax base. If the tax base increased or decreased in value, movements in the property tax rate would offset that change.

The introduction of circuit breaker credit changed the dominant system of property tax control from levy controls to rate controls. The circuit breaker credit caps property tax revenues at a specified percent of assessed value, differentiated by property class. In the post-circuit breaker environment, property tax growth only occurs through growth in the tax base once all parcels reach the rate cap thresholds.

Before circuit breaker credits were effective, TIF capture did not significantly alter the property tax revenues of local taxing units. If the amount of TIF increment capture increased, tax rates adjusted to prevent a revenue shortfall for taxing units. With circuit breakers in effect, an increased tax rate does not necessarily produce a corresponding increase in revenue. TIF can affect taxing units by capturing assessed value that could potentially accrue to the tax base.



**APPENDIX H**

**AUDIT REPORTS**

# AUDIT REPORTS

School districts receive biennial audits of their financial records by the State Board of Accounts (SBOA). The State Board breaks those schools into two different audit cycle groups. Some schools will be audited for the period July 1, 2023 to June 30, 2025 and those audits will start in the fall of 2025. Other schools will be audited for the period July 1, 2024 to June 30, 2026 and those audits will be conducted most likely in the fall of 2026.

School Corporations with an average daily membership of over 15,000 are required to prepare an annual financial report using the modified accrual basis of accounting in accordance with generally accepted accounting principles (GAAP) in order to issue bonds (IC 5-1-11.5-3). Additionally, the state examiner may engage private examiners to conduct school audits (IC 5-11-1-7), meaning some schools could have their audit engagement performed by an outside private examiner depending on the number of audits that are required to be completed in a cycle. The private examiners are subject to the direction of the state examiner while performing an audit of public funds (IC 5-11-1-7).

The SBOA will review the financial records of the school district, perform tests of compliance with applicable laws and regulations, and conduct an internal control review. There are different types of results which can be communicated to the district after the audit. Typical communications include:

1. **Internal Control Findings:** These comments are used to reflect an area of weakness for the school corporation. It will highlight an area that might be susceptible to fraud or financial errors. When one of these is noted, the school district should make plans to address the weakness so that the weakness is corrected and not reflected in future audits. These can include a deficiency in internal control, a significant deficiency, and a material weakness.
  - a. Deficiency in Internal Control – Exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.
  - b. Significant Deficiency – A deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
  - c. Material weakness – A deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis.
  
2. **Audit Findings:** These comments are used to reflect instances of noncompliance discovered during substantive and compliance testing.
  - a. Verbal Comments – Instances of noncompliance that are verbally communicated to the responsible official.
    - i. These comments do not appear in the audit report.
    - ii. These comments are discussed with the responsible official prior to the exit conference
  
  - b. Management Letters – Instances of noncompliance that do not rise to the level of significant and impactful but warrant a written letter to the responsible official and the governing body.
    - i. These comments do not appear in the audit report.
    - ii. These comments are discussed with the responsible official and the governing body at the exit conference.

- c. Audit Results & Comments (ARCs) – Instances of noncompliance that are deemed significant and impactful.
  - i. These comments are included in the audit report.
  - ii. These comments are discussed with the responsible official and the governing body at the exit conference.
  - iii. A repeated or similar ARC that appears in a subsequent audit report results in the school corporation being required to submit a corrective action plan to the SBOA. The plan should detail who will be responsible for fixing the issue, what the plan to fix the issue is, and the timeline in that the issue will be fixed. The corrective plan is due to the SBOA within ten (10) calendar days after the exit conference.
  
- d. Federal Findings – Instances of noncompliance regarding compliance requirements related to federal programs and funding.
  - i. There are three types of Findings:
    - 1. Section II Findings – findings related to the financial statements.
    - 2. Section II Findings – findings related to the financial statements.
    - 3. Section III Findings – findings related to a major program.
  - ii. These findings are included in the audit report.
  - iii. These findings are discussed with the responsible official and the governing body at the exit conference.
  - iv. The school corporation is required to prepare a corrective action plan for current-year federal findings and a summary schedule of prior audit findings in accordance with 2 CFR 200.511 that is to be included with the current audit report.





## APPENDIX I

### TEACHER COMPENSATION 2026 FAQ

# TEACHER COMPENSATION 2026 FAQ

## Teacher Compensation Frequently Asked Questions Updated FY 2026

The following updated FAQ provides guidance to assist school corporations with review and implementation of the provisions regarding teacher compensation. All changes are effective beginning July 1, 2025, for school year 2025-2026 expenditures.

WHO	QUESTION	ANSWER
1	<b>Who is classified as a teacher for teacher salary expenditures?</b>	Beginning July 1, 2023, and for purposes of IC 20-28-9-28, a teacher includes an individual licensed under IC 20-28-5 who has entered into a regular teacher’s contract under IC 20-28-6-5 or a temporary teacher’s contract under IC 20-28-6-6(a)(1) with a school corporation, cooperative, interlocal agreement, or consortium and whose primary responsibility is the instruction of students. An individual’s primary responsibility is the instruction of students if the individual provides instruction to students in a classroom setting for at least 50% of the individual’s workday. This applies to full-time teachers, part-time teachers, adjunct teachers, school counselors, and permanent substitute teachers employed by a school corporation. The individual’s workday is the number of hours the individual is expected to work each day under the terms of the individual’s contract with the school corporation.
2	<b>What is the definition of “compensation?”</b>	Beginning July 1, 2023, “Compensation” is the dollar amount expended by a school corporation, cooperative, consortium, interlocal agreement, or dropout recovery service and paid to a teacher for teacher salaries and benefits including Federal Insurance Contributions Act (FICA) and Teachers Retirement Fund (TRF) contributions. (In the Chart of Accounts, this includes objects 100 to 299 and subcategories 30-39 and 62-67) For schools participating in a cooperative, interlocal, consortium, or dropout recovery service, the term reflects each school’s proportionate share of the teachers employed by the cooperative, interlocal agreement, consortium, or dropout recovery service.
3	<b>Does the 65% expenditure requirement apply to charter schools, education service centers, or cooperatives?</b>	No, the 65% expenditure requirement does not apply to charter schools, education service centers, or cooperatives. For purposes of school corporations reporting a proportionate share of consortium, interlocal agreement, dropout recovery service, or cooperative expenditures for teacher compensation, it is important reporting local education agencies utilize the Chart of Accounts, including subcategories.

4	<b>What is included in “state tuition support?”</b>	State tuition support includes the basic grant, the special education grant, the career and technical education grant, non-english speaking program grant, and the academic performance grant. The total amount of state tuition support distributed to a school corporation can be found on the June Form 54 monthly distribution report of the appropriate fiscal year (FY 2026). Tuition Support attributable to virtual students who are receiving 100% of their education from a third party is removed from the total Tuition support for the purposes of the calculation.
5	<b>Are transfers from the education fund to the operations fund accounted for in the 65% requirement?</b>	No, the teacher compensation calculation does not take into account the amount of any transfers from the education fund.
6	<b>Are substitute teachers included?</b>	Beginning July 1, 2023, permanent substitute teachers, with a teaching license, employed by a school corporation are included in the calculation of teacher compensation. (See IC 20-18-2-22) Permanent substitute teachers should be coded to subcategory 62.
7	<b>Do we include payments to teachers paid from federal grants such as Title I?</b>	Yes, total expenditures for teacher compensation (numerator) are based on the entire amount a school corporation spends on teacher compensation regardless of the fund used.
8	<b>Are transfers from the education fund to the operations fund accounted for in the 65% requirement?</b>	The information should reflect gross salaries, not employer payroll taxes.
9	<b>If multiple school corporations belong to a cooperative, interlocal agreement, or service center, can each school corporation count expenditures for teacher compensation toward their school corporation’s 65% expenditure threshold?</b>	For school corporations that are part of a cooperative, interlocal agreement, or consortium, the cooperative, interlocal, or consortium should provide each school corporation with its proportionate share of teacher compensation for individuals employed by the agreement according to the subcategory definitions. Beginning July 1, 2023, for teacher compensation expenditures made each school corporation should record its payments to the cooperative, interlocal, or consortium applicable to teachers, using Object Codes 100-299 and Subcategories 30-39 and 62-67 and the appropriate expenditure account. Each school corporation’s proportionate share of the teacher compensation will be included as part of the expenditure amount for purposes of this law. Service center agreements and contracts are excluded from this provision.

<b>10</b>	<b>How should members code payments to cooperatives?</b>	Payments to cooperatives should be coded to accounts 17300 and 17400 as applicable, as before, and divided proportionally into objects 100-299, subcategories 30-39 and 62-67 if the definitions are applicable, for the portion directly attributable to the school corporation's share of teacher compensation of those individuals employed by the cooperative. The remaining portion should be coded to other object codes, for instance object code 591.
<b>11</b>	<b>What falls under a "stipend" for the 65% Teacher Compensation requirement?</b>	Stipends paid to teachers (objects 141 and 142 paired with subcategories 30-39 or 62-67) would be included in the 65% Teacher Compensation requirement.
<b>12</b>	<b>How should a local education agency (LEA) based cooperative code teacher expenditures?</b>	Beginning July 2023, an LEA-based cooperative should use object codes and subcategories to track teacher salaries and benefits separately from other expenditures. As before, expenditures on behalf of students enrolled at the LEA-based cooperative should be coded to school ID(s) of the corporation, while expenditures on behalf of students enrolled at other public school corporations should be coded to school ID 8888.

**For additional information, please email:** [schoolfinance@doe.in.gov](mailto:schoolfinance@doe.in.gov)

Version: 2025.08.01 Source: Indiana Dept. of Education.









**INDIANA SCHOOL BOARDS ASSOCIATION**

One North Capitol Avenue, Suite 1215

Indianapolis, IN 46204

(317) 639-0330 (317) 454-0731 Fax

[www.isba-ind.org](http://www.isba-ind.org)

