



INDIANA SCHOOL BOARDS  
ASSOCIATION

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

4th Edition  
**RESOURCE GUIDE**

Vol. 4 October, 2023



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## FOREWORD

A tenet espoused by the Indiana School Boards Association (ISBA) is that the financial oversight of school corporations and 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 fourth 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 2023 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 biannual 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 this year with Dr. Michele Moore, Clinical Assistant Professor in Educational Leadership from Indiana University, to update the information provided in this Resource Guide previously 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 as 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 assure 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 fiscal situation 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 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 is the district spending 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 district mission and vision 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 January financial statement 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 the 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 February 1. (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 quarter ended March 31.
- ☐ Review bank accounts and investments as of March 31.
- ☐ Review capital projects for work in progress and calendar for planned projects for current year.

## MAY

- ☐ Review April financial statements and bank accounts.
- ☐ Review capital projects for planned projects for current year.

## JUNE

- ☐ Review May financial statements and back 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 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 August 1. (For six months ended June 30.)

## AUGUST

- ☐ Review July financial statements and back accounts.
- ☐ Conduct budget hearing. (October 22 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 1 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 back accounts.

## OCTOBER

- ☐ First school year ADM Count 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 of 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 board cash management policy. 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.

As a second simple practice, the board member should 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 number 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 is found on the State Board of Accounts website (found under school manuals, uniform compliance guidelines) using the following link: <https://www.in.gov/sboa/political-subdivisions/schools/>

## 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 for textbook costs and 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)

The 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. <https://www.in.gov/ieerb/>

## GOVERNOR'S WORKFORCE CABINET

The GWC reviews and coordinates federal, state, and local education and training programs, administers career and technical education (CTE) standards and measures, advises governing bodies on workforce needs, recommends goals to improve the talent development system, reviews workforce and college and career funding, and administers the state's federal Perkins V plan. The Cabinet is part of the Commission of Higher Education with members appointed by the Governor. The Office of Career & Technical Education (CTE) is housed within the Cabinet. <https://www.in.gov/gwc/>



## KEY FINANCIAL CALENDAR DATES (2023-2024)

*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 October 22.
- 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 (2023-24 dates are October 2, 2023, and February 1, 2024.)
- Textbook expenditures are reimbursed by the DOE at a flat amount per student based on ADM. Parents will no longer be charged textbook fees based on 2023 legislation passed. DOE anticipates distributing the reimbursement to schools in December based on reports filed earlier. At press time, those dates are still being set.
- 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 2 for 2023 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.

# DLGF SCHOOL BUDGET CALENDAR (2023-2024)

Adapted from DLGF memo dated February 2, 2023; See Appendix E

<b>July 14</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 28</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>	Last day 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>August 29</b>	Deadline for school units to file the Annual Report with SBOA. The Annual Report must be filed before the Department can approve a 2024 budget or additional appropriation for a political subdivision.
<b>October 12</b>	Last day to post a notice to taxpayers (Budget Form 3) of proposed 2024 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 19</b>	Last day 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 22</b>	Last possible day for taxing units to hold public hearing on their 2024 budgets. Public hearing must be held at least ten days before the budget is adopted. Note: This deadline is subject to scheduling of the public hearing.
<b>October 29</b>	Last possible day ten or more taxpayers may object to proposed 2024 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 1</b>	Deadline for all taxing units to adopt 2024 budgets, tax rates, and tax levies. Note: This deadline is subject to scheduling of public hearing. See October 12 and October 22 for additional information.



<b>November 8</b>	Last day for units to submit their 2024 budgets, tax rates, and tax levies to the Department through Gateway as prescribed by the Department.
<b>November 13</b>	Second installment of 2022-pay-2023 taxes due.
<b>December 31</b>	Last day for the Department to accept additional appropriation requests for the 2023 budget year from units as prescribed by the Department.
<b>December 31</b>	Deadline for the Department to certify 2024 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 of November collection.
<b>January 17</b>	Deadline for the Department to certify 2024 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>	Last day for the county treasurer to mail 2023-pay-2024 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 27</b>	Last day for the county auditor to publish the first notice of the 2024 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 3</b>	Last day for the county auditor to publish a second notice of the 2024 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 10</b>	Last day for the county auditor to publish a third notice of the 2024 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 10</b>	First installment of 2023-pay 2024 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 2023 BUDGETING AND FINANCIAL REPORTING LAWS

The Indiana General Assembly passed significant new laws during the 2023 legislative session affecting the tuition support formula, K-12 education categorical grant funding, curricular materials funding, career and technical education programs and funding, expansion of the residential housing development program, and property tax matters. The following summarizes 11 laws impacting school finance and budgeting that are important for school officials to understand.

### **HOUSE ENROLLED ACT 1001 (Public Law 201-2023) STATE BUDGET**

Appropriates money 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. The state budget includes the following provisions relevant to K-12 school governance matters: Makes appropriations to the Indiana Department of Education for K-12 programs, categorical grants, and the tuition support formula. Provides that a part of state user fees shall be deposited in the Indiana secured school fund. Repeals the special education fund. Prohibits school corporations and charter schools from charging a fee for curricular materials to students. Establishes the curricular materials fund. Requires a county auditor to distribute a portion of revenue received from an operations fund levy imposed by a school corporation located in certain counties to certain charter schools (excludes school corporations that are designated as a distressed political subdivision). Requires charter schools that receive a distribution of tax levy revenue to establish an operations fund and education fund under the same provisions that apply to school corporations. Provides that in order to receive a distribution of tax levy revenue, a charter school must adopt a budget for the school year following a public meeting. Provides funding amounts for schools. Establishes the credential completion grant. Removes pathways for choice scholarship eligibility. Increases the annual income maximum for choice scholarship eligibility. Provides that a school corporation is eligible for an academic performance grant.

SECTION 210 amends IC 20-43-10-3.5 to permit school corporations allocate up to 10% of the Teacher Appreciation Grant received by the school or school corporation to provide a supplemental award (stipend) to teachers who serve as mentors to teachers who have less than two (2) years of service

## **HOUSE ENROLLED ACT 102 (Public Law 202-2023)**

### **EDUCATION AND WORKFORCE DEVELOPMENT**

Establishes the: (1) career scholarship account program (CSA program); (2) career scholarship account program fund; (3) career scholarship account administration fund; (4) career scholarship account donation fund; (5) connecting students with careers fund; (6) teacher higher education and industry collaboration grant program and fund; (7) career coaching grant fund; and (8) intermediary capacity building fund. Provides that the department of education (department), in consultation with the commission for higher education (commission), shall designate and approve a course sequence, career course, modern youth apprenticeship, apprenticeship, or program of study for grants under the CSA program. Provides for revocation of the approval if the sequence, course, modern youth apprenticeship, apprenticeship, or program of study fails to achieve an adequate outcome, as determined by the department, in consultation with the commission. Establishes eligibility requirements to participate in the CSA program. Provides that the commission may approve participating entities that meet certain requirements to participate in the CSA program. Provides that grant amounts that career scholarship students receive are not included in adjusted gross income for tax purposes. Provides that, beginning July 1, 2024, certain school corporations shall include instruction for all students regarding career awareness. Provides that the state board of education (state board), in consultation with the commission, shall create certain standards for a career awareness course. Requires the department to collect and aggregate certain data. Requires the department to publish on the department's website a list of skill competencies identified by certain approved participating entities. Requires the state board, in consultation with the department, to establish new high school diploma requirements. Removes a provision that provides that a student who satisfies an Indiana diploma with a Core 40 with academic honors designation through a certain alternative course shall not count toward a school's honor designation award. Requires certain high school and college students to meet with an approved postsecondary educational institution, an intermediary, an employer, or a labor organization. Provides that during each school year, a public high school must hold at least one career fair during regular school hours. Repeals certain provisions in law regarding a comprehensive navigation and coaching system and career coaching grant fund and requires the commission to: (1) develop and implement a comprehensive career navigation and coaching system for Indiana; and (2) award grants from the career coaching grant fund to certain eligible entities to establish or implement comprehensive career navigation and coaching systems. Provides that the department shall approve career coaching providers for the purpose of eligibility for a career coaching grant. Provides that the commission shall receive, distribute, and account for all funds received for career and technical education under the Carl D. Perkins Vocational and Applied Technology Act. Requires the department to establish and maintain an online platform that allows teachers to access and share information regarding connecting daily classroom lessons with innovations in workplace practices and postsecondary education research.

## **HOUSE ENROLLED ACT 1005 (Public Law 204-2023)**

### **HOUSING**

Establishes the residential housing infrastructure and the threshold conditions for establishing a residential housing development program and a tax increment allocation area for the program, including the condition that the governing body of each school corporation affected by the program pass a resolution approving the program before the program may go into effect. Changes the duration of a residential housing development program from 25 years (under current law) to 20 years after the date on which the first obligation for program is incurred. Makes a continuing appropriation.

## **HOUSE ENROLLED ACT 1454 (Public Law 236-2023)**

### **DEPARTMENT OF LOCAL GOVERNMENT FINANCE**

Among several provisions, HEA 1454 provides that the term of any judgment funding bond with regard to either: (1) the city of Hobart; or (2) the Merrillville Community School Corporation; issued for the purpose of paying a

property tax judgment rendered against Lake County for assessment year 2011, 2012, 2013, or 2014 shall be 25 years. Changes the sunset date for the procedure for selling certain bonds to July 1, 2025, and makes corresponding changes. Amends an exclusion from the definition of “controlled project” for projects required by a court order. Extends through 2026 the authority for certain school corporations to allocate circuit breaker credits proportionately but imposes limitations with respect to school corporation eligibility to allocate such credits. Provides that when a county auditor submits a certified statement of assessed value to the department, the county auditor shall exclude the amount of assessed value for any property located in the county for which an appeal has been filed and for which there is no final disposition. Provides that a county auditor may appeal to the department to include the amount of assessed value under appeal within a taxing district for that calendar year. Provides that the distressed unit appeal board (DUAB) may employ staff (instead of an executive director). Provides that the department may (instead of shall) support the DUAB’s duties using money from the department’s budget funding. Repeals provisions requiring the DUAB to pay the emergency manager’s compensation and to reimburse the emergency manager for actual and necessary expenses. Repeals the fiscal and qualitative indicators committee (committee). Replaces references to the committee with references to the DUAB.

## **HOUSE ENROLLED ACT 1499 (Public Law 239-2023)**

### **VARIOUS TAX MATTERS**

Key provisions of HEA 1499 relevant to K-12 school governance include: Increases the amount of the supplemental homestead deduction for property taxes first due and payable in 2024 and 2025. Provides that, notwithstanding any increase in assessed value of property from the previous assessment date, the total amount of operating referendum tax that may be levied by a school corporation for taxes first due and payable in 2024 may not increase by more than 3% over the maximum operating referendum tax that could be levied by the school corporation in the previous year. Provides a calculation to be used in determining the maximum levy growth quotient in 2024 and 2025. Modifies, through December 31, 2024, 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, but excludes certain projects for which a public hearing to issue bonds or enter into a lease has been conducted before July 1, 2023. Creates an exception, through December 31, 2024, to a provision subjecting a controlled project in a political subdivision with a total debt service rate of \$0.80 per \$100 of assessed valuation to the referendum process, if: (1) the political subdivision submits a request to the department of local government finance (DLGF) seeking a waiver of the provision; (2) the proposed controlled project is a response to a maintenance emergency; and (3) the DLGF determines that the maintenance emergency is sufficient to waive the provision. Amends an exclusion from the definition of “controlled project” for projects required by a court order. Specifies the information that must be provided on the web page. Defines “maintenance emergency”. Makes conforming changes.

## **HOUSE ENROLLED ACT 1591 (Public Law 246-2023)**

### **VARIOUS EDUCATION MATTERS**

Changes the prekindergarten pilot program to the prekindergarten program and removes the expiration date. Provides that, at least once every five years, the office, in cooperation with the department of education (department), must carry out a longitudinal study regarding students who participate in the prekindergarten program. Requires: (1) each public school to provide information to the department concerning certain physical injuries to employees; and (2) the department to report the information on the department’s website. Requires the department to provide certain information to public schools and state accredited nonpublic schools and requires each school to post the information on the school’s website home page. Amends innovation network school and participating innovation network charter school provisions regarding: (1) certain agreement requirements and limitations; (2) appeals to the state board of education regarding the failure to follow an agreement renewal process; and (3) negotiating the requirement of specific services. Allows an innovation network team or organizer to enter into an agreement with a

school corporation to transfer the ownership of a school corporation facility to the team or organizer and provides that a transfer is not subject to provisions in the law concerning the transfer of vacant school buildings to charter schools. Provides that a school corporation may not require an innovation network team or an organizer to contract for specific goods or services provided by the school corporation or any other entity. Requires information regarding certain possible criminal activity, concluded personnel matter investigations, and matters involving legal expenses be provided to the governing body of a school corporation. Provides that at-risk students who are receiving certain educational services are not included in a public school's four-year graduation rate and are included in an eligible school's graduation rate under certain conditions. Amends the definition of "teacher" regarding certain teacher compensation provisions and requires a school corporation to expend at least 62% of the school corporation's state tuition support on teacher compensation. (Current law requires a school corporation to expend at least 45% on full-time teacher salaries.) Requires special education grade 8 through 12 case conference committees to discuss decision making skills and alternatives to appointing a guardian. Requires the department to, subject to appropriation by the general assembly, provide schools the same per pupil exam fee amounts for international baccalaureate and Cambridge International exams as is provided for advanced placement exams. Provides that: (1) any course that meets the requirements of a career and technical education program may be taught virtually by a virtual provider if certain conditions are met; and (2) the virtual course is eligible for a career and technical education grant. Amends the definition of "school scholarship," with regard to scholarship granting organizations. Provides that the state board shall assign to a school or school corporation (including adult high schools) a "null" or "no letter grade" for the 2022-2023 and 2023-2024 school years. Provides that, when developing a proposal for a revised school performance designation, the department shall consider using certain metrics.

### **SENATE ENROLLED ACT 3 (Public Law 163-2023)**

#### **STATE AND LOCAL TAX REVIEW TASK FORCE**

Establishes the state and local tax review task force (task force). Specifies the membership of the task force and the topics the task force is required to review.

### **SENATE ENROLLED ACT 317 (Public Law 181-2023)**

#### **CONTRACTING AND PURCHASING**

Provides that a political subdivision may make advance payments to contractors to enable the contractors to purchase materials needed for a public works project of the political subdivision. Provides that a political subdivision may make advance payments for goods or services before the goods are delivered or services are completed if the fiscal body of the political subdivision authorizes advance payments.

### **SENATE ENROLLED ACT 391 (Public Law 189-2023)**

#### **CHARTER SCHOOLS**

Provides that, for a resolution to adopt a school operating referendum tax levy or school safety referendum tax levy adopted after May 10, 2023, a county auditor must distribute a portion of revenue received from the school operating referendum tax levy or school safety referendum tax levy to each charter school in which students who receive not more than 50% virtual instruction and who have legal settlement in certain school corporations attend. Provides that if a charter school receives a distribution from a school corporation from a school operating referendum tax levy or a school safety referendum tax levy, the charter school must post certain information on the charter school's website. Provides that a charter school that may receive money from a school operating referendum tax levy or a school safety referendum tax levy may not promote a position on a referendum, in the same manner as a school corporation is prohibited from promoting a position on a referendum. Provides that the maximum length of a charter is 15 years. (Current law provides that the maximum length of a charter is seven years.) Provides all charter schools access to loans through the Indiana bond bank. Provides that the state board of education (state board) may advance money to charter schools to be used for: (1) school building construction programs; and (2) educational technology



programs. Amends the definition of “school building construction program” to: (1) include the purchase, lease, or financing of land, the construction and equipping of school buildings, and the remodeling, repairing, or improving of school buildings by a charter school; and (2) replace “adjusted assessed valuation” with “assessed valuation” with regard to school corporation eligibility for an advance from the common school fund. Provides that a charter school may not receive an advance from the common school fund for an educational technology program unless the charter school develops a three-year technology plan. Provides that a school corporation may not (instead of is not entitled to) receive or use certain money or advances unless the school corporation develops a three-year technology plan. Makes conforming changes regarding advances to charter schools from the common school fund. Establishes standards concerning when a school corporation may close an underutilized school building that had been used at any time for classroom instruction. Provides procedures regarding petitioning for a determination as to whether a school building meets criteria for closure or should be made available for sale or lease. Requires the department of education (department) to make a determination regarding a petition. Requires each school corporation to annually report to the department certain information regarding school buildings. Provides procedures for notifying charter schools or state educational institutions through the department of the availability of a covered school building. Provides for appeals of certain orders or decisions to the state board. Provides that the: (1) department; or (2) selected charter school or state educational institution; may request the attorney general to commence a legal action to enforce a final order for the sale or lease of a covered school building or file a civil action to enforce the final order for the sale or lease after certain time periods. Establishes the charter school facility grant program.

## **SENATE ENROLLED ACT 417 (Public Law 193-2023)**

### **VARIOUS TAX MATTERS**

Makes certain changes to the nonprofit organization sales tax exemption threshold after which nonprofit organizations are required to collect state sales tax. Requires certain reporting requirements related to the use of the LIT revenue.

## **SENATE ENROLLED ACT 486 (Public Law 200-2023)**

### **VARIOUS EDUCATION MATTERS**

Repeals teacher training requirements regarding: (1) criminal gang organizations awareness; (2) certain information concerning homeless students; and (3) recognizing the signs and symptoms of seizures and the appropriate steps to be taken to respond to the symptoms; and requires that information concerning these subjects be included within the curriculum of teacher preparation programs. Provides that the department of education (department) may establish or license for use an online platform to provide information and training concerning these and other subjects. Removes certain requirements regarding annual performance evaluation plans for certificated employees, including: (1) certain content requirements; and (2) certain requirements that a plan be discussed. Amends requirements to be considered a probationary teacher and professional teacher. Provides that, after a school corporation has assigned an evaluator to perform a certificated employee’s evaluation, the certificated employee may request the school corporation to assign another evaluator. Urges the legislative council to assign to an appropriate interim study committee the task of studying current school assessments in an effort to reduce and streamline assessments for Indiana students. Removes a provision that requires a school employer to discuss certain items with the exclusive representative of certificated employees and provides that a school employer may discuss: (1) with a certificated employee or group of certificated employees; or (2) at one or more meetings that are open to all certificated employees; any topic that significantly impacts a certificated employee’s working conditions or impacts the educational quality of the school employer’s students. Repeals provisions concerning: (1) requirements regarding the adoption of model evaluation plans and an approval process for the plans; (2) the obligation to discuss certain items not requiring either party to enter into a contract, agree to a proposal, or make a concession; and (3) the definition of “discuss” for purposes of the collective bargaining provisions.



## **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 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 first step in the formula is to begin with each school district's previous year revenue for Basic Tuition Support.

The legislature introduced a tuition support funding level cap in the state budget. For FY 24, the Tuition Support Cap is \$8,840,000,000 and for FY 25, the Tuition Support Cap is \$9,030,000,000.

## **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 a 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 is becoming 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 \$6,590 per ADM for the 2023-24 tuition support formula for nonvirtual students with virtual students getting \$5,601.50. For the 2024-2025 formula, those amounts are nonvirtual students \$6,681, and virtual students \$5,678.85.

## **COMPLEXITY GRANT**

Until recently (FY 2016-2017) the formula has 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 2023-24 school year, the determination of a school's complexity grant is a multiplier of \$3,983 (2023-24) and \$4,024 (2024-25) using count information from a single point in time (October 1, 2022), for the biennium (FY 2024 and FY 2025). This information 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 Home bound. 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 \$11,104 for the 2023-24 school year and \$11,659 for the State's fiscal year beginning in July 2024. Both are significant increases from prior years. Each Mild or Moderate student generates \$2,790 in 2023-24 and \$2,930 in the 2024-25 school year. For every



Communication and Home bound disabled student, the school corporation receives \$525 for 2023-24 and \$551 for 2024-25.

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 \$3,638 in 2023-24 and \$3,820 dollars in 2024-25.

### 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 \$550 multiplied by the number of students. Students who score at Level 3 or 4 on WIDA or who score at Level 5 or higher on the Tier A form of WIDA receive \$384 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

Value per Credit Hour Matrix		Labor Market Need	
		LEVEL 1	LEVEL 2
Wage Level	High Value	\$714	\$1071
	Moderate Value	\$400	\$600
	Less than Moderate Value	\$200	\$300

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 \$500 per student. If students are enrolled in an introductory program, schools receive \$300 per student, while those students that are enrolled in a college and career course generate \$150 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 \$150. 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 \$500.

## ACADEMIC PERFORMANCE GRANT

The previous “Honors Diploma Grant” was renamed and changed substantially for funding in 2023-24 and beyond. Schools will receive different amounts based on different student achievements. Schools will receive: \$1,500 for mid-year graduates. Schools will receive \$1,500 for students earning a Core 40 with Academic or Technical honors designation and received SNAP, TANF, or Foster Care assistance or \$1,100 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. In addition, schools will also receive \$1,500 for each student who successfully completes the Indiana College Core 30. Schools can also receive \$2,500 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 \$2,500 for the associate’s degree since it is the largest amount.

***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.

# SCHOOL FUNDING FORMULA STIMULATION STATE TOTALS

**FY 2023 Through FY 2025 State Tuition Support Simulation: CCR RUN 5**  
**FY 2023 ADM, Honors, CTE Actuals; FY 2024-FY 2025 C.I. Actuals; FY 2024 and FY 2025 Estimates**  
**NESP included in Formula; Honors now Part of Academic Performance Incentive Grants;**  
**Pathway Requirements are Eliminated and Income Eligibility is Increased to 400% of FRL for Choice Scholarships**  
**Credential Completion Part of the CTE Grant**

	FY 2023	FY 2024		FY 2025	
	Estimated	Estimated	% Chg.	Estimated	% Chg.
<b>State Totals</b>					
Non-Virtual ADM	1,032,642	1,058,987	2.6%	1,061,254	0.2%
Virtual ADM	26,272	26,355	0.3%	27,592	4.7%
Total ADM	1,058,914	1,085,342	2.5%	1,088,846	0.3%
Complexity Index	0.1824	0.1757	-3.7%	0.1751	-0.3%
Foundation	6,550,532,027	7,094,469,931	8.3%	7,216,074,831	1.7%
Complexity	692,131,575	699,861,066	1.1%	699,937,454	0.0%
Basic Tuition Support	7,242,663,602	7,794,330,997	7.6%	7,916,012,285	1.6%
Special Education	703,737,801	745,914,955	6.0%	788,794,551	5.7%
Career & Tech Education	179,211,060	204,766,003	14.3%	226,711,765	10.7%
Honors/ Academic Performance	29,143,700	49,104,140	68.5%	50,952,960	3.8%
Non-English Speaking Program	26,497,314	35,673,624	34.6%	37,653,566	5.6%
Total	8,181,253,476	8,829,789,719	7.9%	9,020,125,127	2.2%
\$/ADM	7,726	8,135	5.3%	8,284	1.8%
CARES - ESSER I	193,167,218				
Dec 2020 Stimulus ESSER II	799,793,391				
ARP ESSER III	1,798,626,317				
Total ESSER \$/ADM	2,636				
<b>Grants</b>					
Foundation	\$6,235	\$6,590	5.7%	\$6,681	1.4%
Complexity	\$3,775	\$3,983	5.5%	\$4,024	1.0%
Honors/ Academic Performance					
Honors Tier 1	\$1,500	\$1,500	0.0%	\$1,500	0.0%
Honors Tier 2	\$1,100	\$1,100	0.0%	\$1,100	0.0%
Associate Degrees	\$0	\$2,500	0.0%	\$2,500	0.0%
Indiana College Core	\$0	\$1,500	0.0%	\$1,500	0.0%
Dual Credits	\$0	\$40	0.0%	\$40	0.0%
Early Graduation	\$0	\$1,500	0.0%	\$1,500	0.0%
Special Education					
Severe	\$10,575	\$11,104	5.0%	\$11,659	5.0%
Moderate	\$2,657	\$2,790	5.0%	\$2,930	5.0%
Communication/Homebound	\$500	\$525	5.0%	\$551	5.0%
Preschool	\$3,465	\$3,638	5.0%	\$3,820	5.0%
NESP Level 1 or Level 2	\$447	\$550	23.0%	\$550	0.0%
NESP Level 3+	\$312	\$384	23.1%	\$384	0.0%
Career and Tech					
High Value 1 (Per Credit)	\$680	\$714	5.0%	\$714	0.0%
High Value 2 (Per Credit)	\$1,020	\$1,071	5.0%	\$1,071	0.0%
Moderate Level 1 (Per Credit)	\$400	\$400	0.0%	\$400	0.0%
Moderate Level 2 (Per Credit)	\$600	\$600	0.0%	\$600	0.0%
Less than Moderate 1 (Per Credit)	\$200	\$200	0.0%	\$200	0.0%
Less than Moderate 2 (Per Credit)	\$300	\$300	0.0%	\$300	0.0%
Pilot	\$300	\$300	0.0%	\$300	0.0%
Intro CTE Course	\$300	\$300	0.0%	\$300	0.0%
Apprenticeship/WBL	\$500	\$500	0.0%	\$500	0.0%
Area Participation	\$150	\$150	0.0%	\$150	0.0%
Preparing for College and Careers	\$150	\$150	0.0%	\$150	0.0%
Credential Completion Grant	\$0	\$500	0.0%	\$500	0.0%

# SCHOOL FUNDING FORMULA STIMULATION STATE TOTALS

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**Credential Completion Part of the CTE Grant**

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Apprenticeship/WBL	\$500	\$500	0.0%	\$500	0.0%
Area Participation	\$150	\$150	0.0%	\$150	0.0%
Preparing for College and Careers	\$150	\$150	0.0%	\$150	0.0%
Credential Completion Grant	\$0	\$500	0.0%	\$500	0.0%



## REVENUE OVERVIEW

Funding for K-12 education may appear complicated, but generally 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 to implement a capital projects plan; to pay transportation costs; to fulfill a school bus replacement plan; or to pay 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.

Property tax caps (aka circuit breaker) do not apply to referenda tax levies.

Indiana's K-12 public schools have lost \$3.27 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
<b>Total 2009 - 2022</b>	<b>\$3,271,554,090 (\$3.2 B)</b>

SOURCE: [https://s3.us-east-2.amazonaws.com/iga-publications/property\\_tax\\_study/2023-02-22T20-09-32.299Z-circuitbreaker\\_baseline\\_update\\_20230213.pdf](https://s3.us-east-2.amazonaws.com/iga-publications/property_tax_study/2023-02-22T20-09-32.299Z-circuitbreaker_baseline_update_20230213.pdf)



## 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 Indiana General Assembly also establishes and funds grants for special purposes that are outside the funding formula, typically referred to as categorical grants. The Teacher Appreciation Grant provides funds for teachers that were rated effective or highly effective by the school district. The amount of the Teacher Appreciation Grant is equal to \$37.50 multiplied by the school's current ADM. A stipend to an individual teacher is not subject to collective bargaining but is discussable and is in addition to the minimum salary or increases in salary set under IC 20-28-9-1.5. Overall, the amount of a stipend awarded to a teacher rated as highly effective must be at least 25 percent greater than the amount of a stipend awarded to a teacher rated as effective. Up to 20 percent of the district's allocation may be set aside for those teachers with less than 5 years of experience to provide a supplemental award to those teachers rated effective or highly effective. This supplemental award is in addition to the award made from the grant to all eligible teachers. Lastly, legislative changes provided for 10% of TAG grant monies may be used for mentor teacher stipends for teachers who support new first and second year teachers in the classroom

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 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.)

Please note the ESSER Relief funding will go away with ESSER II funds required to be spent by 9/30/23 and ESSER III funds required to be spent by 9/30/24.

An ESSER Dashboard provided by Indiana Dept. of Education may be found at: <https://www.in.gov/doe/grants/esser-geer-dashboard/>

## SELF-SUPPORTING FUNDS

Some self-supporting funds that school corporations may have are self-insurance funds, textbook rental, 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 taxing for school districts 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 the taxpayers, the referendum is then outside of the property tax caps. Starting after July 1, 2023, some school districts will be required to run referendums to fund facility projects if their school overall debt rate is \$0.80 or higher. This provision is through December 31, 2024.

The ballot question must be certified by the county auditor at least 74 days before a May election and by August 1 for the November election. School districts must pay the cost of holding an election if the election is held outside of the primary, municipal or general election schedule.

## 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 62% 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. See Appendix D for further details and FAQ from DOE on this legislation.

The Operations Fund, therefore, represents monies spent for 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

HEA 1001-2021 stipulated that teacher salaries move to a beginning salary of \$40,000, with 45 % of the State tuition support to be expended on classroom teachers, 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. In 2023, the 45% was changed to 62% and now includes teacher benefits.

The \$40,000 salary requirement took effect beginning with the 2022-23 school year. Schools have until 2023-24 to reach this level. There are appeals for specific circumstances. The 62% 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. See Appendix D for more information.

# 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 (ID): 0015  
ADAMS CENTRAL COMMUNITY SCHOOL CORPORATION

222 W Washington St, Monroe, IN, 46772  
<http://www.accs.k12.in.us/>



Most Recent Audit as of June 23, 2023: <https://www.in.gov/sboa/WebReports/B61135.pdf>  
Additional audit reports may be found at <https://secure.in.gov/apps/sboa/audit-reports/#/>

2022-23 Fall Student Count (Average Daily Membership): 1,285.2  
[Learn more about student demographics of the school corporation](#) ►

2023 Net Assessed Value: \$509,758,034  
2021 Estimated Population: 9,426

## \*\*NOTICE\*\*

School fund structure was modified in 2019. The General Fund, Capital Projects Fund, Transportation Fund, Bus Replacement Fund and certain specialty operating funds were eliminated and replaced with an Education Fund and an Operations Fund. Additional updates also were made to the chart of accounts at that time.

It is important to note that many funds have specific purposes as required either by State statutes or State or Federal grant requirements. As such, a school corporation's ability to transfer between funds or utilize fund balances and revenue for uses other than the purposes directed for a particular fund may be restricted.

For description of funds included by fund classification, please refer to the Data Sources document - <https://www.in.gov/duab/files/School-Corporation-Fiscal-Indicators-Data-Sources.pdf>

\*NOTE: Fund Balances do not include Investments Outstanding as of December 31 of the calendar year listed. To access this information, view the Summary of Investments on the Indiana Department of Education's Finance Dashboard (<https://eddata.doe.in.gov/PublicHome>).

## Average Daily Membership ("ADM")

ADM is the number of eligible students enrolled in a school corporation on a particular day ("count day") designated by the State Board of Education. ADM is utilized in the State funding formula to determine the amount of tuition support that the State of Indiana will provide to the school corporation. Increasing or decreasing ADM will impact the amount of funding available to the school corporation.

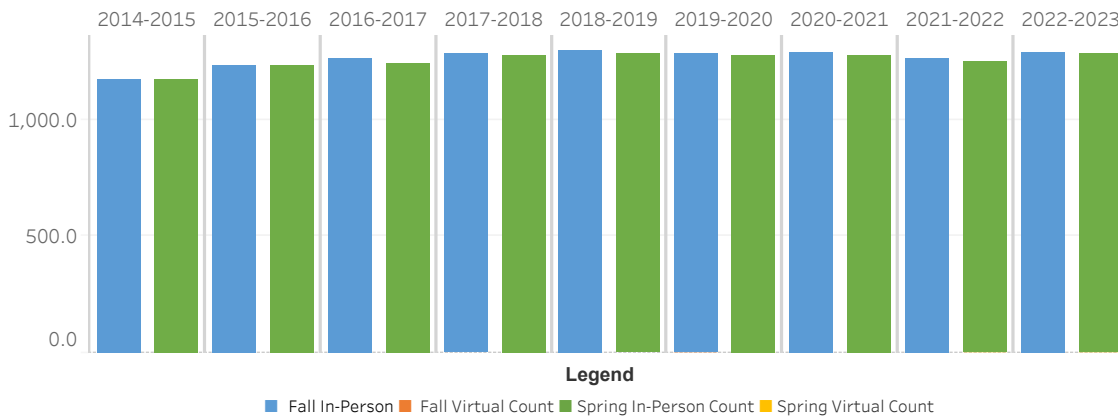
Since 2014, two count days have occurred - one in September and one in February. For all years displayed but 2018 and 2019, tuition support was adjusted based on each count. For years 2018 and 2019, the February count did not impact tuition support, but the counts are displayed on this indicator for informational purposes.

Beginning with the fall count date for the 2019-2020 school year, school corporations differentiated between students that receive instruction in-person and students that receive instruction virtually. The level of tuition support differs for those students attending virtually. For the 2020-2021 school year, students receiving instruction virtually due to COVID-19 are included in the in-person count for the purposes of this indicator, as tuition support funding for these students is the same as students attending in-person.

Time Of Year  
All

Virtual v In Person  
All

## Average Daily Membership ("ADM")

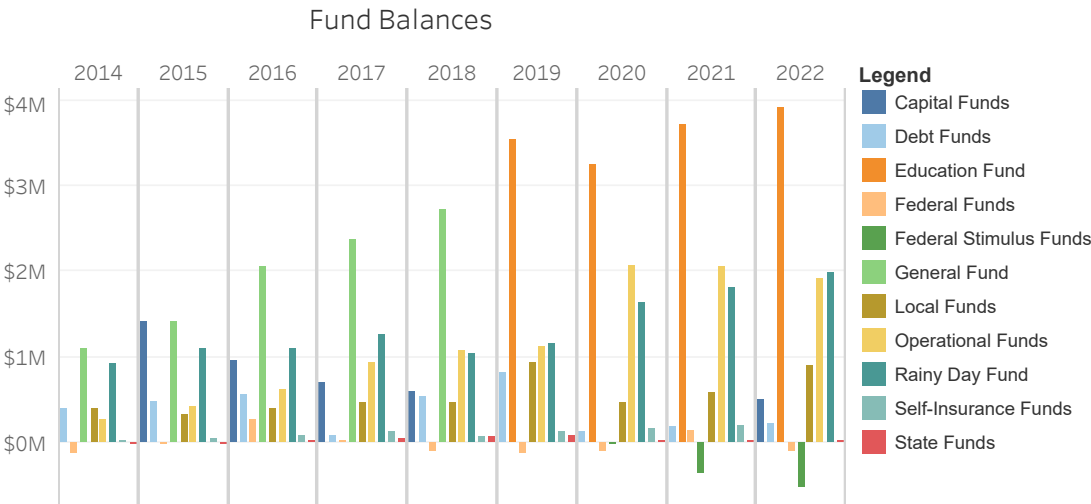


*This page and the following pages contain the dashboard report for Adams Central School Corporation (alphabetically, the first school district in the dashboard report database).*

Fund Balances\*

Fund Balances as of December 31 of the calendar year listed.

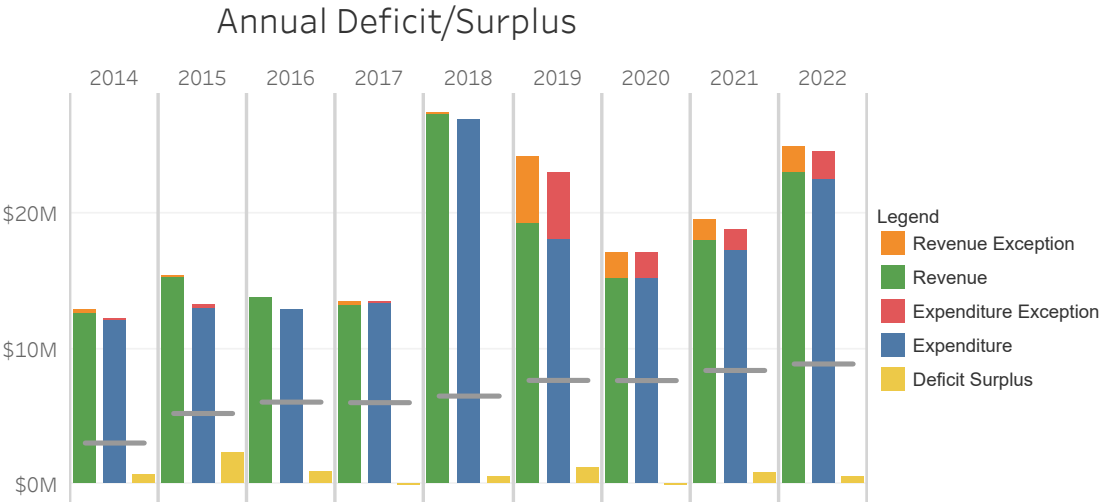
Select Funds by Fund Classification:      Classification v Sum  
All    Classification



Annual Deficit/Surplus\*

This indicator provides a comparison of revenue to expenditures on a calendar year basis, including whether the school corporation had an operating deficit or surplus for that year. **Exceptions can be transfers from one fund to another or adjusting entries for accounting purposes.** Fund balance is also included to assist in identifying situations in which the school corporation utilized existing fund balances to fund expenditures.

Select Funds by Fund Classification:  
All



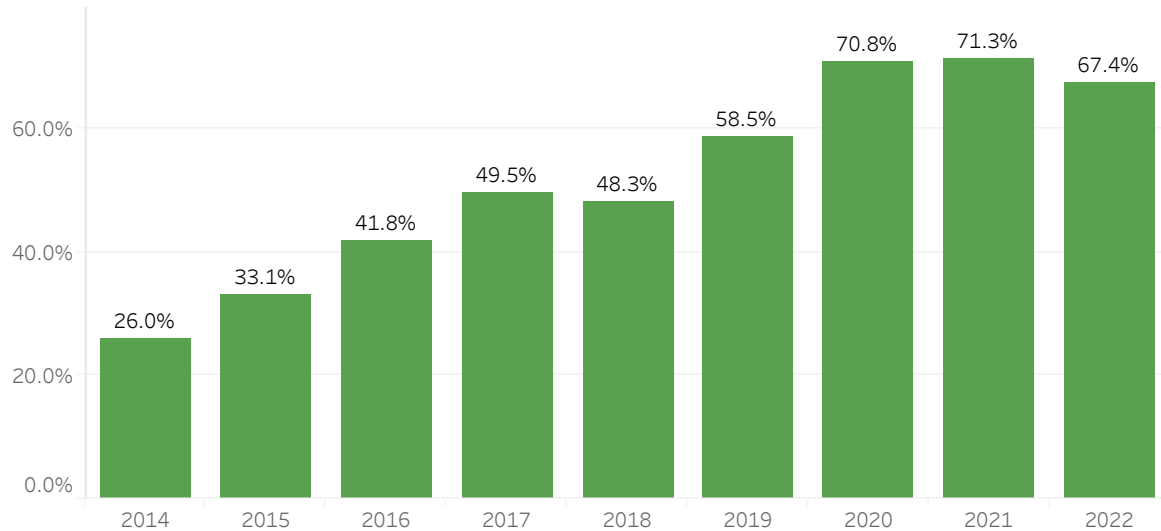
### Fund Balances as Percent of Operations Expenditures\*

This indicator considers the ability of the school corporation to maintain operations in the event of delays in revenue by utilizing existing fund balance to fund operations. Fund balances for this metric include the Education Fund, General Fund, Operating Referendum Fund, Operational Funds, and Rainy Day Fund

Select Funds by Fund Classification:

All

Fund Balances As Percent Of Expenditures



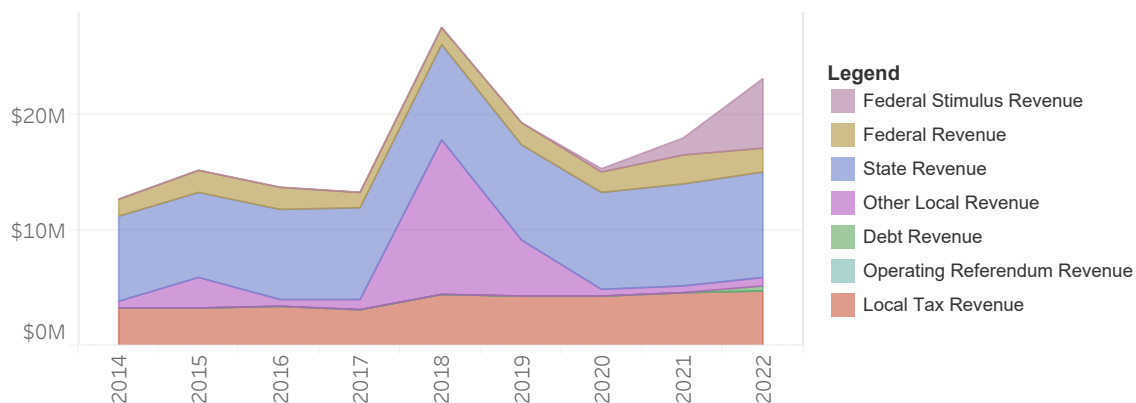
### Revenue by Type

Local Tax revenue includes property tax, income tax, and other taxes as applicable. Other local revenue will include revenue sources such as rental income and sale of property. Debt revenue includes bond and loan proceeds. State revenue includes tuition support and other grants received from the State. Federal revenue includes grant funding received from the Federal government.

Select Funds by Fund Classification:

All

Revenue by Type





# 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 further reviewed;
- 3) No Action – No further action is needed at this time

Some 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 via phone and follow-up with an e-mail to 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 necessary. 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**

### **INDIANA SCHOOL BOARDS ASSOCIATION CODE OF ETHICS**



## INDIANA SCHOOL BOARDS ASSOCIATION CODE OF ETHICS

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

- BY thinking always in terms of children first.
- 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 refusing to play politics in either the traditional partisan, or in any petty sense.
- 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 graciously conforming to the principle of majority rule.
- 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 having the superintendent present at all meetings of the Board except when his or her contract and salary considerations are under review.
- 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 refusing to discuss confidential board business anywhere other than when attending a properly advertised board meeting.
- BY earning the community's confidence that all is being done in the best interests of school children.

*ISBA Board of Directors Revision: 09/10/2010*



## **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.

Market Value is the probable price, estimated in terms of dollars, which a property would bring between a willing buyer and seller.

**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

3frbud17.p		Fund Cash Balance Report (7/2023 – FY January–December)			PAGE. 1
05.20.06.00.00–010005					
Fun d	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 SCHOOLS 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 BUDGET REPORT

<u>Fnd</u>	<u>Acc</u>	<u>Ob</u>	<u>C</u>	<u>P</u>		2023	July 2023	2023	Unexpended	Unencumber
<u>-</u>	<u>ou</u>	<u>j</u>	<u>s</u>	<u>r</u>	<u>Category</u>	<u>Original</u>	<u>Monthly</u>	<u>YTD</u>	<u>Balance</u>	<u>ed</u>
						<u>Budget</u>	<u>Activity</u>	<u>Activity</u>		<u>Balance</u>
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 SALAR	45,000.00	0.00	14,894.86	30,105.14	30,105.14
0101	11100	120	058	000	NONCERTIFIED SALAR	15,000.00	0.00	6,640.43	8,359.57	8,359.57
0101	11100	120	059	000	NONCERTIFIED SALAR	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
0101	11100	212	052	000	FICA CERTIFIED	21,500.00	2,380.83	12,635.44	8,864.56	8,864.56
0101	11100	212	054	000	FICA CERTIFIED	29,250.00	3,017.67	17,129.65	12,120.35	12,120.35
0101	11100	212	056	000	FICA CERTIFIED	34,500.00	3,804.59	19,873.02	14,626.98	14,626.98
0101	11100	212	057	000	FICA CERTIFIED	59,700.00	5,450.75	30,222.26	29,477.74	29,477.74
0101	11100	212	058	000	FICA CERTIFIED	59,000.00	6,862.47	37,313.37	21,686.63	21,686.63
0101	11100	212	059	000	FICA CERTIFIED	39,500.00	4,047.53	21,197.74	18,302.26	18,302.26
0101	11100	213	051	000	RETIREMENT 4%	16,000.00	1,471.73	9,473.52	6,526.48	6,526.48

### 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 2023 FUND EXPENDITURE REPORT						
		Net	Expenditures	Expenditures	Difference	% Expended
Education Fund		Appropriations	Current YTD 5-31-23	Prior YTD 5-31-22	CYTD/PYTD	2023
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:** 2023 **Selected**

**County:** XXXXX

**Selected Unit:** ABC Corporation

**Fund** 0180 - DEBT SERVICE

Debt Obligations as Reported by Unit	July 1 - Dec. 31, 2022	Jan. 1 - Dec. 31, 2023	Jan. 1 - Jun. 30, 2024
Fees	\$5,000	\$5,000	\$0
XX SCHOOL IND SCHL BLDG CORP 2014 Bond	\$249,513	\$501,751	\$252,163
General Obligation Bonds of 2009	\$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 2014	\$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 - 2023

		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	158,000	158,000	158,000	158,000	158,000	4,861,500
<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	632,900	632,900	632,900	1,282,900	632,900	1,907,900
	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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022
State 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
Additional Appropriations	0	0	0	0	0	0	0	3,000,000	0
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
2014 Actual Expenditures	<u>53,304,136</u>								
2015 Actual Expenditures		<u>57,442,688</u>							
2016 Actual Expenditures			<u>54,410,224</u>						
2017 Actual Expenditures				<u>51,696,256</u>					
2018 Actual Expenditures					<u>50,338,963</u>				
2019 Actual Expenditures						<u>50,738,468</u>			
2020 Actual Expenditures							<u>52,820,232</u>		
2021 Actual Expenditures								<u>56,161,932</u>	
2022 Actual Expenditures									<u>61,156,885</u>
Difference	(2,868,984)	(3,024,851)	(715,961)	519,654	1,911,905	3,303,408	3,147,765	1,794,302	56,812
YTD Revenue - Expenditures	(2,868,984)	54,417,837	53,694,263	52,215,910	52,250,868	54,041,876	55,967,997	57,956,234	61,213,697
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
Education Fund Balance / Percent of Projected Expenditures	14%	8%	7%	8%	12%	19%	24%	26%	24%
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 100%	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	103.29%	102.26%	102.45%	92.97%	97.27%	92.18%	97.07%	102.11%	97.60%

### 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**

### **TEACHER SALARY FREQUENTLY ASKED QUESTIONS**

# TEACHER SALARY FREQUENTLY ASKED QUESTIONS



Indiana Department of Education

Dr. Katie Jenner, Secretary of Education

## Teacher Compensation Frequently Asked Questions Updated FY 2024

The following updated FAQ provides guidance to assist school corporations with review and implementation of the provisions regarding teacher compensation, funding floor, and minimum expenditures. Definitions may differ between teacher compensation, funding floor, and minimum expenditures, so please review questions specific to each category of question. All changes are effective beginning July 1, 2023, for school year 2023-2024 expenditures.

Number	Question	Answer
	<b>FY 2024 Teacher Compensation Expenditures</b>	<b>IC 20-28-9-28</b>
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 <ol style="list-style-type: none"> <li>1) 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.</li> </ol>





## Indiana Department of Education

Dr. Katie Jenner, Secretary of Education

2	<b>What is the definition of a “compensation?”</b>	Beginning July 1, 2023, “Compensation” is the dollar amount <u>expended</u> by a school corporation, cooperative, consortium, or interlocal agreement and paid to a teacher for teacher salaries and benefits according to the definitions of objects 100 to 299 and subcategories 30-39 and 62-67 in the chart of accounts for performing teaching duties for the applicable school year. For schools participating in a cooperative, interlocal, or consortium, the term reflects each school’s proportionate share of the teachers employed by the cooperative, interlocal agreement, or consortium. The Indiana Department of Education (IDOE) will pull actual expenditures for salaries and benefits from Form 9 financial data using object codes 100-299.
3	<b>Does the 62% expenditure requirement apply to charter schools, education service centers, or cooperatives?</b>	No, the 62% expenditure requirement <i>does not</i> apply to charter schools, education service centers, or cooperatives. However, all entities reporting Form 9 financial data must use the updated Chart of Accounts including objects and subcategories. For purposes of school corporations reporting a proportionate share of consortium, interlocal agreement, 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 2024).
5	<b>Are transfers from the education fund to the operations fund accounted for in the 62% requirement?</b>	No, the 62% requirement that took effect July 1, 2023, is based on the total amount of state tuition support distributed to the applicable school corporation.
6	<b>How will the amount expended on compensation be determined?</b>	Beginning July 1, 2023, total compensation (numerator) will be based on total expenditures recorded to Object Codes 100-299 with subcategories 30-39 and 62-67. The IDOE will divide that amount by Total State Tuition Support (all grants). The numerator includes the referenced object codes from all school funds.

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## Indiana Department of Education

Dr. Katie Jenner, Secretary of Education

7	<b>Do salaries include Federal Insurance Contributions Act (FICA) and Teachers Retirement Fund (TRF)?</b>	Yes, beginning July 1, 2023, for FY 2024 expenditures, the IDOE will use total compensation which includes Object Codes 100-299 referenced on the July to December 2023 Chart of Accounts.
8	<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 are coded to subcategory 62.
9	<b>Do we include payments to teachers paid from federal grants such as Title I or ESSER?</b>	Yes, total expenditures for teacher compensation (numerator) are based on the <i>entire</i> amount a school corporation expends on teacher compensation. This includes Object 110-299, Subcategories 30-39 and 62-67 for all funds.
10	<b>Are employer payroll taxes included?</b>	The information should reflect gross salaries, not employer payroll taxes.
11	<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 62% 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.
12	<b>What if the 62% salary expenditure puts a corporation into deficit financing?</b>	Under IC 20-28-9-28(b), school corporations that cannot comply with the requirement to expend an amount equal to or greater than 62% of the state tuition support amount distributed to the school corporation during the fiscal year must apply for a waiver from IDOE. The waiver form can be found in <a href="#">Moodle Finance</a> under the Form 9 course, in the Teacher Salary folder.

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## Indiana Department of Education

Dr. Katie Jenner, Secretary of Education

13	<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.
14	<b>What falls under a "stipend" for the 62% Teacher Compensation requirement?</b>	Objects 141 and 142 paired with subcategories 30-39 or 62-67 would be considered stipends included in the 62% Teacher Compensation requirement.
15	<b>Does IDOE have a waiver form for schools that cannot meet the 62% state tuition support threshold?</b>	Yes. IDOE posted a waiver form in <a href="#">Moodle Finance</a> in the Teacher Salary folder. The 62% waiver requirement applies to the upcoming school year and encompasses teacher compensation.
16	<b>When must school corporations that did not meet the 62% expenditure requirement apply to IDOE for a waiver?</b>	School corporations who do not believe they can meet the 62% expenditure requirement for teacher compensation for the 2023-2024 school year should file a waiver on or before Friday, September 15, 2023.
17	<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.
	<b>FY 2024 Funding Floor Requirements</b>	<b>IC 20-28-9-27</b>
18	<b>Who is classified as a full-time teacher?</b>	For purposes of IC 20-28-9-26 and IC 20-28-9-27, a full-time teacher is 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 or cooperative, 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. 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.

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## Indiana Department of Education

Dr. Katie Jenner, Secretary of Education

19	Are all teachers included in the funding floor?	No, only full-time teachers are included in the funding floor calculation.																																																							
20	Is the funding floor a percentage or a dollar amount?	The funding floor is “the amount a school corporation expended for teacher salaries during a particular state fiscal year.” Thus, the funding floor is a dollar amount. <i>See IC 20-28-9-27</i>																																																							
21	Is the funding floor adjusted for stipends provided to teachers?	Not all stipends provided to teachers count toward the amount expended for teacher salaries used in the definition of “funding floor.” One-time payments would not affect the funding floor if (1) the school corporation does not provide stipends in the second year; or (2) the stipends are not awarded to a majority of the teachers. If a school corporation has awarded stipends to a majority of the school corporation's teachers in each of the two preceding consecutive state fiscal years, the lesser of the amount of stipends awarded in each of those state fiscal years is added to the school corporation's funding floor for the preceding state fiscal year. This excludes stipends provided through the Teacher Appreciation Grant, which are receipted to funds 3750 to 3759. <i>See IC 20-28-9-27(c)</i>																																																							
22	Are stipends paid with federal funds included in the funding floor?	With the exception of the Teacher Appreciation Grant, the law does not distinguish between the funding source of the stipend. Whether a particular stipend is included in the funding floor is based on whether the stipend was given to a majority of teachers in two consecutive years. See the answer to the previous question.																																																							
23	Can you provide an example of how a stipend is applied against the funding floor?	<p>Here are two examples of how stipends may or may not affect the funding floor.</p> <table><tr><th></th><th>Full-time Teacher Salary Expenditure Amount</th><th>Stipends distributed to a majority of teachers</th><th>Funding Floor Amount</th><th>Status</th></tr><tr><td>Example 1</td><td></td><td></td><td></td><td></td></tr><tr><td>FY 2022</td><td>\$1,000</td><td>\$100</td><td>\$1,000</td><td></td></tr><tr><td>FY 2023</td><td>\$1,200</td><td>\$75</td><td>\$1,000</td><td>Met</td></tr><tr><td>FY 2024</td><td>\$1,300</td><td>\$0</td><td>\$1,275</td><td>Met</td></tr><tr><td>FY 2025</td><td>\$1,425</td><td>\$60</td><td>\$1,300</td><td>Met</td></tr><tr><td>Example 2</td><td></td><td></td><td></td><td></td></tr><tr><td>FY 2022</td><td>\$1,000</td><td>\$100</td><td>\$1,000</td><td></td></tr><tr><td>FY 2023</td><td>\$1,200</td><td>\$75</td><td>\$1,000</td><td>Met</td></tr><tr><td>FY 2024</td><td>\$1,260</td><td>\$125</td><td>\$1,275</td><td>Did not meet</td></tr><tr><td>FY 2025</td><td>\$1,300</td><td>\$250</td><td>\$1,335</td><td>Did not meet</td></tr></table>		Full-time Teacher Salary Expenditure Amount	Stipends distributed to a majority of teachers	Funding Floor Amount	Status	Example 1					FY 2022	\$1,000	\$100	\$1,000		FY 2023	\$1,200	\$75	\$1,000	Met	FY 2024	\$1,300	\$0	\$1,275	Met	FY 2025	\$1,425	\$60	\$1,300	Met	Example 2					FY 2022	\$1,000	\$100	\$1,000		FY 2023	\$1,200	\$75	\$1,000	Met	FY 2024	\$1,260	\$125	\$1,275	Did not meet	FY 2025	\$1,300	\$250	\$1,335	Did not meet
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## Indiana Department of Education

Dr. Katie Jenner, Secretary of Education

24	<b>Is “salary” defined the same way for the 62% determination and the funding floor?</b>	No, for purposes of reporting teacher compensation, legislation expanded the term to include teachers, an adjunct teacher, school counselor, and permanent substitute teacher employed by a school corporation when determining the 62 percent expenditure requirement. Legislation applicable to the funding floor remains the same and only includes full-time teacher salaries.
25	<b>What was the base year of the funding floor?</b>	FY 2022 was the first year (or base year) of the funding floor.
26	<b>Under what circumstances can I file for a waiver from the funding floor?</b>	A school corporation may apply to IDOE for a waiver from the funding floor if the corporation’s enrollment for the school year during that particular state fiscal year is less than the enrollment in the preceding fiscal year. <i>See IC 20-28-9-27(d)</i> . The waiver form can be found in <a href="#">Moodle Finance</a> under the Form 9 course, in the Teacher Salary folder.
27	<b>What is a stipend?</b>	A “stipend” is a fixed sum paid through the compensation plan or an amount awarded to the majority of teachers. A stipend does not contribute toward the average teacher salary. For purposes of the funding floor calculation, a “stipend” excludes amounts paid to a teacher for extracurricular activities, ancillary duties, attendance awards, teacher appreciation grants, etc.
28	<b>Does the funding floor apply to charter schools, education service centers, and cooperatives?</b>	No, the funding floor <i>does not</i> apply to charter schools, education service centers, or cooperatives.
29	<b>In situations where a correction has been made, are negative expenditures coded to teacher salaries summed together with positive expenditures coded to teacher salaries?</b>	All expenditures, negative or positive, coded to each account/object code will be summed, since the Form 9 financial data is on a cash basis.
30	<b>How will IDOE adjust the floor for stipends?</b>	If applicable, stipends that are a part of the teacher’s compensation plan will be used to determine the floor. Applicable stipends are coded to Object Code 141. Teacher Appreciation Grant (TAG) is excluded. For this reason, school corporations are not permitted to deposit TAG funds (which do not count toward the floor) in the Education Fund. Distributions for TAG must be deposited in funds 3750-3759, so IDOE can delineate the type of expenditures being made.

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## Indiana Department of Education

Dr. Katie Jenner, Secretary of Education

	Minimum Teacher Salary	IC 20-28-9-26
31	What information will be used to determine whether a school corporation has met the minimum full-time teacher salary requirements set forth in IC 20-28-9-26?	The school corporation's collective bargaining agreements (CBAs) must demonstrate that the minimum salary for full-time teachers is \$40,000 or higher. This applies to both returning and newly hired full-time teachers.
32	Does the minimum salary requirement apply only to full-time teachers?	Yes, the minimum salary requirement applies only to full-time teachers. For information about who is classified as a "full-time teacher," see the response to question one above.

For additional information, please email [Form9@doe.in.gov](mailto:Form9@doe.in.gov)

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## **APPENDIX E**

### **2023 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:** Fred Van Dorp, Budget Division Director  
**RE:** 2023 Budget Calendar  
**DATE:** February 2, 2023

On-time property tax bills are a top priority for the Department of Local Government Finance ("Department") for 2023 pay 2024.

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. Attached are key deadlines for the calendar year 2023. The deadlines below have been adjusted to reflect the last possible day on which or by which 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 [Department Budget Division Field Representative](#).

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

## 2023 BUDGET CALENDAR

**Dates may change by action of the 2023 General Assembly.**

<b><u>2023-pay-2024 Budget Calendar</u></b>	
January 1	2022 year-end cash balances and operating results are available for all units.
January 1	Real property and personal property assessment date for taxes due and payable in 2024. (Ind. Code § 6-1.1-2-1.5)
January 1	Mobile homes assessment date for taxes due and payable in 2023. (Ind. Code § 6-1.1-2-1.5)
January 1	Deadline for establishing new taxing units seeking a maximum levy for 2024. (Ind. Code § 6-1.1-18.5-7)
January 1	Quarterly property tax appeal reports 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 2022 tax distribution and settlement through Gateway DECAF – Form 22. (Ind. Code § 5-14-3.8-9) <i>Pertains exclusively to county auditors.</i>
January 17	Deadline for the Department to certify 2023 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 its ratio study and coefficient of dispersion study to the Department. (Ind. Code § 6-1.1-14-12)
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 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 15	Deadline for Gateway approval of Pay 2023 abstract data through Gateway Abstract. Submission must provide sufficient time for approval by March 15. Approval is provided by the Auditor of State. (Ind. Code § 36-2-9-20; Ind. Code § 6-1.1-22-5) <i>Pertains exclusively to county auditors.</i>
March 15	Deadline for submission of auditors' tax billing data (TAXDATA, ADJUSTMENTS) for 2022-pay-2023 taxes. (Ind. Code § 36-2-9-20). Please note that these data files are submitted as part of the county's abstract data submission in Gateway and do <i>not</i> need to be emailed separately to the Department's Data Inbox.
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 2024. (Ind. Code § 36-8-19-6)
March 31	Quarterly property tax appeal reports 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 2022-pay-2023 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 27	Last day for the county auditor to publish the <u>first notice</u> of the 2023 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 State Budget Agency to provide the amount of the supplemental Local Income Tax distribution to the Department and qualifying counties. (Ind. Code § 6-3.6-9-15) Note: See May 15 and June 1 for more about Supplemental LIT distribution.
May 3	Last day for the county auditor to publish a <u>second notice</u> of the 2023 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 10	Last day for the county auditor to publish the <u>third</u> notice of the 2023 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 10	First installment of 2022-pay-2023 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 under subdivision. (Ind. Code § 6-3.6-9-15)
May 31	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 Pass through”) 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)(4); 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 15	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)).
June 30	Deadline for 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 State Budget Agency (“SBA”) to provide Maximum Levy Growth Quotient (“MLGQ”) to civil taxing units, school corporations, and Department. (Ind. Code § 6-1.1-18.5-2(c))
June 30	Deadline for Gateway submission of Pre-Budget Report.
June 30	Last day for the county assessor to deliver the real estate book (i.e., roll and balance 2023-pay-2024 gross assessed values) to the county auditor. (Ind. Code § 6-1.1-5-14(b))
June 30	Last day for the county assessor to deliver the personal property assessment data to the auditor. (Ind. Code § 6-1.1-3-17(b))



June 30	Quarterly property tax appeal reports 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)
July 14	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 17	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 the appropriate fiscal body.
July 17	Department provides each unit with an estimate for the 2024 non-property tax revenues of MVH, LRS, ABC Gallonage, FIT, CVET, and Excise based on historical distribution amounts.
July 15	Deadline for Gateway submission of first half 2023 tax distribution and settlement through Gateway DECAF – Form 22. (Ind. Code § 5-14-3.8-9) <i>Pertains exclusively to county auditors.</i>
July 17	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. <b>Note: For the 2024 budget cycle, these workshops will be conducted virtually using Microsoft Teams.</b>
July 28	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 county auditors 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 2024 LIT estimates. The report will be posted on the Department’s website. (Ind. Code § 6-3.6-9-5)
September 1	Last day for units with appointed boards, including certain libraries, to submit proposed 2024 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 29	Deadline for Gateway submission of Economic Development Reporting (“EDR”). (Ind. Code § 4-33-23-17)
October 2	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 2	Quarterly property tax appeal reports 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 2	Deadline for the SBA to provide the second LIT estimates for the 2024 distributions. (Ind. Code § 6-3.6-9-5)
October 12	Last day to post a notice to taxpayers (“Budget Form 3”) of proposed 2024 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 process before the deadline. (Ind. Code § 6-1.1-17-3) Note: See October 22 for additional information.

October 19	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 22	<p>Last possible day for taxing units to hold a public hearing on their 2024 budgets. Public hearing must be held at least ten days before the budget is adopted. Units that have not had a public hearing by October 22 will not have time to complete the process before the deadline. (Ind. Code § 6-1.1-17-5)</p> <p>Note: This deadline is subject to the scheduling of the public hearing. See October 12 for additional information.</p> <p>In Marion County and second-class cities, the public hearing may be held any time after the introduction of the 2022 budget. (Ind. Code § 6-1.1-17-5(a))</p>
October 29	Last possible day ten or more taxpayers may object to a proposed 2024 budget, tax rate, or tax levy of a 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. (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, 2024. (Ind. Code § 6-3.6-3-3)
November 1	<p>Deadline for all taxing units to adopt 2023 budgets, tax rates, and tax levies. (Ind. Code § 6-1.1-17-5(a))</p> <p>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))</p> <p>Note: This deadline is subject to the scheduling of the public hearing and the actual hearing. See October 12 and October 22 for additional information.</p>
November 8	<p>Last day for units to submit their 2024 budgets, tax rates, and tax levies to the Department through Gateway as prescribed by the Department. (Ind. Code § 6-1.1-17-5)</p> <p><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></p>
November 13	Second installment of 2022-pay-2023 taxes due. (Ind. Code § 6-1.1-22-9)

December 31	Last day for the Department to accept additional appropriation requests for the 2023 budget year from units as prescribed by the Department.
December 31	Deadline for the Department to certify 2024 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 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>
January 1, 2024	Deadline for establishing new taxing units seeking a maximum levy for 2025. (Ind. Code § 6-1.1-18.5-7)
January 1, 2024	LIT rate changes adopted by the appropriate fiscal body and submitted to the Department via Gateway, after August 31, 2023, and before November 1, 2023, become effective for the county on January 1, 2024. (Ind. Code § 6-3.6-3-3)
January 1, 2024	<b>Real Property and Personal Property assessment date for taxes due and payable in 2025. (Ind. Code § 6-1.1-2-1.5).</b>
January 1, 2024	<b>Mobile homes assessment date for taxes due and payable in 2024. (Ind. Code § 6-1.1-2-1.5)</b>
January 1, 2024	Quarterly property tax appeal reports 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, 2024	Date by which annexation must become effective so that reorganized unit can seek adjusted max levy for pay-2025 taxes.
January 14, 2024	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 16, 2024	Deadline for the Department to certify 2024 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. (Ind. Code § 6-1.1-17-16)



## **APPENDIX F**

### **SAMPLE RESOLUTIONS**

**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, 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, 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 \$\_\_\_\_\_ from the 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.





## **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 are 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 is 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 either are 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 determine 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**

## APPENDIX H: AUDIT REPORTS

School districts receive biannual 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 7/1/2021 to 6/30/23 and those audits will start in the fall of 2023. Other schools will be audited 7/1/2022 to 6/30/2024 and those audits will be conducted most likely in the fall of 2024. Schools with accrual basis audits (enrollments over 10,000) will have an outside CPA conduct the audit most likely. In addition, some other schools could have an outside audit depending on the number of audits the SBOA has to do. The outside audit is not based on the condition of the records.

The SBOA will review the financial records of the school district 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.
2. If you have the same or similar finding that shows up in a subsequent audit, the school district will need 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.
3. The findings will be discussed at the audit exit conference. The school district will have 10 days after the exit conference to submit a corrective action plan if one is required. All corrective action plans should have a timeline to correct of six months or less.







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