



SBOA Chart of  
Accounts

**Ryan Preston**  
Director of Audit Services  
State Board of Accounts

- SBOA Requirements:
  - Created IC 20-42.5-3-7
    - Chart of Accounts must coincide with the State Board of Education's determined categories and provide the ability to determine expenditures made at and for each individual school building of a school corporation
    - Chart of Accounts must be instituted on January 1, 2019

SUMMARY OF LEGISLATION ASSOCIATED WITH THE CHART OF ACCOUNTS

- Requires that a Referendum Controlled Project Tax Levy fund be created for all successful controlled project referendums detailed in IC 6-1.1-20
  - Revenue will include property tax proceeds from the levy, excise tax revenue, and local income tax revenue from IC 6-3.6
  - Expenditures only for debt service, lease payments, and similar obligations due for a controlled project approved by the voters

SUMMARY OF LEGISLATION ASSOCIATED WITH THE CHART OF ACCOUNTS

- IC 20-40-3-3 changes the name of fund 160 to Operating Referendum Tax Levy fund
  - Money may be used for any lawful school expense including transfers to the Education fund or the Operations fund

SUMMARY OF LEGISLATION ASSOCIATED WITH THE CHART OF ACCOUNTS

- Extends the ability to use Capital Projects fund to pay 100% of utility, insurance, or both until December 31, 2018 when entire statute is repealed (IC 20-40-8-19)
- Debt Service fund may not be used to make debt payments for a controlled project that was approved via a referendum (IC 20-40-9-7(b))
- Debt Service fund may be used to repay Education fund for amounts withheld from tuition support for repayment of state advancements, common school loans (IC 20-40-9-11)

## SUMMARY OF LEGISLATION ASSOCIATED WITH THE CHART OF ACCOUNTS

- School Board required to establish an Education fund and an Operations fund
- Eliminates numerous funds and places their activity in the Education or Operations fund
  - General, Capital Projects, School Transportation, School Bus Replacement, Art Association, Historical Society, Playground, School Technology, Technology Plan Buddy, Tech Grants, Technology Planning Grant, Senator David Ford Technology
- Expenditures must be reported at school building level
  - A four digit extension will be added to expenditure account numbers to identify the school building in which the expense is allocated
    - We suggest using the existing IDOE school building number

SUMMARY OF LEGISLATION ASSOCIATED WITH THE CHART OF ACCOUNTS

- Changes made from HEA 1167
  - Education fund (IC 20-40-2-4)
    - Removed the wording saying the Education fund is the exclusive fund to pay for student instruction and learning
  - Curricular Materials Rental fund (IC 20-41-2-5)
    - Added the option of the Curricular Materials program transactions to be accounted for in a Curricular Materials Rental fund and an ECA fund, as well as the Education fund
  - Rainy Day fund
    - Clarified that Operations fund may be transferred to Rainy Day fund (IC 20-40-18-4(b))
    - Allows for transfers from the Rainy Day fund to the Education fund or Operations fund (IC 36-1-8-5.1(h))

## TWO NEW FUNDS CHART OF ACCOUNTS

- Education Fund – IC 20-40-2
- Receipts
  - All state tuition support (IC 20-40-2-3)
  - State distributions for 4R's technology grants and School technology program grants (IC 20-20-13-12)
  - Education portion of Transfer tuition
  - Option to place Curricular Materials



- **Education Fund – IC 20-40-2**
- Expenditures
- Employer contributions for Social Security (IC 5-10.1-6-1(b))
- Payment of expenses for a teacher retirement, savings, or severance pay plan outside of fund 630 (IC 20-28-9-19(b))
- Payment of athletic coaches (IC 20-40-2-5)
- Payment of employment contract for a Non-Session school activity (IC 20-30-15-8(a))
- Education fund is prohibited from making any lease rental payments (IC 20-40-9-8(c))
- Expenses allocated to student instruction
  - 10000s, 21000s, 22000s, 24000s, 25500s
    - Categories 1 & 2 on State Board of Education schedule

- Operations Fund – IC 20-40-18

- Revenue

- Outdated checks shall be receipted into the fund in which they were drawn. However, if the fund no longer exists or cannot be determined, then they shall be receipted to the Operations fund (IC 5-11-10.5-5(b))
- Proceeds from sale of consolidated school property (IC 20-23-6-9(f))
- Proceeds from Facility fees may be deposited in Operations or ECA funds (IC 20-26-5-20)
- Returned donation from an Education Foundation (IC 20-26-5-22.5(b(3)))
- Proceed from sale of real or personal property no longer needed by the school (IC 20-26-7-1(c))
- Proceeds from an insurance claim for damaged property (IC 20-26-7-2)
- Property tax distributions (IC 20-40-18-2(1))
- Excise tax distributions (IC 20-40-18-2(2))

- Operations Fund – IC 20-40-18
- May only be used to:
  - (1) Carry out Capital Projects Plan
  - (2) Transportation expenses detailed in IC 20-40-18-8
  - (3) Carry out Bus Replacement Plan
  - (4) Overhead or non-operational listed on State Board of Education schedule categories 3 and 4

TWO NEW FUNDS CHART OF ACCOUNTS CONT.

- Operations Fund – IC 20-40-18
- Expenditures
  - Repayment of Geothermal conversion revolving loan (IC 20-20-37.4-8)
  - Payment of the cost of a special election for consolidated school (IC 20-23-4-21(f) and IC 20-23-6-6(e))
  - Payment of Treasurer’s bond in a consolidated school (IC 20-23-6-8)
  - Payment of the cost of a special election for a metropolitan school district (IC 20-23-7-2(e))
  - Payment of the cost of a special election for changing School Board composition (IC 20-23-8-18(c))
  - May distribute a proportionate share of Operations fund to a Charter School
  - Payment of “Promotion” expenses allowed under IC 20-26-5-4(a)(3)
  - Payment of dues associated with Regional study councils (IC 20-26-5-18)
  - Payment of allowable Operations fund contributions to a Joint Program (IC 20-26-10-8(a))
  - Payment for equipment to implement high school technology preparation curriculum (IC 20-30-12-3)
  - Payment equal to the amount raised by school patrons for high school band uniforms (IC 20-30-15-8(b))
- Expenses allocated for operating the school system not associated with the classroom instruction
  - 23000-27999 (excluding 24000s and 25500s), 30000s, 40000s, and 50000s

ACCOUNTED FOR IN EITHER EDUCATION OR OPERATIONS

- State distribution for Technology planning grants (IC 20-20-13-24)

ACCOUNTED FOR IN ANY FUND

- Dormant funds may be transferred to any fund
- Distributions received from the Expenditure Rate of LIT may be allocated to any fund (IC 6-3.6-6-21.2)
- Distributions received from Special Surplus LIT may be deposited in any fund (IC 6-3.6-9-17(h))

## ACCOUNTING PROCEDURES

- We have created, changed the names of, and eliminated some funds, receipt accounts, expenditure accounts, and object codes.
- (See excel files)

## ACCOUNTING PROCEDURES

- On January 1, 2019, the school corporation is required to transfer the balance of the General fund to the Education fund
- Before March 1, 2019, the corporation can transfer a portion of the General fund balance that has not been allocated to educational expenses to the Operations fund at a public meeting and reported to IDOE
- Additional transfers may be made throughout the year from the Education fund to the Operations and from the Operations fund to the Education fund
  - Must be done at a School Board public meeting that has had public notice
  - Must report a description of the purpose for the transfer and the amount of the transfer to IDOE
- Cash flow – Need to ensure that you monitor your balances in the Education and Operations fund
  - No authority to spend funds into a negative balance



ACCOUNTING PROCEDURES CONT.

- The new chart of accounts will require an extension code after the expenditure account number to indicate the building in which the expense is associated
- Schools will include building level codes with their subsequent Form 9 submissions to IDOE. The suggestion will be to use the four digit building number that has already been assigned by IDOE

## IMPACT ON AUDITS

- We expect there to be minimal impact on the auditing procedures performed.

## IMPACT ON SBOA GATEWAY SUBMISSIONS

- We expect there to be no impact on Gateway Annual Financial Report.

## PLAN OF ATTACK

- Include articles in the June, September, and December School Bulletins on the progress
  - Plan on including details on what funds are going to be added, deleted, and combined
- Include tables in the Best Practice section of the SBOA School website
- Update the Accounting and Uniform Compliance Guidelines Manual effective January 1, 2019

- Ryan Preston and Chase Lenon
- [schools.townships@sboa.in.gov](mailto:schools.townships@sboa.in.gov)
- (317) 232-2513
- [in.gov/sboa/4449.htm](http://in.gov/sboa/4449.htm)