

**MEMORANDUM**

To: School Superintendents and Principals

From: Melissa Ambre, Director of the Office of School Finance

Date: June 12, 2017

Re: House Enrolled Act 1009 – School Financial Management. Numerous statutes affected.

Background:

- The Indiana General Assembly passed legislation that impacts school corporation funds beginning January 1, 2019. The bill eliminates the School General fund and creates an Education fund for expenditures related to student instruction and learning and an Operations Fund to replace the Capital Projects Fund, the Transportation Fund, the Art Association Fund, the Historical Society Fund, the Playground Fund and the Bus Replacement Fund, which are repealed effective January 1, 2019 for the dedicated funds and moves the purpose of such funds to the Operations or Education fund. The Operations fund will raise a property tax levy to provide funding for aforementioned levies.
- Requires school corporations to make fund transfers and report such transfers to the Department. (I.C. 20-40-2-6, effective 1/1/19)
- Requires a revised chart of accounts, which must conform to the same expenditure categories found in IC 20-42.5. (I.C. 20-42.5-3, effective 7/1/18)
- Requires the Department to post information reported by school corporations for the transfers between the operations and education funds on the department's internet web site. (I.C. 20-40-2 Effective 1/1/19)
- Requires the department to provide an estimate of education fund revenue from the school funding formula before September 15 beginning in the 2018-2019 school year for collective bargaining purposes. Within 30 days after the fall ADM count date, the department must provide state tuition support revenue available based on the school corporation's fall count of ADM for collective bargaining. (I.C. 20-29-6, effective 7/1/18)
- Requires state tuition support distributions to be deposited into the Education Fund. (I.C. 20-40-2-3, effective 1/1/19)
- Allows levies raised through a debt service fund to be transferred to the education fund for repayment of common school construction and technology loans. (I.C. 20-49-4-21, effective 1/1/19)
- Imposes additional requirements for the issuance of bonds. (I.C. 5-1-11.5, effective 7/1/17)

Guidance:

- The department plans to create a Fund Transfer Report for school corporations to use as part of the Form 9 Financial Reporting process.
- The department will continue to provide information on revenues for collective bargaining information to schools as required by September 15.
- Although other agencies have oversight of the majority of the provisions passed in the bill, the department plans to assist staff at the Department of Local Government Finance and the State Board of Accounts on chart of account updates and other information required as part of the legislation.
- The department is currently working on updates related to Form 9 financial report at the school building level to comply with the requirements of state and federal law. (I.C. 20-42.5-3-7, effective 7/1/18)
  - Periodic updates are provided through the Finance Community of the Learning Connection with full implementation expected on or before July 1, 2018.

If you have any questions, please contact Melissa Ambre at (317) 232-0841 or by email at [mambre@doe.in.gov](mailto:mambre@doe.in.gov) or Amy Pattison at (317) 232-0843 or by email at [apattison@doe.in.gov](mailto:apattison@doe.in.gov).