

SENATE BILL No. 454

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-10-1.1-1; IC 5-11-10-1.6; IC 5-13-7-5; IC 9-18-31-7; IC 20-5; IC 36-1-8-12.

Synopsis: Board of accounts matters. Makes various changes concerning school accounting and school business officers.

Effective: July 1, 2001.

Adams K

January 18, 2001, read first time and referred to Committee on Education.

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First Regular Session 112th General Assembly (2001)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

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SENATE BILL No. 454



A BILL FOR AN ACT to amend the Indiana Code concerning state offices and administration.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 5-10-1.1-1 IS AMENDED TO READ AS
 2 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 1. The state and any
 3 political subdivision (as defined by IC 36-1-2-13) may:
 4 (1) agree with any employee to reduce and defer any portion of
 5 such employee's compensation which under federal law may be
 6 deferred under a nonqualified deferred compensation plan and
 7 subsequently contract for, purchase, or otherwise procure
 8 insurance and investment products appropriate for a nonqualified
 9 deferred compensation plan (all referred to in this chapter as
 10 "funding"), for the purpose of funding a deferred compensation
 11 plan for such employee;
 12 (2) if the political subdivision is a school corporation, establish a
 13 employee savings plan that is a defined contribution plan
 14 qualified under Section 401(a) or 403(b) of the Internal Revenue
 15 Code, and contribute amounts to the plan on behalf of eligible
 16 employees to be credited and allocated to an account for each
 17 employee; and



1 (3) contribute amounts before January 1, 1995, and continue or
 2 begin to contribute amounts after January 1, 1995, to a
 3 nonqualified deferred compensation plan on behalf of eligible
 4 employees, subject to any limits and provisions under Section 457
 5 of the Internal Revenue Code.

6 SECTION 2. IC 5-11-10-1.6, AS AMENDED BY P.L.35-1999,
 7 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 8 JULY 1, 2001]: Sec. 1.6. (a) As used in this section, "governmental
 9 entity" refers to any of the following:

- 10 (1) A municipality (as defined in IC 36-1-2-11).
 11 (2) A school corporation (as defined in IC 36-1-2-17), **including**
 12 **a school extracurricular account.**
 13 (3) A county.
 14 (4) A regional water or sewer district organized under IC 13-26
 15 or under IC 13-3-2 (before its repeal).
 16 (5) A municipally owned utility that is subject to IC 8-1.5-3 or
 17 IC 8-1.5-4.
 18 (6) A board of an airport authority under IC 8-22-3.
 19 (7) A board of aviation commissioners under IC 8-22-2.
 20 (8) A conservancy district.
 21 (9) A public transportation corporation under IC 36-9-4.
 22 (10) A commuter transportation district under IC 8-5-15.
 23 (11) The state.
 24 (12) A solid waste management district established under
 25 IC 13-21 or IC 13-9.5 (before its repeal).
 26 (13) A levee authority established under IC 14-27-6.

27 (b) As used in this section, "claim" means a bill or an invoice
 28 submitted to a governmental entity for goods or services.

29 (c) The fiscal officer of a governmental entity may not draw a
 30 warrant or check for payment of a claim unless:

- 31 (1) there is a fully itemized invoice or bill for the claim;
 32 (2) the invoice or bill is approved by the officer or person
 33 receiving the goods and services;
 34 (3) the invoice or bill is filed with the governmental entity's fiscal
 35 officer;
 36 (4) the fiscal officer audits and certifies before payment that the
 37 invoice or bill is true and correct; and
 38 (5) payment of the claim is allowed by the governmental entity's
 39 legislative body or the board or official having jurisdiction over
 40 allowance of payment of the claim.

41 This subsection does not prohibit a school corporation, with prior
 42 approval of the board having jurisdiction over allowance of payment of

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1 the claim, from making payment in advance of receipt of services as
2 allowed by guidelines developed under IC 20-10.1-25-3.

3 (d) The fiscal officer of a governmental entity shall issue checks or
4 warrants for claims by the governmental entity that meet all of the
5 requirements of this section. The fiscal officer does not incur personal
6 liability for disbursements:

7 (1) processed in accordance with this section; and

8 (2) for which funds are appropriated and available.

9 (e) The certification provided for in subsection (c)(4) must be on a
10 form prescribed by the state board of accounts.

11 SECTION 3. IC 5-13-7-5 IS AMENDED TO READ AS FOLLOWS
12 [EFFECTIVE JULY 1, 2001]: Sec. 5. (a) The fiscal body of each
13 political subdivision not governed by sections 1 through 3 of this
14 chapter constitutes a board of finance for that political subdivision. **A**
15 **school corporation (as defined in IC 36-1-2-17) may determine if**
16 **a board of finance meeting is needed on an annual basis.**

17 (b) Each board of finance has supervision of the revocation of
18 public depositories for the respective political subdivisions for which
19 they act.

20 (c) The members of the boards serve without compensation other
21 than the members' salaries allowed by law for the members' services as
22 officers of the members' respective political subdivisions.

23 SECTION 4. IC 9-18-31-7 IS AMENDED TO READ AS
24 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 7. (a) If an educational
25 foundation that is exempt from federal income taxation under Internal
26 Revenue Code Section 501(c)(3) is established as an Indiana nonprofit
27 corporation for the benefit of a school corporation designated to receive
28 a fee under section 5(c) of this chapter, fees designated to go to the
29 school corporation shall be distributed to an educational foundation
30 that provides benefit to the designated school corporation. A school
31 corporation that receives benefit from an educational foundation that
32 meets the requirements of this section shall:

33 (1) obtain a certificate from the educational foundation that
34 certifies to the school corporation and the county auditor that the
35 educational foundation:

36 (A) is exempt from federal income taxation under Internal
37 Revenue Code Section 501(c)(3); **and**

38 (B) is established as an Indiana nonprofit corporation to
39 provide benefit to the school corporation; and

40 (2) provide a copy of the certificate described in subdivision (1)
41 to the county auditor.

42 (b) If a school corporation designated to receive a fee under section

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1 5(c) of this chapter does not receive benefit from an educational
 2 foundation described under subsection (a), the fees designated to go to
 3 the school corporation shall be distributed to the school corporation
 4 and may only be used for purposes other than ~~general fund purposes:~~
 5 **salaries and related fringe benefits.**

6 (c) Before the twentieth day of the calendar month following the
 7 calendar month in which a fee was collected, the bureau shall distribute
 8 the fees collected under this chapter to the county auditor of the county
 9 in which the designated school corporation's administration office is
 10 located. Each monthly distribution under this subsection shall be
 11 accompanied by a report to the auditor that shows:

12 (1) the total amount of the monthly distribution for all school
 13 corporations in the county that were designated to receive an
 14 education license plate fee under this chapter; and

15 (2) the amount of the fees that are to be distributed to each
 16 designated school corporation in the county.

17 (d) Within thirty (30) days of receipt of a distribution from the
 18 bureau under subsection (c), the county auditor shall distribute the fees
 19 received to:

20 (1) an educational foundation under subsection (a), if the school
 21 corporation has provided a copy of the certificate described in
 22 subsection (a); or

23 (2) the school corporation under subsection (b);

24 whichever subsection is applicable. The county auditor shall designate
 25 which school corporation is to receive benefit in connection with a
 26 distribution to an educational foundation under this subsection. If the
 27 school corporation receives benefit from more than one (1) educational
 28 foundation, the superintendent of the ~~benefited~~ **benefitted** school
 29 corporation shall determine, and inform the auditor in writing, how fees
 30 received are to be distributed to the educational foundations. The
 31 county auditor shall, simultaneous with a distribution to an educational
 32 foundation, send the school corporation to receive benefit a notice of
 33 the distribution that identifies the recipient educational foundation and
 34 the date and the amount of the distribution.

35 (e) Funds received by an educational foundation under this chapter
 36 must be used to provide benefit to the designated school corporation
 37 within one (1) year of receipt from the county auditor.

38 SECTION 5. IC 20-5-3-1 IS AMENDED TO READ AS FOLLOWS
 39 [EFFECTIVE JULY 1, 2001]: Sec. 1. (a) The governing body of each
 40 school corporation shall organize by electing a president, a vice
 41 president, and a secretary, each of whom shall be a different member,
 42 within the first fifteen (15) days following the commencement date of

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1 the members' terms of office, as provided for under section 3 of this
2 chapter.

3 (b) The governing body shall also at such time appoint a treasurer
4 of the governing body and of the school corporation who is a person,
5 other than the superintendent of schools, who is not a member of the
6 governing body. The treasurer may, with the approval of the governing
7 body, appoint a deputy who shall also be a person, other than the
8 superintendent of schools, who is not a member of the governing body
9 and who shall have the same powers and duties as the treasurer, or such
10 lesser duties as the governing body by rule shall provide.

11 (c) The treasurer shall be the official custodian of all funds of the
12 school corporation and shall be responsible for the proper safeguarding
13 and accounting for all the funds and shall:

14 (1) issue a receipt for any money coming into the treasurer's
15 hands;

16 (2) deposit such money in accordance with the laws governing the
17 deposit of public funds; and

18 (3) issue all warrants in payment of expenses lawfully incurred on
19 behalf of the school corporation, but, except as otherwise
20 provided by law, shall issue the warrants only after proper
21 allowance or approval by the governing body. No allowance or
22 approval shall be required by the governing body for amounts
23 lawfully due in payment of indebtedness or payments due the
24 state of Indiana, the United States Government, or their agencies
25 and instrumentalities.

26 No verification, other than a properly itemized invoice, shall be
27 required for any claim of one hundred dollars (\$100) or less, and any
28 claim over this amount ~~shall be~~ is sufficient as to form if the bill or
29 statement therefor has printed or stamped on its face a verification of
30 the bill or statement in language approved by the state board of
31 accounts.

32 (d) Notwithstanding subsection (c), a treasurer may transact school
33 corporation financial business with a financial institution through the
34 use of electronic funds transfer. For purposes of this section,
35 "electronic funds transfer" means any transfer of funds, other than a
36 transaction originated by check, draft, or similar paper instrument, that
37 is initiated through an electronic terminal, telephone, or computer or
38 magnetic tape for the purpose of ordering, instructing, or authorizing
39 a financial institution to debit or credit an account. The treasurer must
40 provide adequate documentation to the governing body of the transfers
41 made under this subsection. This subsection applies only to agreements
42 for joint investment of money under IC 5-13-9.



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1 (e) **A treasurer is not personally liable for an act or omission**
 2 **occurring in connection with the performance of the duties set**
 3 **forth in this section, unless the act or omission constitutes gross**
 4 **negligence or an intentional disregard of the treasurer's duties.**

5 (f) The governing body may establish the position of executive
 6 secretary to the governing body. The executive secretary:

- 7 (1) must be an employee of the school corporation;
 8 (2) may not be a member of the governing body; and
 9 (3) shall be appointed by the governing body upon the
 10 recommendation of the superintendent of the school corporation.

11 The governing body shall determine the duties of the executive
 12 secretary, which may include all or part of the duties of the secretary of
 13 the board

14 SECTION 6. IC 20-5-7-2 IS AMENDED TO READ AS FOLLOWS
 15 [EFFECTIVE JULY 1, 2001]: Sec. 2. (a) The treasurer shall have
 16 charge of the custody and disbursement of any funds collected by a
 17 collecting authority and expended to pay expenses:

- 18 (1) approved by the principal or teacher in charge of the school;
 19 (2) incurred in conducting any athletic, social, or other school
 20 function (other than functions conducted solely by any
 21 organization of parents and teachers);
 22 (3) that cost more than twenty-five dollars (\$25) during the school
 23 year; and
 24 (4) that are not paid from public funds.

25 The principal or teacher in charge of the school shall designate a
 26 collecting authority to be in charge of the collection of any funds
 27 described in this subsection. Upon collection of any funds, the
 28 collecting authority shall deliver the funds, together with an accounting
 29 of the funds, to the custody of the school treasurer. The principal may
 30 designate different collecting authorities for each separate account of
 31 funds described in this subsection.

32 (b) The treasurer shall keep an accurate account of all money so
 33 received by the collecting authority and expended, showing the sources
 34 of all receipts and the purposes for which the money was expended and
 35 the balance on hand, and a copy of such report shall be filed with the
 36 township trustee, board of school trustees, or board of school
 37 commissioners, within two (2) weeks after the close of each school
 38 year, together with all records and files of such extracurricular
 39 activities.

40 (c) However, in schools having two (2) or more semesters in any
 41 one (1) school year, the treasurer of any such school shall file a copy of
 42 ~~his~~ **the treasurer's** financial report of receipts and disbursements with

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1 the township trustee, board of school trustees, or board of school
 2 commissioners, within two (2) weeks after the close of each semester,
 3 and all records and files of such extracurricular activities for the entire
 4 school year shall be filed with the last financial semester report of any
 5 one (1) school year.

6 (d) A copy of such report is to be filed with and kept by the city
 7 superintendent having jurisdiction and the county superintendent where
 8 ~~he~~ **the superintendent** has jurisdiction. These records shall be
 9 permanent records for five (5) years, after which time they may be
 10 destroyed.

11 (e) **A treasurer is not personally liable for an act or omission**
 12 **occurring in connection with the performance of the duties set**
 13 **forth in this section, unless the act or omission constitutes gross**
 14 **negligence or an intentional disregard of the treasurer's duties.**

15 SECTION 7. IC 36-1-8-12 IS AMENDED TO READ AS
 16 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 12. (a) If a political
 17 subdivision **other than a school corporation** receives state grant
 18 money requiring local matching money, the political subdivision shall
 19 create a special fund and deposit the grant money and matching money
 20 into the special fund. The money in the fund may be used only for the
 21 purposes of the grant.

22 (b) If a political subdivision completes the project for which the
 23 state grant money was provided and money remains in the fund:

24 (1) the political subdivision shall transfer the state's share of the
 25 remaining money to the treasurer of state for deposit in the fund
 26 from which the grant was made; and

27 (2) the political subdivision's pro rata share of the remaining
 28 money reverts to the political subdivision's general fund.

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