



February 10, 2015

HOUSE BILL No. 1028

DIGEST OF HB 1028 (Updated February 9, 2015 4:59 pm - DI 113)

Citations Affected: IC 20-40; IC 36-1.

Synopsis: School expenses. Removes the expiration date in current law on the authority of a school corporation to use money in its capital projects fund to pay the costs of insurance and utilities. Provides that a school corporation may use money in its capital projects fund or its rainy day fund to pay for an audit of the school corporation by the state board of accounts or a private accounting firm certified by the state board of accounts.

Effective: July 1, 2015.

McNamara, Cook, Ober

January 6, 2015, read first time and referred to Committee on Ways and Means.
February 10, 2015, amended, reported — Do Pass.

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February 10, 2015

First Regular Session of the 119th General Assembly (2015)

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 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

HOUSE BILL No. 1028

A BILL FOR AN ACT to amend the Indiana Code concerning education.

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

1 SECTION 1. IC 20-40-8-19, AS AMENDED BY P.L.162-2013,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2015]: Sec. 19. Money in the fund may be used ~~before January~~
4 ~~1, 2016~~; to pay for up to one hundred percent (100%) of the following
5 costs of a school corporation:

6 (1) Utility services.
7 (2) Property or casualty insurance.
8 (3) Both utility services and property or casualty insurance.
9 A school corporation's expenditures under this section may not in a
10 calendar year exceed three and five-tenths percent (3.5%) of the school
11 corporation's 2005 calendar year distribution.

12 SECTION 2. IC 20-40-8-23 IS ADDED TO THE INDIANA CODE
13 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
14 1, 2015]: **Sec. 23. Notwithstanding section 8 of this chapter, money**
15 **in the fund may be used to pay for audits of the school corporation**
16 **by:**

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- 1 **(1) the state board of accounts; or**
 2 **(2) an accounting firm that has been certified by the state**
 3 **board of accounts to perform audits on school corporations.**

4 SECTION 3. IC 36-1-8-5.1, AS AMENDED BY P.L.288-2013,
 5 SECTION 71, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 6 JULY 1, 2015]: Sec. 5.1. (a) A political subdivision may establish a
 7 rainy day fund by the adoption of:

- 8 (1) an ordinance, in the case of a county, city, or town; or
 9 (2) a resolution, in the case of any other political subdivision.

10 (b) An ordinance or a resolution adopted under this section must
 11 specify the following:

- 12 (1) The purposes of the rainy day fund.
 13 (2) The sources of funding for the rainy day fund, which may
 14 include the following:

15 (A) Unused and unencumbered funds under:

- 16 (i) section 5 of this chapter;
 17 (ii) IC 6-3.5-1.1-21.1;
 18 (iii) IC 6-3.5-6-17.3; or
 19 (iv) IC 6-3.5-7-17.3.

20 (B) Any other funding source:

- 21 (i) specified in the ordinance or resolution adopted under
 22 this section; and
 23 (ii) not otherwise prohibited by law.

24 (c) The rainy day fund is subject to the same appropriation process
 25 as other funds that receive tax money.

26 (d) In any fiscal year, a political subdivision may, at any time, do the
 27 following:

28 (1) Transfer any unused and unencumbered funds specified in
 29 subsection (b)(2)(A) from any fiscal year to the rainy day fund.

30 (2) Transfer any other unobligated cash balances from any fiscal
 31 year that are not otherwise identified in subsection (b)(2)(A) or
 32 section 5 of this chapter to the rainy day fund as long as the
 33 transfer satisfies the following requirements:

34 (A) The amount of the transfer is authorized by and identified
 35 in an ordinance or resolution.

36 (B) The amount of the transfer is not more than ten percent
 37 (10%) of the political subdivision's total annual budget
 38 adopted under IC 6-1.1-17 for that fiscal year.

39 (C) The transfer is not made from a debt service fund.

40 (e) A political subdivision may use only the funding sources
 41 specified in subsection (b)(2)(A) or in the ordinance or resolution
 42 establishing the rainy day fund. The political subdivision may adopt a



1 subsequent ordinance or resolution authorizing the use of another
2 funding source.

3 (f) The department of local government finance may not reduce the
4 actual or maximum permissible levy of a political subdivision as a
5 result of a balance in the rainy day fund of the political subdivision.

6 (g) A county, city, or town may at any time, by ordinance or
7 resolution, transfer to:

8 (1) its general fund; or

9 (2) any other appropriated funds of the county, city, or town;
10 money that has been deposited in the rainy day fund of the county, city,
11 or town.

12 **(h) A school corporation may use money deposited in the school**
13 **corporation's rainy day fund to pay for audits of the school**
14 **corporation by:**

15 **(1) the state board of accounts; or**

16 **(2) an accounting firm that has been certified by the state**
17 **board of accounts to perform audits on school corporations.**



COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1028, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, line 3, strike "before January".

Page 1, line 4, strike "1,".

Page 1, line 4, delete "2018,".

Page 1, after line 11, begin a new paragraph and insert:

"SECTION 2. IC 20-40-8-23 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: **Sec. 23. Notwithstanding section 8 of this chapter, money in the fund may be used to pay for audits of the school corporation by:**

- (1) the state board of accounts; or
- (2) an accounting firm that has been certified by the state board of accounts to perform audits on school corporations.

SECTION 3. IC 36-1-8-5.1, AS AMENDED BY P.L.288-2013, SECTION 71, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 5.1. (a) A political subdivision may establish a rainy day fund by the adoption of:

- (1) an ordinance, in the case of a county, city, or town; or
- (2) a resolution, in the case of any other political subdivision.

(b) An ordinance or a resolution adopted under this section must specify the following:

- (1) The purposes of the rainy day fund.
- (2) The sources of funding for the rainy day fund, which may include the following:

(A) Unused and unencumbered funds under:

- (i) section 5 of this chapter;
- (ii) IC 6-3.5-1.1-21.1;
- (iii) IC 6-3.5-6-17.3; or
- (iv) IC 6-3.5-7-17.3.

(B) Any other funding source:

- (i) specified in the ordinance or resolution adopted under this section; and
- (ii) not otherwise prohibited by law.

(c) The rainy day fund is subject to the same appropriation process as other funds that receive tax money.

(d) In any fiscal year, a political subdivision may, at any time, do the following:

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(1) Transfer any unused and unencumbered funds specified in subsection (b)(2)(A) from any fiscal year to the rainy day fund.

(2) Transfer any other unobligated cash balances from any fiscal year that are not otherwise identified in subsection (b)(2)(A) or section 5 of this chapter to the rainy day fund as long as the transfer satisfies the following requirements:

(A) The amount of the transfer is authorized by and identified in an ordinance or resolution.

(B) The amount of the transfer is not more than ten percent (10%) of the political subdivision's total annual budget adopted under IC 6-1.1-17 for that fiscal year.

(C) The transfer is not made from a debt service fund.

(e) A political subdivision may use only the funding sources specified in subsection (b)(2)(A) or in the ordinance or resolution establishing the rainy day fund. The political subdivision may adopt a subsequent ordinance or resolution authorizing the use of another funding source.

(f) The department of local government finance may not reduce the actual or maximum permissible levy of a political subdivision as a result of a balance in the rainy day fund of the political subdivision.

(g) A county, city, or town may at any time, by ordinance or resolution, transfer to:

(1) its general fund; or

(2) any other appropriated funds of the county, city, or town; money that has been deposited in the rainy day fund of the county, city, or town.

(h) A school corporation may use money deposited in the school corporation's rainy day fund to pay for audits of the school corporation by:

(1) the state board of accounts; or

(2) an accounting firm that has been certified by the state board of accounts to perform audits on school corporations."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1028 as introduced.)

BROWN T

Committee Vote: yeas 22, nays 0.

