

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) 232-8779

TO: Indiana School Superintendents

FROM: Brian E. Bailey, Interim Commissioner *BEB*

RE: School Corporation Fiscal Year Budgets

DATE: April 28, 2010

Senate Enrolled Act (SEA) 309-2010 changed IC 6-1.1-17-5.6, effective upon passage, to allow school corporations to switch from a calendar year budget to a fiscal year budget. Specifically, the legislation changed the “shall” provision to a “may” provision for budget years beginning after June 30, 2011. In other words, each school corporation has the discretion to maintain a calendar year budget.

If a school corporation opts to change to a fiscal year budget, the school corporation must submit a copy of the resolution to the Department of Local Government Finance (“Department”) and the Department of Education not more than thirty (30) days after the date the resolution is adopted. Additionally, the legislation outlines the manner in which the transition from calendar year budgeting to fiscal year budgeting is accomplished.

According to the statute, in the initial budget adopted by a school corporation, the first six (6) months must be consistent with the last six (6) months of the budget adopted by the school corporation for the calendar year in which the school corporation elects by resolution to begin adopting budgets that correspond to the state fiscal year. This would result in an amount similar to the “normal” line 2 on the financial statement if the corporation were adopting a calendar year budget.

For example, if in 2010, a school corporation elects to switch from a calendar year budget to a fiscal year budget starting after June 30, 2011, the school corporation would do as follows:

- School corporations advertise and approve a 2011 calendar year budget by **Nov. 1, 2010**;
- **Prior to February 1, 2011**, the fiscal year budget would be advertised and approved;
- July 1, 2011 the fiscal year budget would be implemented and the last six (6) months of the calendar year budget would be eliminated.
 - Calendar Year Budget: January 1, 2011 – December 31, 2011.
 - Fiscal Year Budget: July 1, 2011 – June 30, 2012
 - OVERLAP: July 1, 2011 – December 31, 2011

Other items of interest or to consider as you plan for the transition include:

- When adopting the initial fiscal year budget, all line items on the school financial statement will back up by six (6) months, i.e., “line 2” will read “Balance of Appropriations from January 1, 201X through June 30, 201X”; and “line 6” will read “Actual Cash Balance – December 31, 201X.”
- The Department will revise budget program forms to coincide with the correct fiscal year dates.

The Department is cognizant of the challenges school corporations will face with the transition from a calendar year to a fiscal year budget, and we are looking forward to the opportunity to assist during this time. If you have any questions or suggestions on ways to implement this change, please contact Karen Large, Budget Division Director, at 317.234.3937 or klarge@dlgf.in.gov.