

CHAPTER 7

SECTION A - CALENDAR OF MONTHLY DUTIES

This section contains a calendar of monthly duties and while not complete, should be referred to each month to insure that such duties are not overlooked. Duties which reoccur each month are not repeated in the calendar. Monthly duties include:

1. At the close of the month, post and close all records as promptly as possible and reconcile with depositories and with utilities or any other department maintaining separate records. Prepare the monthly balance and financial report for the board.
2. Report and pay Social Security (FICA) each reporting period to the Internal Revenue Service on or before the dates established by federal regulations. See Federal Circular E for payment procedures and due dates.
3. Deposit federal income tax withheld from employees' compensation in accordance with federal regulations. This may vary from one unit to another dependent on the total amount withheld per month. See Federal Circular E for payment procedures and due dates.
4. Deposit state and county income tax withheld from employees' compensation within 20 days after the close of each month.
5. Report and pay unemployment compensation commitments to Indiana Employment Security Division as required per selected plan.
6. Make reports of Utility Receipts Tax due from city or town to Indiana Department of Revenue as required by that agency.
7. Make reports of sales tax collected by and due from cities and towns to Indiana Department of Revenue as required by that agency.
8. Make reports of police, fire, and employee pension payment contributions to the Public Employees' Retirement Fund as required by that agency.
9. Make reports and payments of special fuels tax due from cities and towns to Indiana Department of Revenue, Special Fuel Tax Division.

January

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|----|---|
| 20 | Last date to report and make payment of state and county income tax withheld during December to Department of Revenue, Indianapolis. |
| 31 | Last day to make report and complete the payment of federal tax and F.I.C.A. (Social Security Tax) tax withheld in the fourth quarter of the preceding year to the District Director of Internal Revenue. Each employee shall be furnished Form W-2 in duplicate, showing compensation paid during the preceding year, federal tax withheld and social security tax withheld. |
| 31 | Last day to provide each employee with Form WH-2 in duplicate or copy of W-2 for state and local income tax withheld. |

Last day to file Form 100-R, Report of Names and Compensation of Officers and Employees on Gateway.

February

- 20 Last day to report and make payment of state and county income tax withheld during January to Department of Revenue, Indianapolis.
- 28 Last day to file withholding statements W-2 and WH-2 together with Yearly Reconciliation of Employer's Quarterly Tax Returns W-3 and WH-3 with District Director of Internal Revenue and Indiana Department of Revenue, respectively.

March

- 1 Last day to file Video Franchise Fee Report with the IURC.
- Last day for filing and publishing the Gateway Annual Financial Report. [IC 5-3-1-3 (a)] (February 29 in a Leap Year)
- Last day to file Debt Management Report on the Gateway.
- Last day to prepare list of old outstanding checks for cancellation. [IC 5-11-10.5-3]
- 20 Last day to report and make payment of state and county income tax withheld during February to Department of State Revenue, Indianapolis.

April

- 15 Last day to make report on Form URT and payment of Utility Receipts Tax for city or town for the preceding year, if not made January 31, to the Indiana Department of Revenue, State Office Building.
- 20 Last day to report and make payment of state and county income tax withheld during March to Department of State Revenue, Indianapolis.
- 30 Last day to make report and complete payment of federal tax and F.I.C.A. (Social Security Tax) tax withheld during the first quarter of the year to the District Director of Internal Revenue.
- Make report and file quarterly unemployment compensation report with the Indiana Employment Security Division.
- Last day for filing Annual Utility Report with Utility Regulatory Commission, 302 W. Washington Street, Room E-306, Indianapolis, Indiana, 46204. (Applies only to those utilities under the jurisdiction of the Utility Regulatory Commission)

May

- 20 Last day to report and make payment of state and county income tax withheld during April to Department of State Revenue, Indianapolis.
- 31 Last day to certify delinquent Barrett Law assessments to the County Auditor. (IC 36-9-37-23)

June

1 Last day to certify names of persons who have money due them for salaries, wages, or other reasons to the county treasurer for determining if such persons owe delinquent taxes. [IC 6-1.1-22-14]

Last day for cities and towns with population of 15,000 or more to file Annual Operational Report of Motor Vehicle Highway Fund electronically through an online data management system developed and maintained by LTAP. More information is contained on the State Board of Accounts website at www.in.gov/sboa.

20 Last day to report and make payment of state and county income tax withheld during May to Department of State Revenue, Indianapolis.

July

20 Last day to report and make payment of state and county income tax withheld during June to the Department of State Revenue, Indianapolis.

31 Last day to make report and complete payment of federal tax and F.I.C.A. (Social Security Tax) tax withheld in the second quarter of the year to the District Director of Internal Revenue.

Make report and file quarterly unemployment compensation report with the Indiana Employment Security Division.

August

20 Last day to report and make payment of state and county income tax withheld during July to the Department of State Revenue, Indianapolis.

September

20 Last day to report and make payment of state and county income tax withheld during August to the Department of State Revenue, Indianapolis.

October

20 Last day to report and make payment of state and county income tax withheld during September to the Department of State Revenue, Indianapolis.

31 Last day to make report and complete payment of federal tax and F.I.C.A. (Social Security Tax) tax withheld in the third quarter of the year to District Director of Internal Revenue.

Make report and file quarterly unemployment compensation report with the Indiana Employment Security Division.

November

1 Last day for final passage of ordinance fixing salaries of appointive officers and employees of a city for ensuing year. See Page 61-11 and 61-12.

20 Last day to report and make payment of state and county income tax withheld during October to the Department of State Revenue, Indianapolis.

December

- 1 Last day to certify names of persons who have money due them for salaries, wages or other reasons to the County Treasurer for determining if such persons owe delinquent taxes. [IC 6-1.1-22-14]
- 20 Last day to report and make payment of state and county income tax withheld during November to the Department of State Revenue, Indianapolis.
- 31 Review year-end duties, Page 61-3.

The Clerk-Treasurer or Controller shall deposit all collections not later than the next business day following the receipt of funds in depositories selected by the city or town as provided in an ordinance adopted by the city or town and approved as depositories of state funds. [IC 5-13-6-1]

SECTION B - ADDRESSESSOCIAL SECURITY

Internal Revenue Service
575 North Pennsylvania Street
Indianapolis, Indiana 46204
Telephone: (800) 772-1213

PENSIONSPolice Officers and Firemen Employed After May 1, 1977

1977 Police Officers and Firefighters' Pension and Disability Fund
Public Employees' Retirement Fund
One North Capitol Avenue, Suite 001
Indianapolis, Indiana 46204-2014
Telephone: (888) 876-2707 (toll free)

All Other City, Town, Utility Covered Employees

Indiana Public Retirement System
Public Employees' Retirement Fund
One North Capitol Avenue, Suite 001
Indianapolis, Indiana 46204-2014
Telephone: (888) 526-1687 (toll free)

FEDERAL WITHHOLDING

Internal Revenue Service
575 North Pennsylvania Street
Indianapolis, Indiana 46204
Telephone: 685-7500, Area 317
Telephone: (800) 829-1040 (toll free)

STATE AND COUNTY WITHHOLDING

Withholding Section
Indiana Department of Revenue
Indiana Government Center North, Room N281
100 North Senate Avenue
Indianapolis, Indiana 46204
Telephone: (317) 233-4016

UNEMPLOYMENT COMPENSATION

Department of Workforce Development
10 North Senate Avenue
Indianapolis, Indiana 46204
Telephone: (800) 437-9136

STATE TAXESUtility Receipts Tax

Administrator, Compliance Division
Department of Revenue
Indiana Government Center North
100 North Senate Avenue
Indianapolis, Indiana 46204
Telephone: (317) 232-0129

Sales Tax

Sales Tax Division
Department of Revenue
Indiana Government Center North
100 North Senate Avenue
Indianapolis, Indiana 46204
Telephone: (317) 233-4015

Gasoline Taxes

Department of Revenue
Indiana Government Center North
100 North Senate Avenue
Indianapolis, Indiana 46204
Telephone: (317) 615-2630

WAGE AND HOURFederal Wage and Hour Regulations

United States Department of Labor
Wage and Hour Division
135 North Pennsylvania Street, Suite 700
Indianapolis, Indiana 46204
Telephone: (317) 226-6801

PUBLIC ACCESS COUNSELOR

Public Access Counselor
 W074, Indiana Government Center South
 402 West Washington Street
 Indianapolis, Indiana 46204
 Telephone: (800) 228-6013

SECTION C - MISCELLANEOUS GUIDELINES (from previous bulletins)

This section contains information from previous City and Town Bulletins, which are categorized as follows:

Administrative
 Advertising
 Appropriations
 Claims
 Deposit and Investments, Bank Accounts
 Elections, Terms of Office, Official Bonds, Statutory Responsibilities
 Funds
 Indebtedness, Temporary Transfers, Advances
 Public Purchasing and Public Works
 Public Records
 Utilities

AdministrativeLEGAL HOLIDAYS

IC 1-1-9-1 lists legal holidays within the State of Indiana.

New Year's Day	January 1
Martin Luther King, Jr.'s Birthday	Third Monday in January
Lincoln's Birthday	February 12
Washington's Birthday	Third Monday in February
Good Friday	Friday Before Easter Sunday
Any General, National, State or City Primary	First Tuesday After First Monday in May
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	First Monday in September
Columbus Day	Second Monday in October
Any General, National, State or City Election	First Tuesday After First Monday in November
Veteran's Day	November 11
Thanksgiving Day	Fourth Thursday in November
Christmas Day	December 25

and "the first day of the week, commonly called Sunday."

IC 1-1-9-1(b) states: "When any of these holidays, other than Sunday, comes on Sunday, the following Monday shall be the legal holiday. When any of these holidays comes on Saturday, the preceding Friday shall be the legal holiday."

IC 1-1-9-1(c) states: "This section does not affect any action taken by the state, the general assembly, or a political subdivision (as defined in IC 36-1-2-13). Any action taken by the state, the general assembly, or

a political subdivision on any such holiday shall be valid for all purposes.”

VACATION LEAVE AND SICK LEAVE – IC 5-13-6-1

Ordinance Required

It is imperative for all cities and towns to have written guidelines and policies concerning fringe benefits, vacation and sick leave. Such policies should be in the form of an ordinance. If your municipality has no such written guidelines and is now, or wishes in the future, to provide fringe benefits to employees please insist that the proper officials pass an ordinance. In future audits the State Board of Accounts will find it necessary to take an audit exception for any such payments made during the period of the audit without an ordinance.

All leave policies should specify how and when leave time is earned and whether or not such leave benefits may be carried over from year to year.

Elected Officials

It is our audit position that an elected official's compensation goes with the office. This means that the elected official receives his (or her) salary as long as the office to which the official was elected performs the duties and responsibilities of this office regardless of whether the elected official personally does the work, whether the elected official personally maintains office hours, or whether the elected official shows up at the office. Keep in mind this relates only to elected officials.

In those few instances where elected officials choose to be included in an employee leave policy (and were included in the authorizing ordinance), the officials **must** maintain proper attendance records, in the same manner as all other city and town employees, which shall clearly disclose days worked, days missed, type of leave taken, etc.

Appointed Officials

Appointed officials who are included in an employee benefit policy must maintain proper attendance records which shall disclose clearly the days worked, days missed, type of leave taken, etc.

City Officers and Employees - Prior Payment of Vacation Leave - IC 36-4-8-9

Town Officers and Employees - Prior Payment of Vacation Leave - IC 36-5-4-7

Payment for Unused Leave Time

Since the board may adopt and follow a reasonable plan of allowing vacations and/or sick leave, such fringe benefit must be adopted by ordinance and provided to the employees of the municipality. Any provision for payments of unused vacation and/or sick leave must be clearly disclosed in the ordinance.

COMPENSATION OF OFFICERS AND EMPLOYEES

The following sections of law, showing citations from the Indiana Code, together with Official Opinions of the Attorney General, governs the fixing of compensation of city and town officers and employees.

Salaries Not Payable in Advance - IC 5-7-3-1

City Officers and Employees

Elected City Officials - IC 36-4-7-2

Appointive Officers, Deputies and Employees (Except Police & Firefighters) - IC 36-4-7-3

Attorney General Opinions

In Official Opinion No. 64, issued on December 10, 1959, the Attorney General held that the salaries of appointive officers and employees of various city departments (including municipal utilities) operating under special Acts enacted prior to 1933 are fixed by the mayor subject to approval by the common council as provided by IC 18-2-1-10 [Repealed, See IC 36-4-7-3]. He stated that the salaries of appointive officers and employees of various city departments (including municipal utilities), operating under special Acts enacted in 1933 or thereafter, are fixed pursuant to the provisions of such special Acts.

In Official Opinion No. 27 of 1967, the Attorney General held that in cities (except of the first and second class) in which municipally owned public utilities are operated by boards of public works or boards of public works and safety, such boards have the power and authority to fix the compensation of all employees of such utilities, which compensation may be lowered but not raised by the city council. The provisions of IC 8-1-2-100 [Repealed, See IC 8-1.5] govern.

Note: The law was amended in 1967 which makes the official opinion applicable to all second class cities with the exception of those between 150,000 and 175,000 in population.

In Official Opinion No. 30 of 1967, the Attorney General held as follows:

1. In a city of the third class operating a public utility, the salary of those utility officers and employees who receive an annual salary as in the first instance set by the board operating that utility (whether a committee of the common council, a utility service board, or the board of public works and safety), but such salary must be approved by the common council, which council may lower but cannot raise the salary so set.
2. In a city of the third class operating a public utility, the wages of those utility employees who receive an hourly wage is in the first instance set by the board operating that utility (whether a committee of the common council, a utility service board, or the board of public works and safety), but such wages must be approved by the common council, which council may lower but cannot raise the wages so set.

Police and Firefighters - IC 36-8-3-3

Additional Compensation From Utilities or Functions - IC 36-4-7-4

Attorney General Opinion

The Attorney General held in Official Opinion No. 45 of 1965 as follows:

1. A city attorney may receive additional compensation for service performed in connection with the creation or the operation of a municipally owned function or utility provided that the utility is one that collects revenue from its operation, the service performed is other than governmental, and that the additional compensation is awarded by the governing body of the utility and approved by the mayor and common council.
2. The additional compensation must come from either revenue collected from the operation of the utility or funds raised by the sale of revenue bonds to be redeemed by revenue collected from the operation of the utility. If the additional compensation is inadvertently paid from some other source, that source must be recompensed by monies drawn from the proper source.

The Attorney General held in Official Opinion No. 15 of 1967 that city officers, both elected and appointed, can receive additional compensation from the proceeds of a utility revenue bond issue for the purpose of construction or reconstruction. In accordance with the provisions of IC 18-2-1-12 [Repealed, See IC 36-4-7-4], the award of compensation shall plainly specify both the amount and the recipient, shall establish

that the services performed are other than governmental, shall be awarded by the administrative authority in charge of the utility, and shall be approved by both the common council and the mayor.

Salary Schedules - IC 36-4-7-5

Town Officers and Employees - IC 36-5-3-2

Compensation of all town officers and employees shall be fixed by an ordinance of the town council, and for other than elected town officials, this compensation may be changed by another ordinance of the town council at any time. There is no limitation upon the amount fixed, only to the extent of available appropriations where tax funds are involved. At the time such compensation is fixed, it may be prorated between the general fund or any other applicable funds of the town, as well as any available utility funds.

The compensation of an elected town official may not be changed in the year for which it is fixed, nor may it be reduced below the amount fixed for the previous year.

The approval of a claim for increased compensation does not authorize the town Clerk-Treasurer to pay such increase unless it is specifically provided for by ordinance of the town council.

We recommend a salary ordinance for officials and employees for the next succeeding year be enacted by the town council annually and made a part of the minutes of the town council. This action is recommended to be completed prior to making out the annual budget for the next year's costs of operation.

SALARIES - COMPUTING FOR PARTIAL PAY PERIODS

A city or town employee on a specified salary, whose employment begins or terminates in the middle of a pay period should be paid only for that part of the period that he has worked. If on a monthly basis and the employee's work is terminated at the end of the day on January 15, for example, he should receive 15/31 of his regular monthly salary for the month of January. If his employment terminates at the end of the day on February 15, he would be entitled to 15/28 or 15/29 (leap year) of his regular monthly salary for the month of February. Partial semi-monthly and bi-weekly pay periods would be computed in a similar manner.

TOWN MARSHALS - CLOTHING AND EQUIPMENT ALLOWANCE

No specific statutory authority exists for payment of an allowance for clothing, uniforms, arms or equipment to a town marshal or a deputy town marshal. Since no statute prohibits such payments, if town officials wish to provide such benefits, a Home Rule ordinance must be enacted providing such authority subject to prior written approval by the town attorney before such benefits are extended.

The town may purchase necessary items of clothing, uniforms, arms and equipment for use by the town marshal and his deputies provided there is an appropriation available for such purpose. Such items would be the permanent property of the town and could not be retained by the employee on his termination.

GROUP INSURANCE - IC 5-10-8

Attorney General Opinion

In Official Opinion No. 21, issued on June 17, 1957, the Attorney General held that under the terms of the law governmental units may participate in paying for group insurance to any extent short of full payment so long as the requirement regarding the appropriation of funds is met.

PENSION PLANS

Pursuant to IC 5-10.2-2-1, a city or town has no authority to establish a local pension plan by ordinance, resolution or contract after January 1, 1995, without specific statutory authority.

In reviewing the Indiana Code, the following pension plans are available to employees of a city or town:

<u>PENSION PLAN</u>	<u>REFERENCE</u>
Public Employees' Retirement Fund	IC 5-10-3
Police Pension Fund - First Class Cities (1953 Police Pension Fund)	IC 36-8-7.5
1925 Police Pension Fund	IC 36-8-6
1937 Firefighter's Pension Fund	IC 36-8-7
1977 Police Officers' and Firefighters' Pension and Disability Fund	IC 36-8-8
Municipal Utility Employees' Pension Fund	IC 8-1.5-3-7
City Hospitals - Third Class Cities	IC 16-23-1-25
Housing Authorities	IC 36-7-18-10(d)
Department of Redevelopment	IC 36-7-14-12.2
Deferred Compensation	IC 5-10-1.1

Inquiries relative to participation in the Public Employees' Retirement Fund should be directed to the Indiana Public Retirement System, One North Capital, Suite 001, Indianapolis, Indiana, 46204. Inquires may be made via email through www.in.gov/inprs.

Advertising

ANNUAL FINANCIAL REPORT

IC 5-3-1-4 provides the Clerk-Treasurer or Controller of each city and town shall have published an annual financial report of the receipts and expenditures of such city or town within sixty days after the close of each calendar year. The report must be filed electronically in Gateway pursuant to IC 5-14-3.8-7.

The annual financial report is to be published one time in two newspapers unless there is only one newspaper in the city or town, in which case publication in the one newspaper is sufficient. If no newspaper is published in the city or town then publication in a locality newspaper that circulates within the municipality or a newspaper published in the county that circulates in the city or town is acceptable.

PUBLIC NOTICE ADVERTISING - CLAIMS BY PUBLISHER – IC 5-3-1-1

The cost of all public notice advertising paid for from public funds shall be computed based on the provisions of IC 5-3-1-1. Rates for legal advertising are published each year in the December Cities and Towns Bulletin.

If the public notice advertisement contains rule or tabular work, an additional charge of fifty percent (50%) shall be allowed.

An advertisement in tabular form would include any notice in which a column of figures is consecutively compiled in alignment. Examples of tabular work include:

Notices to Taxpayers of Tax Levies (Budget Notice)
Annual Reports
Notice of Additional Appropriations

Each newspaper publishing public notice advertising shall submit proof of publication and claim for payment on General Form No. 99P in duplicate on each public notice advertisement published. If more than two proofs of publication are required by any official, the newspaper shall be allowed to charge \$1.00 for each additional copy so furnished. [IC 5-3-1-1(d)]

If a newspaper maintains an internet web site, a notice that is published in the newspaper must also be posted in the newspaper's web site on the same day the notice appears in the newspaper. A newspaper may not charge a fee for posting a notice on the newspaper web site.

In auditing claims for publication of such notices all that is necessary is to actually count the number of lines and multiply this by the number of columns to secure the number of equivalent lines, which should be multiplied by the price per line.

INSURANCE

Insurance coverage does not appear to be included within the definitions contained in the Public Purchases Law, IC 5-22, or Public Works Law, IC 36-1-12. Therefore, there is no specific statutory requirement for advertising and soliciting bids for such service. It is our audit position that advertising for quotations or bids for insurance is a matter for local determination.

Appropriations

TOWNS WITH POPULATION BETWEEN 500 AND 2000 - TRANSFERS OF MOTOR VEHICLE HIGHWAY AND LOCAL ROAD AND STREET DISTRIBUTIONS – IC 36-5-4-13

SMALL TOWNS WITH POPULATION OF 500 OR LESS - TRANSFERS OF FUNDS - IC 36-5-4-13

APPROPRIATIONS

Expenditures May Not Exceed Budget - IC 6-1.1-18-4

Appropriation Transfers Between Major Budget Classifications

Cities and Towns With Departmentalized Budgets – IC 6-1.1-18-6

Towns Without Departmentalized Budget - IC 6-1.1-18-6 restricts transfers to those "from one major budget classification to another within a department or office. . . ." Smaller towns do not use departmentalized budgets.

Attorney General Official Opinion No. 11, dated June 28, 1976, was written in response to a question from a public school corporation regarding transferring "money from one account of its general fund to another account within its general fund without additional prior notice to the public and without prior approval of the state board of tax commissioners." The Attorney General, in

Official Opinion No. 11, concludes:

“It is therefore, my official opinion that by enacting Indiana Code, section 6-1.1-18-6, the General Assembly intended to authorize a public school corporation, on the same basis as other political subdivisions of government, to transfer money from one major budget classification of its general fund to another classification within that same fund without additional public notice and prior approval of the State Board of Tax Commissioners; but such a transfer could only be made by ordinance adopted at a public meeting of the school board, and the ordinance could not authorize expenditure of money in excess of the total appropriation for the school corporation. This opinion, however, relates only to the intended applicability of Code section 6-1.1-18-6. Doubts remain as to the constitutionality of the provisions of that section which permit transfer of funds without notice.”

The State Board of Accounts recognizes the provisions of this statute and official opinion and recommends the town attorney review this information. With his/her written approval, the State Board of Accounts will not take audit exception in future audits of a town if transfers of appropriations are made within the Town General Fund, pursuant to the requirements of IC 6-1.1-18-6.

Additional Appropriations - IC 6-1.1-18-5

See Chapter 2 for a suggested format of Notice to Taxpayers of Additional Appropriations. Any questions relating to additional appropriations should be directed to the Department of Local Government Finance, Indiana Government Center North, Room N 1058, 100 North Senate Avenue, Indianapolis, Indiana, 46204, telephone (317) 232-3773. Inquiries may be made via email through www.in.gov/dlgef.

Insurance Claim Proceeds - IC 6-1.1-18-7

Where appropriations are made for insurance claim proceeds, this need not be advertised nor approved by the Department of Local Government Finance. The amount appropriated would be added to the current appropriation account from which the expense will be paid.

CUMULATIVE FUNDS - APPROPRIATIONS

Approval by the Department of Local Government Finance to establish a tax levy for any cumulative fund authorized by law does not carry with it the authority to expend such funds without appropriation.

Prior to obligating these funds, it will be necessary to secure an appropriation in the regular legal manner, which will require advertising to the taxpayers and approval of the Department of Local Government Finance.

Claims

ACCOUNTS PAYABLE VOUCHERS - FISCAL OFFICERS' RESPONSIBILITY FOR DISBURSING PUBLIC FUNDS

One of the most common inquiries received by the department concerns the obligation of a fiscal officer in the matter of drawing a warrant for claims approved. The official surety bond requires faithful performance of duty. Every claim should be evaluated for compliance with state statute. If there is uncertainty on the correctness or legality of a claim, the bonded official should proceed with caution and, if needed, seek the advice of the city or town attorney. In those situations, documentation should be maintained.

The following statutes, among others, provide guidance on the correctness and legality of claims:

Cities: IC 36-4-8-4 and IC 5-11-10

Towns: IC 36-5-4-2; IC 36-5-4-3; IC 36-5-4-4; IC 36-5-4-6; and IC 5-11-10

Also note that IC 5-13-5-2 requires all disbursements of public funds shall be made only upon checks (warrants) drawn upon depositories which shall be signed by the public officers authorized to sign in their official capacity. No other individual or group has authority to sign in place of the fiscal officer.

PAYMENT OF CLAIMS - References

Requirements for Issuance of Warrant or Check by Fiscal Officer - IC 5-11-10-1.6

Fiscal Officer Liability – IC 5-11-10-1.6(d)

Approval and Allowance of Claims. Claim Forms, Publication of Claims – IC 5-11-10-2

Use of Accounts Payable Voucher Register – IC 5-11-10-2(e)

Payment Prior to Board Allowance – Ordinance Required – IC 36-4-8-14; IC 36-5-4-12

Penalty When Not Paid Timely – IC 5-17-5-1

Itemization. Because the term “itemized” has not been defined in the Indiana Code, we have recommended the following as a guide to local officials responsible for the approval and payment of claims: A claim to be properly itemized should show the kind of service, where performed, date service rendered, by whom, rate per day, number of hours, rate per hour, price per foot, per yard, per hundred, per pound, per ton, etc.

PAYMENT OF CLAIMS BY ELECTRONIC FUNDS TRANSFER – IC 36-1-8-11.5

The fiscal body of a political subdivision or the board of a municipally owned utility may adopt a resolution to authorize an electronic funds transfer method of payment of claims. If a proper body adopts a resolution, the political subdivision or municipally owned utility may pay money from its funds by electronic funds transfer.

A political subdivision or municipally owned utility that pays a claim by electronic funds transfer shall comply with all other requirements for the payment of claims by political subdivisions or municipal utilities.

TRAVELING EXPENSE REIMBURSEMENTS

City or town officers and employees may be reimbursed for actual miles traveled in their own vehicles on official business at a reasonable rate per mile as fixed by an ordinance of the city council or town council. If two or more persons ride in the same motor vehicle, only one mileage reimbursement is allowable.

General Form No. 101 should be used for claiming mileage. The odometer reading columns on this form are to be used when distance between points cannot be determined by fixed mileage, official highway map, or other appropriate application.

When traveling outside the corporation limits on official business, officers and employees may be reimbursed for meals, lodging and other necessary traveling expenses. The claim for reimbursement should be completely itemized and should be supported by receipts from hotels, restaurants, and taxi cabs used by the employee while traveling on official business of the city or town.

Deposit and Investments, Bank Accounts

DESIGNATION OF DEPOSITORIES

Depositing Receipts – IC 5-13-6-1

Public funds deposited should be deposited in the same form in which they were received. This simply means all daily receipts received by the political subdivision should be deposited intact.

Depository Reconciliation – IC 5-13-6-1

Local Board of Finance

Cities and towns do not have local boards of finance. City and town councils designate by ordinance the depositories that each city or town will use.

MANNER OF INVESTING FUNDS

A political subdivision has authority to invest its funds in the following manner:

1. by specific fund;
2. by grouping specific funds; or
3. from total monies on deposit.

Investments by Fund

In consideration of the provisions of the law, as amended, and to Official Opinion No. 6 (1986) of the Attorney General, it is the position of the State Board of Accounts that in the following instances investments must be made from specific funds with the interest on such investments to accrue to the benefit on such funds:

1. Where, under the terms of the statute, bequest, endowment, trust or federal, state, or private grant, earnings on investments must accrue to the benefit of the fund from which the investment was purchased.
2. Where bonds are issued for any purpose and the proceeds are invested, the interest from the investments must be credited to the fund from which invested, to the Bond and Interest Redemption Fund, or to any other fund where directed by terms of the bond resolution.

Investments by Group of Funds or From Total Monies on Deposit

After meeting the foregoing requirements, as to investment “by fund,” the investment of all other monies on deposit, without identifying the fund or funds invested is permitted.

It should be stressed that, although certain funds must be invested “by fund,” this will not preclude investment of any other specific fund, with the interest on such investment to accrue to that fund, if so directed by the governing body.

Summary

To summarize the foregoing, investments should be made in the following manner:

1. By fund, where any statute or the terms of any bequest, federal, state, or private grant,

endowment or trust make provisions for investments, with the interest to accrue to the benefit of such fund.

2. By fund, if so determined by the governing board.
3. From the total of monies on deposit, after giving consideration to (1) and (2) above. fund.

ACCEPTANCE OF BANK CARD / CREDIT CARD AND OTHER METHODS OF PAYMENT - IC 36-1-8-11

CANCELLATION OF WARRANTS - OLD OUTSTANDING CHECKS

Pursuant to IC 5-11-10.5, all checks outstanding and unpaid for a period of two years as of December 31 of each year shall be declared void.

Not later than March 1 of each year, the treasurer shall prepare or cause to be prepared a list in duplicate of all checks outstanding for two or more years as of December 31 last preceding. The original copy shall be filed with the fiscal body of the city or town and the duplicate copy maintained by the disbursing officer of the city or town. The treasurer shall enter the amounts so listed as a receipt to the fund or funds upon which they were originally drawn and remove the checks from the list of outstanding checks.

Elections, Terms of Office, Official Bonds, Statutory Responsibilities of Office

PRIMARY AND ELECTION EXPENSES

Cities and Towns 3,500 and Over - IC 3-5-3

The expenses of city primaries and elections are paid by the county with each city conducting a primary or election being billed for its share of the expenses. Each city should include an item under "Other Services and Charges" (Account No. 439.07, Election Expense) in the budget for the election year for the total estimated amount to be paid to the county. The county auditor or clerk of the circuit court can supply information as to the amount to be included for primary and election expenses. IC 3-5-3-8 and IC 3-5-3-9 provide the procedure for the county to allocate all cities and those towns (over 3,500) primary and election costs.

The city attorney and the Election Division of the Secretary of State should be consulted for guidance on questions related to city elections.

Towns Under 3,500 - IC 36-10-7

The expense of a town primary and election in a town with less than 3,500 population are to be paid directly by the town. It is recommended that the total amount of such expenses be budgeted as one item under "Other Services and Charges" (Account No. 439.07, Election Expense) in the General Fund. [IC 3-10-7-16 and IC 3-10-7-17]

The town attorney and the Election Division of the Secretary of State should be consulted for guidance on questions related to town elections.

TERM OF OFFICE

REFERENCE

City Clerk

IC 36-4-10-2

City Clerk-Treasurer

IC 36-4-10-2

<u>TERM OF OFFICE (continued)</u>	<u>REFERENCE</u>
Town Clerk-Treasurer	IC 36-5-6-3
Town Council Members	IC 36-5-2-3
 <u>OATHS OF OFFICE</u>	
Officers and Deputies	IC 5-4-1-1
When to Take and File	IC 5-4-1-1.2
Endorsement and Certified Copies	IC 5-4-1-2
Deposit of Certified Copies	IC 5-4-1-4
 <u>OFFICIAL BONDS</u>	
Who Must File – Amounts	
Certain Officers and Employees	IC 5-4-1-18
Police Pension Secretary	IC 36-8-6-3
Fire Pension Secretary	IC 36-8-7-7
Utility Superintendent (Water, Gas and Electric Utilities)	IC 8-1.5-3-5
City Manager	IC 36-4-12-8
City Court Bailiff	IC 33-35-3-3
Town Manager	IC 36-5-5-5
Deputy Marshal	IC 36-5-7-6
Redevelopment Commissioner	IC 36-7-14-7
Approval	IC 5-4-1-8
Time for Giving	IC 5-4-1-9
To Whom Payable	IC 5-4-1-10
Faithful Performance of Duties	IC 5-4-1-19
Recording	IC 5-4-1-5.1 IC 36-2-7-10
 <u>VACANCIES IN ELECTIVE OFFICES</u>	
Caucus Procedures – Offices Held by Major Political Party	IC 3-13-11
Vacancies in City offices not held by a Major Party	IC 3-13-8

<u>VACANCIES IN ELECTIVE OFFICES</u> (continued)	<u>REFERENCE</u>
Vacancies in Town offices not held or filled by a Major Party	IC 3-13-9
Notice of Town Council Vacancy	IC 5-8-5
Circumstances creating a Vacancy on the Town Council	IC 36-5-2-6.5
Vacancy in Office of Town Clerk Treasurer (unable to fill under IC 3-13-9)	IC 36-5-6-9
Filling of vacancy by Chief Deputy	IC 3-13-11-12
Appointment to office of Clerk Treasurer if Chief Deputy Position not established or Chief Deputy not available	IC 3-13-11-16
 <u>FISCAL OFFICER RESPONSIBILITIES</u>	
<u>City Controller</u>	
Duties City Controller for Second Class City	IC 36-4-10-5
Duties regarding preparation of annual budget estimates	IC 36-4-7-6
Duties regarding preparation and passage of ordinances fixing tax rate, and making annual appropriations	IC 36-4-7-7
Restrictions on fiscal officer for expenditure of public funds	IC 36-4-8-2
Requires audit and investigation of claims against city by fiscal officer	IC 36-4-8-4
Approval of claims against city -- forfeiture of office for violation	IC 36-4-8-5
Prerequisites for approval of claims against city	IC 36-4-8-7
Procedures required prior to payment of salary claims	IC 36-4-8-8(b)
Liability	IC 36-4-10-2
 <u>City Clerk Duties</u>	
Duties	IC 36-4-10-4 IC 36-4-10-2
Liability	IC 36-4-10-2
 <u>City Clerk-Treasurer - Third Class Cities</u>	
Head of the Department of Finance - Duties	IC 36-4-10-4.5
Duties regarding preparation of annual budget estimates	IC 36-4-7-6
Duties regarding preparation and passage of ordinances, fixing tax rate, and making annual appropriations	IC 36-4-7-7
Restrictions on fiscal officer for expenditure of public funds	IC 36-4-8-2

<u>City Clerk-Treasurer - Third Class Cities (continued)</u>	<u>REFERENCE</u>
Requires audit and investigation of claims against city by fiscal officer	IC 36-4-8-4
Approval of claims against city -- forfeiture of office for violation	IC 36-4-8-5
Prerequisites for approval of claims against city	IC 36-4-8-7
Procedures required prior to payment of salary claims	IC 36-4-8-8(b)
 <u>Town Clerk-Treasurer</u>	
Duties	IC 36-5-6-6
Clerk of legislative body - tie-breaking vote authorized	IC 36-5-2-8
Duties regarding preparation of annual budget estimates	IC 36-5-3-3
Duties regarding preparation and approval of ordinance, fixing tax rate, and making annual appropriations	IC 36-5-3-4
Requirements to be met prior to disbursement of funds	IC 36-5-4-2
Procedures required of the town council prior to issue of warrants (checks) forfeiture of office for violation	IC 36-5-4-3
Requirements for allowance of claims - forfeiture of office for violation	IC 36-5-4-4
Conditions which must be met prior to issue of warrants (checks)	IC 36-5-4-6
Requires delivery of records and property to successor	IC 36-5-4-10
Clerk-Treasurer serves as town clerk and town fiscal officer	IC 36-5-6-2
Clerk-Treasurer may administer oaths, take depositions, and take acknowledgments of instruments	IC 36-5-6-5
Liability	IC 36-5-6-6
 <u>FISCAL OFFICERS - APPOINTMENT OF OFFICE PERSONNEL</u>	
City Controller of Second Class City	IC 36-4-11-5
City Clerk	IC 36-4-7-3 IC 36-4-11-4
City Clerk-Treasurer - Third Class Cities	IC 36-4-10-7
Town Clerk-Treasurer	IC 36-5-6-7

OFFICE SPACEREFERENCE

City Clerk and or Clerk Treasurer	IC 36-4-10-2.5
Town Clerk Treasurer	IC 36-5-6-5.1

ATTORNEYS AND LEGAL RESEARCH ASSISTANTS

City Clerk or Clerk Treasurer	IC 36-4-10-5.5
Town Clerk Treasurer	IC 36-5-6-8

CORPORATE SEAL

General Corporate Powers	IC 36-1-4-4
City Clerk responsibility to keep the city seal	IC 36-4-10-4
Town legislative body may adopt and use a common seal	IC 36-5-2-9

OUTGOING OFFICIALS - YEAR END DUTIES

Outgoing Clerk-Treasurers and Controllers should completely post and balance their records before turning them over to their successors in office on January 1.

If there are any investments or undeposited cash in the office on December 31st the new Clerk-Treasurer should sign a receipt therefore to be attested to by the outgoing officer. Both the outgoing Clerk-Treasurer and the successor in office should each receive a copy. Any cash change fund should be returned to the fund from which it was advanced on or before December 31st.

It is also suggested that the outgoing officer prepare in triplicate an itemized list of equipment in the office on December 31st to be signed by his successor and attested to by the outgoing Clerk-Treasurer. Disposition of the copies should be the same as outlined in the preceding paragraph.

The outgoing Clerk-Treasurer should also refer to the new officer the reports that must be prepared in January and offer assistance in preparing the reports, and in reconciling the depository accounts at the close of the year. Among the reports to be prepared are Withholding Taxes (Federal and State), Social Security, Utility Receipts Tax, Sales Tax (if any), Annual Financial Report to be filed on the Gateway, Utility Reports to be filed with the Indiana Utility Regulatory Commission and Form 100-R, Certified Report of Names, Addresses, Duties and Compensation of Public Employees.

If it is necessary for the outgoing official to assist the incoming official after December 31, it is permissive for the outgoing official to be compensated assuming

1. A position and salary has been established in the salary ordinance;
2. An appropriation is available for the position; and
3. Funds are available.

Funds

FUNDS - CREATING NEW FUNDS

It is our audit position that the powers granted by various statutes, including IC 36-1-3, authorize the common council of a city or the town council of a town to create, by ordinance, as many funds as they feel necessary to operate their particular city or town.

The enabling ordinance should provide various types of information:

1. The ordinance should clearly indicate the type or types of revenue that is to go into the new fund.
2. The ordinance should list the purpose or purposes for which expenditures can be made from the new fund.
3. The ordinance should establish the life of the new fund and indicate if the fund balance is nonreverting at year end or perpetual until terminated either by the terms of the current ordinance or if another subsequent ordinance must be enacted.
4. The ordinance should provide guidance as to disposition of the fund balance on termination of the fund.
5. The ordinance should include any other terms or conditions the city or town attorney deems necessary.

CASH CHANGE FUND

The establishment of a cash change fund is recommended for each department of a city or town collecting licenses, fees, utility service charges or any other cash revenues. The authority for such fund is IC 36-1-8-2. The fiscal body of the political subdivision must authorize the establishment of the cash change fund.

An accounts payable voucher should be filed by the officer or employee who is charged with the duty of collecting the cash revenues for the amount deemed necessary for presentation to the proper board. The amount of the fund must be established by the fiscal body. The accounts payable voucher should contain a statement regarding the necessity for such fund together with the statutory reference authorizing its establishment.

Upon approval of the accounts payable voucher by the proper board, the Clerk-Treasurer would draw a warrant on the city or town general fund without appropriation, if for civil use, or the operating fund of the proper utility, if for utility purposes.

The warrant is to be converted to cash and retained by the officer or employee in whose favor it is drawn, who shall be held individually responsible for the custody and safekeeping of such cash.

The entire cash change fund is to be returned to the fund from which it was advanced if and when it is no longer needed, and must be returned at the conclusion of each term served by the person drawing same.

PETTY CASH FUND

As further provided by IC 36-1-8-3, the fiscal body of a political subdivision may also establish a petty cash fund for the purpose of paying small or emergency items of operating expense. A receipt shall be taken for each and every expenditure from such fund and an accounts payable voucher shall be filed by the custodian of the fund, to reimburse such fund for expenditures so made. No reimbursement shall be made unless there is attached to the accounts payable voucher receipts totaling the amount so claimed. Such

reimbursement shall be approved, allowed and paid in the same manner as other accounts payable vouchers. The amount of the fund shall be established by the fiscal body of the political subdivision.

DORMANT FUND BALANCE TRANSFERS - IC 36-1-8-5

RESTRICTED DONATIONS

The Attorney General held in Official Opinion No. 68 of 1961 that no further appropriation by other officials of government is necessary to expend monies donated for the specific purpose designated by the donor of the gift.

Such donation should be receipted into a separate fund properly titled, such monies not to be commingled with any other monies received by the city or town.

Based upon the reasoning used in the foregoing opinion, we believe payments may be made by a city or town at any time from this fund for the purpose specified by the donor without appropriation. However, accounts payable vouchers must be filed and approved in the regular legal manner before payments are made from this specific fund.

If the volume of restricted donations justifies it, a "control" fund may be established for all restricted donations. Separate, individual accounts would then be established to account for each restricted donation or each type of restricted donation. The total activities of the separate accounts -- receipts, disbursements, balances -- could be reflected on the control fund.

Income from investments on restricted donations should be receipted into the same fund in which the principal of the donation has been receipted, provided it is to be used for the same purpose as the principal. However, if under the terms of the trust, the principal must be held in trust in perpetuity and only the income used by the governmental unit, there should be two funds established. One fund should be designated as "trust principal" and the other designated as "trust interest." In this situation, expenditures would only be permitted from the "Trust Interest (Income) Fund".

STREETS AND CURBS - DEPOSITS FOR CUTTING

When a city or town requires a cash deposit from utilities, contractors and individuals for cutting streets and curbs, the following accounting procedure is recommended.

1. Receipt such deposits into a separate fund entitled "Street Cut Deposit Fund" (or similar wording).
2. If the utility, contractor or individual does not perform the work satisfactorily or if the city or town is to do the work under the agreement, pay the costs of labor and materials from the Motor Vehicle Highway Fund in the regular manner from appropriations available therefore.
3. After the repair work is completed satisfactorily, reimburse the MVH fund for any labor and materials required and refund the balance of the deposit (if any) to the depositor from the "Street Cut Deposit Fund." Claims should be filed to support both transactions; however, no appropriation is required for either type of expenditure from said fund.
4. A record or card file should be kept for each deposit, showing the receipt and any disbursements applicable to such deposit. Utility Form No. 314, Guarantee Deposit Register, could be used for such record.
5. The amount of the cash deposit and this procedure should be established by ordinance of the common council or town board of trustees.

PARKING METERS AND PARKING FEES (OTHER THAN INDIANAPOLIS) – IC 36-9-12

	<u>REFERENCE</u>
Use of Parking Meters Authorized; Ordinance	IC 36-9-12-2
Purchase or Lease	IC 36-9-12-3
Deposit and Disbursement	IC 36-9-12-4
Appropriations and Budget Estimates	IC 36-9-12-5
Transfer to General Fund by Ordinance	IC 36-9-12-7

It is our audit position that an ordinance by the common council or town council governing penalties on account of violations of parking meter regulations can provide for receipting penalties to either the Parking Meter Fund or General Fund. In the absence of any such provision, penalties shall be receipted to the General Fund.

CUMULATIVE FUNDS - TAX LEVY

Following is a list of cumulative funds that are authorized to be established by tax levy pursuant to IC 6-1.1-41-1:

Cumulative Bridge Fund	IC 8-16-3
Cumulative Building Fund for Airport Authorities	IC 8-22-3-25
Cumulative Building Fund for Vanderburgh County Levee Authority	IC 14-27-6
Cumulative Hospital Building Sinking Fund	IC 16-22-4
Cumulative Building and Equipment Fund (For Fire Stations, Fire Equipment and Police Radio Equipment)	IC 36-8-14
Cumulative Transportation Fund	IC 36-9-4-48
Cumulative Capital Development Fund for Municipalities	IC 36-9-15.5
Cumulative Building (or Sinking) Fund	IC 36-9-16-2
Cumulative Capital Improvement Fund	IC 36-9-16-3
Cumulative Street Fund	IC 36-9-16-5
General Improvement Fund	IC 36-9-17
Cumulative Building and Sinking Fund - Municipal Sewers	IC 36-9-26
Cumulative Drainage Fund	IC 36-9-27-98 to 103
Cumulative Building Fund for Park Boards	IC 36-10-3-21
Cumulative Building and Sinking Fund For Park Land and Improvements in Certain 2nd and 3rd Class Cities	IC 36-10-4-36

Inquiries relative to the procedure for establishing tax levies for these funds should be directed to the Department of Local Government Finance, Indiana Government Center North, Room N 1058, 100 North Senate Avenue Indianapolis, Indiana, 46204, telephone number (317) 232-3777; www.in.gov/dlgef.

LEVY EXCESS FUND - IC 6-1.1-18.5-17

Requires that a local taxing unit to establish a "Levy Excess Fund." That portion of the property taxes received which exceeds one hundred percent (100%) of the taxing unit's ad valorem property tax levy shall

be receipted to this "Levy Excess Fund." Delinquent property taxes that are collected during a particular calendar year that were assessed for an assessment date that precedes the assessment date for the current year in which the taxes are collected are to be excluded from the amount which is used to compute the amount of the levy excess.

These statutes will not in any way affect the manner in which property taxes are distributed to local units of government and tax distributions will continue to be made in the manner as they have been in the past.

Each year the Department of Local Government Finance will certify to each unit of local government figures which show one hundred percent (100%) of the tax levy for each fund and, if the property taxes received exceed one hundred percent (100%) of the levy, the excess shall be receipted to the "Levy Excess Fund" unless the amount is less than \$100.00 in any calendar year.

Determining Need For Levy Excess Fund

In some units of local government it may not be necessary to establish a "Levy Excess Fund". Each year the Department of Local Government Finance will certify to each unit of local government an amount which represents one hundred percent (100%) of the levy for each fund for which a tax rate is levied.

To determine if a Levy Excess Fund should be established in the unit of government which you represent, you should:

1. Obtain a total for all funds of the amounts certified as one hundred percent (100%) of the tax levy for each fund.
2. Add the amounts shown on the County Auditor's Certificate of Tax Distribution on the "Totals" line of the taxes column headed "General Property" for the June and December tax distributions of the applicable year. Do not include License Excise or Bank and Building and Loan Taxes.
3. If the total (all funds) of one hundred percent (100%) of the tax levy exceeds the total taxes received (Item 2 preceding page) it will not be necessary to establish a "Levy Excess Fund."
4. If the total taxes received exceeds one hundred percent (100%) of the tax levy a "Levy Excess Fund" must be established unless the amount is less than \$100.00.

Handling of Levy Excess Fund on Records

In those units where it is determined that a Levy Excess Fund must be established, a worksheet should be prepared in the following manner:

LEVY EXCESS WORKSHEET

Name of Unit _____

Date _____

Taxes for 20__ Payable in 20__.

	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
100% of Tax Levy General Property Taxes - June Settlement* (Deduct)	\$	\$	\$	\$	\$
Portion of December Settlement Due Individual Funds (1)	_____	_____	_____	_____	_____
Total Property Taxes December Settlement*					\$
Less Portion of December Settlement Due Individual Funds (Above)					_____
Amount Due Levy Excess Fund (1)					<u>\$</u>

* This should be Property Taxes only. Do not include License Excise or Bank and Building and Loan Taxes.

(1) The "Portion of December Settlement Due Individual Funds" should be receipted to the individual funds and the "Amount Due Levy Excess Fund" should be receipted to the Levy Excess Fund.

Use of Fund

The statute provides that the Department of Local Government Finance may require a taxing unit to include the amount in its Levy Excess Fund in the taxing unit's budget. After the budget has been approved, the amount in the Levy Excess Fund should be transferred from the Levy Excess Fund by warrant (check) and quietus (receipt) to the fund or funds in which the reductions were made to reduce the amount to be raised by taxation.

Investments

Any balance in the Levy Excess Fund can and should be invested in the same manner in which money in the General Fund may be invested. Any income derived from investment of the money shall be deposited in and become a part of the Levy Excess Fund.

Advance Draws

If the amount received in the June settlement, plus advance draws against the December settlement (prior to reviewing the final distribution), exceeds one hundred percent (100%) of the tax levy, it will be necessary to transfer the amount of this excess by warrant (check) and quietus (receipt) from the affected fund or funds to the Levy Excess Fund.

Tax Refunds

IC 6-1.1-18.5-17 authorizes reimbursement from the Levy Excess Fund of amounts refunded for erroneous taxes under certain circumstances.

Generally, tax refunds are deducted by the county auditor from taxes available for distribution, so that amounts received by a governmental unit are “net” after deducting the refunds. If refunds are made of taxes paid in a year prior to the current year, such as 2004 payable in 2005 taxes refunded in 2006, or if an unusually large amount is refunded for taxes paid in a particular taxing district, the loss in receipts from property taxes may be reimbursed from the Levy Excess Fund. However, prior to a governmental unit reimbursing the amount of any tax refund from the Levy Excess Fund, the county auditor should contact the Department of Local Government Finance for approval.

All tax refunds shall be made from the County General Fund in the usual manner, deducted in the December settlement and receipted to the County General Fund. After the Department of Local Government Finance has approved reimbursement from the Levy Excess Fund, it will then be necessary for the county auditor to apportion to each taxing unit the amount refunded and notify each affected taxing unit of the amount which should be transferred from the taxing unit’s Levy Excess Fund to the General Fund or Operating Fund of the taxing unit

PARK NONREVERTING OPERATING FUND – IC 36-10-3-22

Established by Ordinance

After receiving a request from the Park and Recreation Board, the Common Council or the Town Council should set out in the ordinance the types of expenditures approved and any other conditions and procedures related to such expenditures.

It is our audit position that the special nonreverting operating fund provides a means of funding a “particular activity” with a reasonable fee. Each such activity is to be more or less self-supporting. The fund was never intended to be a revenue producing mechanism enabling the Park and Recreation Board to operate outside of review of the Common Council or the Town Council.

The State Board of Accounts has not taken exception to immaterial project or activity surpluses have been generated and used to help other park activities within the special nonreverting operating fund as long as the Common Council or the Towns Council has granted such authority within the enabling ordinance. As a general rule, when a program activity generates a large balance or surplus, we have recommended units transfer the surplus to the park operating fund. Conversely, if a program activity is unable to generate enough revenue to fund the program, the Board would have to appropriate and make expenditures from the park operating fund to make up the shortfall.

If, however, the legislative body specifically approves in the enabling ordinance the practice of using moneys from various events for funding other approved events, the State Board of Accounts would not take audit exception. However, the approval must be set out in such detail that there is no question as to intent and the manner in which such funding is allowed.

FEDERAL AID

IC 5-19-1 authorizes any political subdivision of the state to cooperate with the federal government (in any manner necessary not prohibited by law) for the purpose of accepting federal aid.

Indebtedness, Temporary Transfers, Advances

INDEBTEDNESS

General Obligation Indebtedness

A city or town can legally create interest-bearing indebtedness against the taxing power of such city or town under the following statutes:

- (1) Cities - Temporary Loans
IC 36-1-4-9
IC 36-4-6-20
- (2) Towns - Temporary Loans
IC 36-1-4-9
IC 36-5-2-12
- (3) Cities – Loans in Anticipation of Future Revenues – IC 36-4-6-20
- (4) Towns – Loans in Anticipation of Future Revenues – IC 36-5-2-12
- (5) Cities - Permanent Loans - Bonds or Other Evidences of Indebtedness
IC 36-1-4-9
IC 36-4-6-19
IC 5-1-11, IC 5-1-12, IC 5-1-13, IC 5-1-14 and IC 5-1-15
IC 6-1.1-20
- (4) Towns - Permanent Loans - Bonds or Other Evidences of Indebtedness
IC 36-1-4-9
IC 36-5-2-11
IC 5-1-11, IC 5-1-12, IC 5-1-13, IC 5-1-14 and IC 5-1-15
IC 6-1.1-20
- (5) Cities and Towns - Funding and Refunding Indebtedness
IC 5-1-9-1
- (6) Public Works Borrowing – For Projects not more two million dollars (\$2,000,000) or eligible efficiency projects not more than three million dollars (\$3,000,000) IC 36-9-41-1

Interest Rate – IC 6-1.1-20-7 and IC

BONDS – REGISTERED - IC 5-1-15

In an effort to facilitate accounting procedures, the State Board of Accounts has issued the following instructions:

1. If a bank, trust company, or other financial institution has been employed as a paying agent or registrar, a properly certified listing of bondholders from the paying agent or registrar along with a signed claim [IC 5-11-10-1] shall serve as mailing list for the fiscal officer. There is no requirement for each individual bondholder to file a claim.
2. The mailing of the funds for bonds and coupons coming due must be mailed in such a manner to ensure receipt by the bondholder by the due date specified. (Personnel of financial institutions state they usually make such mailings by first class mail one to three business days in advance of the due date. They do not mail by certified or registered mail due to costs involved. We suggest you review this with your city or town attorney.)

3. Since the paying agency or registrar shall keep a register to ownership of bonds and all bonds and coupons shall be paid when becoming due, we see no reason for the municipality to duplicate those same records maintained by the paying agent or registrar by keeping a bond register. There should be no unpaid outstanding matured bonds or coupons.
4. In all instances when employing a bank, trust company, or other financial institution, be sure to protect the municipality from any liability arising due to any possible errors relating to names and addresses of current bondholders. This protection may be obtained by the financial institution furnishing a bond or insurance in favor of the municipality.

Please consult your city or town attorney regarding their instructions for handling registered bonds.

Time Warrants – Temporary Loans - IC 36-4-6-20 and IC 36-5-2-12

Approval for Interest rate in excess of 8% - IC 6-1.1-20-7

A loan must be repaid from the fund to which the loan was receipted. The principal of a loan may be repaid without an appropriation, but an appropriation is required for payment of the interest on the temporary loan.

Suggested forms of “Notice of Receiving Bids for Temporary Loans” and “Tax Anticipation Time Warrant” which is similar to those now being used in some cities and towns follows. Please consult your city or town attorney for advice in this matter.

NOTICE OF RECEIVING BIDS FOR LOANS

Notice is hereby given that the common council (or town council) of _____, in _____ County, Indiana, will receive sealed bids up to the hour of _____ (a.m. or p.m.) on the _____ day of _____, _____, at the office of _____ street, _____, Indiana, for the following:

The proposal to loan the said city (or town) of _____, Indiana, _____ Dollars for the _____ Fund in anticipation of the revenues of the city (or town), and for a term not to exceed _____ days/years.

Each bid shall stipulate the rate of interest to be charged. Each bid shall be accompanied by an affidavit that no collusion exists between the bidder and any other person relative to such bid.

Prior to maturity all or any amount of the principal may be prepaid with accrued interest to the date of prepayment.

All bids must be made in full compliance with the law governing such matters; and, the common council (or town council) reserves the right to reject any or all bids.

ATTEST:

Clerk: (City or Town) of _____

BY: _____

Mayor, City of _____

or President of Council, Town of _____)

No. _____

Principal \$ _____
Interest At _____% \$ _____
Total \$ _____

CITY (OR TOWN) OF _____ TAX ANTICIPATION TIME WARRANT
_____ FUND

On the ____ day of _____, the City (or Town) of _____, in _____ County, Indiana promises to pay the bearer, at the office of the Treasurer of the City (or Town) of _____, the sum of _____ including interest on the principal amount of this warrant from the date hereof to maturity, payable out of and from taxes to be levied and collected in the year(s) _____, _____, _____, _____, _____, and payable in the year(s) _____, _____, _____, _____, _____. This warrant may be prepaid on and after _____, and prior to maturity at the principal amount hereof plus accrued interest to the date of prepayment.

This Tax Anticipation Time Warrant is one of a series of warrants aggregating a sum of _____, exclusive of interest added thereto to maturity, evidencing a temporary loan in anticipation of the taxes to be levied and collected for the _____ Fund of said City (or Town).

Said loan was authorized by an ordinance duly adopted by the Common Council (or Town Council) of the City (or Town) of _____, at a meeting thereof duly and legally convened and held on the _____ day of _____, for the purpose of providing funds for the _____ Fund of said City (or Town) of _____, in compliance with an act of the General Assembly of the State of Indiana, entitled "An Act Concerning Municipal Corporations," approved March 6, 1905, and all acts amendatory thereof and supplemental thereto, including particularly IC 36-4-6-20(b).

The consideration of said warrant is a loan made to the City (or Town) of _____ in anticipation of taxes to be levied and collected for the _____ Fund of said City (or Town) for the year(s) _____, _____, _____, _____, _____, payable in the year(s) _____, _____, _____, _____, _____, and said taxes to be levied and collected are hereby specifically appropriated and pledged to the payment of said Tax Anticipation Time Warrant.

It is hereby certified and recited that all acts, conditions and things required to be done precedent to the authorization, preparation, complete execution and delivery of said warrants have been done and performed as provided by law.

IN WITNESS WHEREOF, the City (or Town) of _____ has caused this warrant to be signed in its corporate name by its Mayor (or Town Council President) and attest by the Clerk of the City (or Town) of _____ and the corporate seal of said City (or Town) hereunto affixed.

Dated this _____ day of _____.

ATTEST:

Clerk: (City or Town) of _____

CITY (OR TOWN) OF _____
BY: _____
Mayor, City of _____
(or President of Council, Town)
of _____

TEMPORARY TRANSFERS – IC 36-1-8-4

Temporary transfers should be effected by issuing a warrant and receipt for the amount of the transfer. The warrant should be endorsed and deposited in the depository account designated for the depleted fund. No appropriation is required either for the transfer or the repayment. Also, no interest should be charged on any such temporary transfer.

GRANT ANTICIPATION NOTES - IC 5-19-1.5LOANS FROM MUNICIPALLY OWNED UTILITIES

Water, Gas, and Electric Utilities - IC 8-1.5-3-12 and IC 8-1.5-3-11

Wastewater Utility

A municipality or municipally owned utility could borrow money from or loan money to the municipality's wastewater utility under the provisions of the Home Rule statute contained in IC 36-1-3.

PROPERTY TAXES - REQUEST FOR ADVANCES - IC 5-13-6-3

If a county auditor fails to make an advance by the deadline, the political subdivision may recover interest on the undistributed tax collections under IC 6-1.1-27-1.

DISPOSITION OF SURPLUS PROCEEDS - BOND ISSUES OR INVESTMENT EARNINGS

Use of Surplus Proceeds	IC 5-1-13-2
Income from Investment of Proceeds of Sale of Bonds	IC 5-1-13-3

Public Purchasing and Public Works

<u>BARRETT LAW ASSESSMENTS</u>	<u>REFERENCE</u>
Municipal and County Barrett Law	IC 36-9-36
Barrett Law Funding for Municipalities	IC 36-9-37
Barrett Law Funding for Municipal Improvement Districts	IC 36-9-38
Barrett Funding for Municipal Sewers	IC 36-9-39

The receipt and disbursement of these funds is limited to construction projects. Each project will generally require special authorization or resolution of the board necessitating separate for each project. As each project will denote the character of the proposed disbursements, further identification by objects of expense is unnecessary. The Clerk-Treasurer, according to the statute, serves as custodian of these funds.

Non-waivered Barrett

Cash payment of assessments; interest on delinquencies	IC 36-9-36-37
Interest penalty collections; surplus Barret Law account; use of funds	IC 36-9-37-21
Preservation of assessment in default as a lien	IC 36-9-37-23

A detailed explanation of the use of Barrett Law Forms is contained in Chapter 6.

For control of Barrett Law Funds, four accounts shall be carried in the fund ledger, on form 208, Ledger of Receipts, Disbursements and Balances, for the Waivered, Nonwaivered, Prepayment and Surplus Barrett Law Account.

Total receipts for the month shall be posted to these accounts from the Cash Book, Form No. 15.

Total waived and nonwaivered disbursements for the month shall be posted from the Summary of Payments, Form No. 241, and the Primary Assessment Roll, Form No. 43, respectively.

Total Surplus Barrett Law Account disbursements for the month shall be posted from the warrant register.

The total; of these accounts shall be reconciled monthly with the bank balance.

The waived, non-waived prepayment funds should be classified as Debt Service Funds.

The Surplus Barrett Law Fund should be classified as an Agency Fund.

<u>Waivered Barret Law Assessments</u>	<u>REFERENCE</u>
Payment of assessment in deferred installments	IC 36-9-37-12
Time for making payments	IC 36-9-37-12
Bonds - time for payment	IC 36-9-37.29
Bond Denomination	IC 36-9-37-28
Payment of assessment installments	IC 36-9-37-14
Investment money on account of prepaid assessments	IC 36-9-37-14
Schedule of amounts paid on bonds	IC 36-9-37-32
<u>Delinquent Waivered Assessments</u>	
Payment on prorated basis with interest	IC 36-9-37- 29
Collection of delinquent assessments; interest penalties	IC 36-9-37-20
Interest penalty collections; surplus Barrett Law account	IC 36-9-37-21
Default on single installment	IC 36-9-37-22
Certification of delinquent assessments – June 1	IC 36-9-37-23
Delinquent assessments; sale of property	IC 36-9-37-24
<u>Old Barrett Law Waivered Balances</u>	IC 36-9-37-42

Release of Lien on Unpaid Assessments The lien for Barrett Law assessments shall expire five years after

the due date of the assessment except that where assessments are payable in installments, action to foreclose the lien may be brought within fifteen years from the date of the final approval of the assessment. Thereafter, upon request by the property owner, the Clerk-Treasurer evidencing the lien of an unpaid assessment shall certify across the face of such record that the lien on said assessment is satisfied and released by lapse of time.

Official Bond Requirements - IC 36-9-3-7 and IC 5-4-1-18

Public Records

PRESERVATION AND DESTRUCTION OF PUBLIC RECORDS

Policy

The governing board is charged with the duty to preserve, keep, maintain, or file all the official records of the political subdivision pursuant to IC 5-15-1-1. The final decision as to the destruction or disposition of such records rests with the local public records commission. A local public records commission is established in each county pursuant to IC 5-15-6-1.

IC 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Suggested Procedures

As a starting point for disposing of old records, an inventory of the office and the storerooms should be taken. The inventory should list the type of record and the year such record was made.

After the inventory is completed and a decision is made as to the records to be destroyed, a request and approval for destruction of records should be submitted to the County Commission of Public Records of the county in which the public agency is located.

The State Commission has furnished each secretary of the County Commission of Public Records a supply of Form PR1 entitled "Request for Permission to Destroy and Transfer Certain Public Records" to be used by local officials in submitting requests to the County Commissions.

The Clerk of the Circuit Court or the County Recorder may serve as Secretary of the Commission.

The decision as to the disposition or destruction of any record rests entirely upon the commission; however, there are certain records which appear to be sufficient value to require that they be retained permanently, and there are other records which should not be disposed of for a period of longer than three years, due to limitations imposed under other statutes. Among these records are:

Retained Permanently

All minutes due to their historical value and their value in determining titles of property, appointments, etc.

Ledgers of Receipts and Disbursements as permanent financial records.

Bond Records, as evidence of indebtedness and payment.

Retained for Longer Periods Than Three (3) Years

All contracts, claims and paid warrants for minimum of six (6) years due to statute of limitations in

civil actions. [IC 34-1-2-1 and IC 34-1-2-2]

Barrett Law records for a minimum of 15 years.

Public Records Retention - Audit

IC 5-15-6-3(f) concerning destruction of public records, states in part: “Original records may be disposed of only with the approval of the commission according to guidelines established by the commission.”

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee.

RETENTION SCHEDULES

The Indiana Archives and Records Administration (IARA) has approved retention schedules for city and town financial records. The schedules list prescribed forms and the length of time each form is required to be kept. The schedules can be obtained at www.in.gov/iara. . Also published on the website is the Guide to Preservation and Destruction of Local Public Records.

IC 5-15-6-2.5 requires each local County Commission on Public Records to adopt such retention schedules not more than thirty (30) days after adoption by the State Oversight Committee.

Once the retention schedules are adopted, records may be destroyed in accordance with the schedules and without permission of the local County Commission. However, cities and towns must submit documentation of such destruction to the County Commission and the State Archives and should notify any active genealogical societies and any active historical societies located in the county before destruction.

Any records not listed on the retention schedules may be destroyed only with permission of your county commission on public records and the Indiana Archives and Records Administration.

Please contact IARA for questions regarding record retention at www.in.gov/iara or (317) 232-3380.

Utilities

<u>SEWAGE UTILITY - COLLECTION OF DELINQUENT CHARGES</u>	<u>REFERENCE</u>
Fees; Nonpayment; Delinquency Penalty; Civil Action to Recover	IC 36-9-23-31
Liens for Nonpayment of Fees; Priority; Attachment; Subsequent Owners; Property Not Occupied by Owner; Notice to Owner	IC 36-9-23-32
Collection of Unpaid Fees; Recording of Liens; Certification to County Auditor; Fees, Charges, and Penalties; Collection with Property Taxes	IC 36-9-23-33
Liens; Foreclosure; Attorney's Fees	IC 36-9-23-34

Recording Entries

Special attention should be given to making proper entries for recording bad debt expense when the

properly verified documents are presented by a real estate purchaser pursuant to IC 36-9-23-32(d). The verified demands shall be retained for subsequent review during audit of the utility records.

Whether the sewage utility records are maintained on a cash or accrual basis, the individual consumer's ledger will be credited for the amount written off as a bad debt. The amounts written off should be noted in the governing board's minutes. (This would also apply to bad debts of a water, electric, or gas utility.)

Following is a suggested general journal entry for those sewage utilities on an accrual basis for recording the bad debt expense:

	<u>Debit</u>	<u>Credit</u>
Bad Debt Expense	\$ xxx.xx	
Accounts Receivable - Consumers		\$ xxx.xx

To record bad debt expense due to purchaser's verified demand pursuant to IC 36-9-23-32(d). (This entry would also be used where a board wrote off an account under IC 36-9-23-33(l).)

SEWAGE UTILITY - CONSUMERS' DEPOSITS - IC 36-9-23-28

SEWAGE UTILITY - UNCLAIMED OVERPAYMENTS

Pursuant to IC 36-9-23-28.5, an overpayment of sewer fees that remains unclaimed by a payor for more than seven (7) years after the termination of the service for which overpayment was made becomes the property of the municipality.

NOTE: There is no seven (7) year requirement for holding unclaimed water, gas or electric utility deposits or overpayments before declaring them property of the utility.

WATER, SEWAGE, GAS, AND ELECTRIC UTILITIES - COLLECTION POLICY

The governing board over a water, gas, or electric utility should adopt written policies dealing with unclaimed meter deposits, bad debts, due dates, write-offs, NSF checks, etc.

The governing body over a sewage utility should also adopt written collection policies for those areas not covered by statute.

CASH RESERVE FUND – UTILITY FUNDS - IC 8-1.5-3-11

EXPENDITURES OF UTILITY FUNDS

Expenses paid from utility funds should be directly related to the operation of the municipally owned utility. Expenditures for city and town operating costs should not be paid from utility funds. Furthermore, utility funds should not be used to pay for personal items. The cost of shared employees and equipment between a city or town and its utilities or between utilities should be prorated in a rational manner.

Establishment of a Cash Reserve Fund permits transfer of surplus utility funds to the city or town general fund. After appropriation, such transferred funds may then be used for any legal general fund purpose.

SECTION F – SAMPLES OF SUGGESTED FORMATS
FORMS NOT PRESCRIBED BY STATE OF INDIANA

**SAMPLE
SUGGESTED FORMAT**

Register of Proposals

Date: _____

Supplies: _____

ATTACH A COPY OF THE REQUEST FOR PROPOSALS AND A LIST OF ALL PERSONS TO WHOM COPIES OF THE REQUEST FOR PROPOSALS WERE GIVEN

Please Type or Print Legibly

Name of Offeror	Address	Amount of Offer

Sample

Source: IC 5-22-9-5

Successful Proposal:

Name of Offeror: _____

Amount of Offer: _____

Basis for Award: _____

**SAMPLE
SUGGESTED FORMAT**

Checklist for Invitation for Bids

Type of Supply _____

Requesting Agency _____

_____ Purchase Description

_____ Evaluation Criteria to Be Used (Circle Selections)

- Inspection
- Testing
- Quality
- Workmanship
- Delivery
- Requirements Imposed on Trusts

_____ Applicable Contract Terms and Conditions

_____ Time and Place for Opening Bid

_____ Evidence of Financial Responsibility Required? (Circle Selection)

- Certified Check
- Bid Bond
- Other _____ (specify)

_____ Performance Bond Required?

_____ Statement of Conditions Under Which Invitation May Be Canceled

_____ Statement of Conditions Under Which Bid May Be Rejected in Whole or in Part

_____ Notice of Invitation for Bids Published

First Date of Publication _____

Second Date of Publication _____

_____ Form of Non-Collusion Affidavit

Source: IC 5-22-7-2

Sample

**SAMPLE
SUGGESTED FORMAT**

NON-COLLUSION AFFIDAVIT

STATE OF INDIANA)
)
_____ COUNTY)

The undersigned offeror or agent, being duly sworn on oath, says that he has not, nor has any other member, representative, or agent of the firm, company, corporation or partnership represented by him, entered into any combination, collusion or agreement with any person relative to the price to be offered by any person nor to prevent any person from making an offer nor to induce anyone to refrain from making an offer and that this offer is made without reference to any other offer.

_____)
Sample Offeror (Firm)

Signature of Offeror or Agent

Subscribed and sworn to before me this _____ day of _____, 1998.

My Commission Expired: _____
Notary Public

County of Residence _____

Source: IC 5-22-16-6