
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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Frequently Asked Questions

Budget Conference Call

April 25, 2019

1. What is the best way to budget for 27 pays?

In most 12-month periods, a unit will budget for 26 bi-weekly pay periods. Occasionally, depending on a unit's payroll schedule, there will be a year with a 27 bi-weekly pay period.

From a budget perspective, it is the same process for 26 or 27 pay periods. The unit will need to include the payroll expenses in their Form 1. State Board of Accounts ("SBOA") has released the bulletins below with suggestions on how to manage the actual expenditures. Below is an excerpt from a county bulletin (https://www.in.gov/sboa/files/cob2013_388.pdf).

COMPENSATION – ANNUAL SALARIES – PROPER PAYMENTS

Indiana statutes require salary ordinances to be enacted annually for all elected and appointed county officials and employees. Historically, even dollar amounts such as \$20,000 are set as an annual salary for an employee. With a bi-weekly payroll period established for the unit, it becomes difficult to pay an employee the exact amount of his/her annual salary since twenty-six payrolls (in some years there are twenty-seven) will not divide evenly. Unless an odd amount is paid for the last payroll period, the employee is either over or under paid the amount established in the salary ordinance causing either an unhappy employee or an unhappy local fiscal officer.

It is suggested for salary ordinances enacted in 2003 and all future periods, the employee salaries be established to coincide with the customary work and pay period. (For example, instead of \$20,000 annually, adopt \$385.00 weekly or \$770.00 bi-weekly.) By using this method it will make no difference if there are 52 or 53 weekly pays or 26 or 27 bi-weekly pays.

When using this suggestion and preparing your budget, it will be imperative the proper number of pays be computed in order to not under-estimate the next year's requirements for personal services and associated fringe benefits. Keep in mind that the salary ordinance and the budget ordinance are two different statutory requirements. You should not attempt to combine the ordinances.

2. Is this presentation printable?

The presentation and the FAQ are posted on the Department's website under the presentations section: <https://www.in.gov/dlgf/2444.htm>.

3. Do grants, home rule, CEDIT, and Cum Cap Funds need to be approved and appropriated by the fiscal body during budget workshops?

The Department recommends that all units advertise and adopt budgets for all funds including all grant, home rule, and levied funds. By including these funds as part of the budgeting cycle in the fall, clearly and transparently report their spending priorities to their taxpayers and save time and money that would be invested in the additional appropriation process.

For grant funds, an appropriation may be adopted before the grant is secured for the upcoming year. During the year, if the funding for the grant falls through or is reduced, the unit will adjust their spending for the year.

4. What are the changes in the additional appropriation review/approval process?

Currently, all units are required to submit all additional appropriations to the Department. Depending on the fund submitted, the Department will either:

1. Review and approve the submission or
2. Review and acknowledge receipt of the submission.

Section 49 of HEA 1427 – 2019 has changed to which funds require an additional appropriation under IC 6-1.1-18-5.

While the new statutory language still requires that **all units submit all additional appropriations** to the Department, the Department will determine whether sufficient funds are available or will be available for the proposal only for a fund which the budget, rate, or levy is certified by the Department under IC 6-1.1-17-16.

This change will be effective on July 1, 2019.

There is more exciting news on the horizon. The Department is in the process of developing an online additional appropriation submission module in Gateway. When ready, this submission tool will provide instant feedback on the status of an additional appropriation.

5. Is the budget calendar split by types of units or does it contain dates for all types of units?

The Department's preliminary budget calendar, linked below, contains some of the due dates and last action dates for units to keep in mind during the year. Not all entries will be applicable to all units and not all events listed are Department requirements. There are a handful of SBOA requirements included on the list.

Additionally, the Department budget calendar should not be considered a comprehensive listing of all due dates for the year. Instead it should be used as a starting point for developing a unit-specific 2020 budget calendar.

6. My field rep said she can't give me legal or financial advice, who can?

While the Budget Field Representatives can provide assistance for many of the aspects of the budget certification process, they cannot provide legal or financial advice to local government officials.

Depending on the question, the official could contact their local attorney, financial advisor, a representative from your association, or another local official. You may also reference the Department's website, www.in.gov/dlgf for past memos and presentations.

7. Would it be possible to have some training on Gateway? The proper way to enter items and just an overview on how the program works?

The Department will be scheduling Gateway training and Budget training classes in June. There will be nine training sessions across the State.

8. Has there been any changes to the TIF Neutralization Worksheet?

Other than updating the date ranges for the TIF Neutralization Worksheets, the Department will be using the same template for the worksheet for 2019. The form can be found at: <https://forms.in.gov/Download.aspx?id=12772>.

9. How do we find out who is our Budget Field Rep?

Each year, the Department updates the county Field Representative assignments. Below are the links to the Budget Field Representative and the Assessment Field Representative current county assignments.

Budget Field Representatives

https://www.in.gov/dlgf/files/Budget_Field_Reps.pdf

Assessment Field Representatives

<https://www.in.gov/dlgf/files/Field%20Rep%20Map%20-%20Assessment.pdf>

10. Will MVH 201 and new sub MVH account 203 roll up just to MVH 201 for 2020.

This question will only impact counties, cities, and towns.

On December 20, 2018, the State Examiner issued Directive 2018-2 (“SED 2018-2”) regarding the accounting for distributions from the State Motor Vehicle Highway (“MVH”) account and the statutory restriction that at least 50 percent be used on construction, reconstruction, or preservation of the local unit’s highway and streets.

From a Department perspective, SED 2018-2 will change very little. For budget year 2019, the Department has certified an appropriation for all applicable units that will apply to the fund and the sub fund. As long as the expenses do not exceed the original certified appropriations, units will not need to submit additional appropriations for any actions related to the sub fund. For the 2020 budget, the Department will again only certify one fund. That certification will cover all cash, expenditures, and revenue associated with the fund and the sub fund.

The purpose SED 2018-2 is to authorize and require counties, cities, and towns that receive distributions from the State Motor Vehicle Highway Account to create a new sub-fund within the MVH Fund to properly manage and account for the usage restrictions that were included in HEA 1002-2017 and HEA 1290-2018.

The sub-fund will be referred to throughout the Directive as “MVH Restricted” and will be used to account for MVH monies which have been statutorily restricted for construction, reconstruction, and preservation purposes.

Starting on January 1, 2019, the political subdivision must post at the time of receipt of the distribution from the State Motor Vehicle Highway Account fifty percent (50%) of the distribution to MVH Restricted.

SBOA has provided definitions and examples of activities that would be considered during an audit as construction, reconstruction, or preservation and those that would be general unallocated costs or maintenance. These definitions were compiled by a committee chaired by the [Indiana Local Technical Assistance Program \(“LTAP”\)](#) and will be what we will use for determining compliance with the restrictions on the use of MVH distributions.

Link to State Examiner Directives
<https://www.in.gov/sboa/4488.htm>

Link to SED 2018-2
https://www.in.gov/sboa/files/Directive%202018-2%20%2012_20_18%20.pdf

Link to Q&A for SED 2018-2
https://www.in.gov/sboa/files/QandA%20for%20Directive%202018-2%20%2012_20_18.pdf

Link to CRP Definitions and Examples
<https://www.in.gov/sboa/files/MVH%20CRP%20definitions%20ver%20V.pdf>

11. Is there a best practices template for cash flow tracking?

There are any number of ways to monitor cash flow depending on the level of detail and sophistication required to manage the fund. The Department can begin work on developing a basic cash flow template that can be made available to units. This template would be an optional tool that a unit could decide to use.

The Department would encourage units interested in monitoring their cash flow to reach out to their Budget Field Representative to discuss the Form 4B and how Line 11 (Operating Balance) can be used as a basic tool for monitoring cash reserves over time.

12. How do we budget/report a Redevelopment Authority? It's a separate entity from the Town that serves as a financing tool similar to a holding corporation which does not go through the standard budget process.

The Department will need to collect more specific information from the unit(s) asking this question. Please contact your Budget Field Representative to continue this conversation.

13. IC 5-1-2-1 allows units to maintain appropriations over multiple years for capital projects and bond obligations. Can you speak to how these non-reverting appropriations work logistically? How should the Department and the city track these continuing appropriations?

The Department will need to collect more specific information from the unit(s) asking this question. Please contact your Budget Field Representative to continue this conversation.