

## CHAPTER 5 COMPENSATION AND BENEFITS

### COMPENSATION AND BENEFITS

#### Payments in Advance

Salaries and wages of public officers may not be paid in advance. [IC 5-7-3-1]

#### Compensation and Benefits

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements.

#### Compensation - Non-Employees

Payments for services provided by an organization should go directly to the organization and not to an individual employee of the organization. All payments for services should be supported by a written contract. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements.

#### Employee Benefits

All types of employee benefits should be detailed in a written policy. Payments for expenses not authorized in a written policy cannot be allowed.

The board should adopt policies governing sick leave, vacation leave, and any other types of special leave.

#### Leave and Overtime Policy

Each governmental unit should adopt a written policy regarding the accrual and use of leave time and compensatory time and the payment of overtime. Negotiated labor contracts approved by the governing board would be considered as written policy. The policy should conform to the requirements of all state and federal regulatory agencies.

### RECORD OF HOURS WORKED

IC 5-11-9-4 requires that records be maintained showing which hours are worked each day for employees employed by more than one political subdivision or in more than one position by the same public agency. This requirement can be met by indicating the number of hours worked on each Employee's Service Record, General Form No. 99A and/or General Form No. 99B.

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

General Form 99A, Employees' Service Record  
General Form 99B, Employee's Earnings Record  
General Form 99C, Employee's Weekly Earnings Record

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor.

### UNEMPLOYMENT COMPENSATION

Legislation was passed in 1977 amending the Indiana Employment Security Act, IC 22-4, to include the State and all its political subdivisions as employers under the act, effective January 1, 1978.

Employers may elect payment of a percentage rate on a quarterly basis or to make "payments in lieu of contributions" on a monthly basis for benefits paid out during the month. If the employer chooses the first option they pay an unemployment insurance tax on a fixed sum of wages paid to each employee during a calendar year. The political subdivision's rate will be determined by the size of their credit reserve in relation to past claims. Employers wishing to change their elected option of payment may do so upon giving proper notification to the Department of Workforce Development. Employers under each option are required to file quarterly reports on their payroll and contributions. Each employer must display posters (available from the Department of Workforce Development) where all employees can see them.

### PENSION AND RETIREMENT PLANS

The governing body may contract for and purchase adequate pension and retirement plans for hospital personnel from the Public Employees' Retirement Fund of Indiana or from any company authorized to do such business in Indiana. [IC 16-22-3-11(5)]

### DEFERRED COMPENSATION PLANS

The governing body may enter into deferred compensation agreements with employees and other contractual personnel and fund deferred obligations by contracting with insurance companies licensed to transact business in Indiana. [IC 16-22-3-11(6)]

### TRAVEL POLICY

Each governmental unit should adopt a written travel policy in conformity with applicable statutes.

Reimbursement for lodging and meals, should be based upon actual receipts for amounts paid unless otherwise authorized by statute.

### COMMUTING MILEAGE

Reimbursed mileage shall not include travel to and from the officer's or employee's home and the governmental office in which he works, unless otherwise authorized by statute.

### PRIVATE PROPERTY

Generally, public funds may not be used to make improvements to property not owned by the governmental unit, unless permitted by statute, federal requirements, state requirements, or safety concerns.

### PERSONAL PROPERTY USE

Assets of the governmental unit may not be used in a manner unrelated to the functions and purposes of the governmental unit.

Whenever an item or other asset owned by the political subdivision is entrusted to an officer or employee, to be used at times outside the normal work time for business purposes, such as a cellular phone, or vehicle, a log should be maintained which clearly shows the business use.

### PERSONAL EXPENSES

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental unit may be the personal obligation of the responsible official or employee.

### PURCHASING BONUSES

Any compensation, premium, bonus, or product earned as a result of the purchase of goods or services by the governmental unit becomes the property of the governmental unit.

### SEVERANCE PAY

Unless specifically authorized by statute, severance pay, or other payments to employees upon separation from employment, must be supported by the written opinion of the attorney for the governmental unit stating that the payments are in accordance with all federal laws and regulations and state laws, including IC 35-44-2-4, and a properly enacted Home Rule ordinance or resolution, as applicable.

### SUSPENSION WITH PAY

Suspension with pay must be supported by the written opinion of the attorney for the governmental unit stating that the suspension is in accordance with all federal laws and regulations, and state laws, including IC 35-44-2-4.