

# CITIES AND TOWNS BULLETIN

AND UNIFORM COMPLIANCE GUIDELINES  
ISSUED BY STATE BOARD OF ACCOUNTS

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September 2019

PAGE 1

## **JUNE TRAINING SCHOOL**

The State Board of Accounts extends its deepest appreciation to the officers and committees of the Indiana League of Municipal Clerks and Treasurers (ILMCT) for making the arrangements and to Accelerate Indiana Municipalities (AIM) for handling the registrations and providing space for our Resource Center at the School in Fort Wayne. Next year's June School will be held in Evansville as part of the League's Annual Conference during the week of June 8 through June 11.

## **FALL DISTRICT MEETINGS**

The ILMCT Fall District meetings will again qualify as State-Called meeting days. This year's meetings will be in Middlebury on October 17 and in Bloomington on October 23. Registration information will be sent out by the League for the District meetings.

## **HEALTH SAVING ACCOUNT PAYMENTS**

It has come to our attention that some units are not using payroll withholding funds to account for the employee directed Health Savings Account payments. Instead, the units make direct deposits to the Health Savings Accounts in a similar manner to the process of making net pay direct deposits to the employee's bank account. Historically, our audit position has been to take exception to this accounting practice because all payroll transactions were not being recorded in the financial records. The State Board of Accounts has revised the audit position on this process and we will not take audit exception to amounts approved by employees being deposited directly into Health Savings Accounts without the use of a payroll withholding fund, provided the following criteria are observed:

- 1) Unit is following state and federal guidelines of Health Savings Accounts;
- 2) Reports of amounts deposited into Health Savings Accounts are produced in detail by employee for each individual payroll period and maintained for audit; and
- 3) Amounts deposited into Health Savings Accounts (employee and employer share) are approved by the governing board.

## **CAPITAL ASSET LEDGER FORM 369**

Cities and Towns Form No. 211 Capital Assets Ledger requires the same information as the General Form No. 369 which is prescribed for all units. Cities and Towns Form No. 211 is being rescinded and General Form No. 369 Capital Assets Ledger will be the prescribed form to be used by Cities and Towns. Since both forms require the same information, this should not impact the information you have been maintaining in your system to account for capital assets.

The Capital Asset Ledger form has been updated to reflect terminology currently used in the accounting for capital assets and to mirror the classifications required in

# CITIES AND TOWNS BULLETIN

## AND UNIFORM COMPLIANCE GUIDELINES ISSUED BY STATE BOARD OF ACCOUNTS

September 2019

PAGE 2

### **CAPITAL ASSET LEDGER FORM 369 – (Continued)**

Gateway. The revisions to General Form No. 369 Capital Assets Ledger will be effective September 1, 2019. The revisions made to the General Form No. 369 Capital Assets Ledger were as follows:

1. The term “fixed” was changed to “capital”
2. “Vehicles” was added to be included with Machinery and Equipment under Types of Capital Assets
3. “Books and Other” was added as a separate type of capital asset.

A sample form is attached at the end of this Bulletin.

### **BOARD OF PUBLIC WORKS AND SAFETY, BOARD OF PUBLIC WORKS, OR BOARD OF PUBLIC SAFETY – SECOND CLASS CITIES**

The board of public works and safety may be composed of three (3) members or five (5) members appointed by the executive. A member may hold other appointive positions in city government during the member’s tenure. The executive shall appoint a clerk for the board.

If the board of public works and board of public safety are established as separate boards, each board may be composed of three (3) members or five (5) members who are appointed by the executive. A member may hold other appointive positions in city government during the member’s tenure. The executive shall appoint a clerk for each board.

If the executive:

- (1) Increases the number of members of a board of public works and safety, a board of public works, or a board of public safety from three (3) to five (5) members; or
  - (2) Decreases the number of members of a board of public works and safety, a board of public works, or a board of public safety from five (5) to three (3) members;
- The city shall publish notice under IC 5-3-1 of the increase or decrease in members and state the total number of members appointed to the board. [IC 36-4-9-6]

### **BOARD OF PUBLIC WORKS AND SAFETY – THIRD CLASS CITIES**

The board of public works and safety consists of three (3) or five (5) members (as determined by executive). The members of the board of public works and safety are:

- (1) the city executive; and
- (2) two (2) or four (4) persons appointed by the executive.

If the executive increases the number of board members from three (3) to five (5) members or decreases the number of board members from five (5) to three (3) members, the city shall publish notice under IC 5-3-1 of the increase or decrease in members and state the total number of members appointed to the board. IC 36-4-4-2 notwithstanding, a member may hold other appointive or elective positions in city government during the member’s tenure. The city clerk is the clerk of the board.

# CITIES AND TOWNS BULLETIN

## AND UNIFORM COMPLIANCE GUIDELINES ISSUED BY STATE BOARD OF ACCOUNTS

September 2019

PAGE 3

### **BOARD OF PUBLIC WORKS AND SAFETY – THIRD CLASS CITIES – (Continued)**

If the city legislative body adopts an ordinance under IC 36-4-12 to employ a city manager, the executive may appoint the city manager to a position on the board of public works and safety in place of the executive.

The city executive may appoint a public safety director to:

- (1) serve as the chief administrative officer of; and
- (2) oversee the operations of;

the police department and fire department. The city executive shall determine the qualifications of the public safety director. (IC 36-4-9-8)

### **CREDIT CARDS**

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

1. The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
2. Issuance and use should be handled by an official or employee designated by the board.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
5. The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
6. Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. Payment should not be made on the basis of the statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to the late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
8. If properly authorized, an annual fee may be paid.

# CITIES AND TOWNS BULLETIN

AND UNIFORM COMPLIANCE GUIDELINES ISSUED BY  
STATE BOARD OF ACCOUNTS

September 2019

PAGE 4

## **PUBLIC WORKS PROJECTS COSTING LESS THAN \$150,000**

IC 36-1-12-4.9 states: (a) This section applies to a public work for the routine operation, routine repair, or routine maintenance of existing structures, buildings, or real property if the cost of the public work is estimated to be less than one hundred fifty thousand dollars (\$150,000). (b) The board may award a contract for public work described in subsection (a) in the manner provided in IC 5-22

We will not take audit exception to expenditures for projects under \$150,000 that maintain the existing condition of the asset or restore the asset to normal operating efficiency and which might qualify as routine operation, routine repair, or routine maintenance of existing structures, buildings, or real property under IC 36-1-12-4.9. Included in our audit position could be expenditures for the replacement and repair of elevators, flooring, ceiling, tile, bathroom fixtures, windows, sidewalks parking lots and roofs which would not be part of another public works project. Additionally, the costs associated with reconfiguring the interior of offices (additions/deletions of wiring for electrical outlets, lighting, data lines, and telephones, cubicle walls, etc.) and reconfiguring offices with movable walls which would not be part of another public works project, could be considered. Not included would be additions to the structure, reconfiguring offices with permanent walls, change of purpose of an area that involves substantial addition or removal of plumbing or gas lines (adding a kitchen area or bathroom), addition of elevator shafts, parking lots and other like changes to the interior or exterior that involve changes to the structural integrity of the building or improvements to real property, etc. or expenditures for which a determination has been made of the applicability of other provisions of the Public Works Law, IC 36-1-12-1 et seq. Our audit position is with the assumption a determination has been made by the governmental unit in a public meeting of the applicability of IC 36-1-12-4.9 to the proposed public works project.

## **CHILD LABOR LAW RESTRICTIONS**

IC 20-33-3 places certain restrictions on work hours for children under 18 years old. For questions regarding child labor laws, please contact the Indiana Department of Labor. The Bureau of Child Labor home page is located at <https://www.in.gov/dol/childlabor.htm>. The preferred contact information is [childlabor@dol.in.gov](mailto:childlabor@dol.in.gov).

IC 20-33-3-39 through IC 20-33-3-41 list the penalties for violations of the child employment laws which can be as high as \$400 per violation.

# CITIES AND TOWNS BULLETIN

## AND UNIFORM COMPLIANCE GUIDELINES ISSUED BY STATE BOARD OF ACCOUNTS

September 2019

PAGE 5

### PENSION PLANS

In reviewing the Indiana Code, the following pension plans are available to employees of a city or town. Pursuant to IC 5-10.2-2-1, a city or town does not have authority to establish a pension plan by ordinance, resolution, or contract after January 1, 1995, without specific statutory authority.

	<u>Indiana Code</u>
Public Employees' Retirement Fund	5-10.3
Police Pension Fund – First Class Cities	36-8-7.5
1925 Police Pension Fund	36-8-6
1937 Firefighters' Pension Fund	36-8-7
1977 Police Officers' and Firefighters' Pension & Disability Fund	36-8-8
Municipal Utility Employees' Pension Fund	8-1.5-3-7
City Hospitals – Third Class Cities	16-23-1-25(c)
Housing Authorities	36-7-18-10(d)
Department of Redevelopment	36-7-14-12.2(17)
Deferred Compensation	5-10-1.1

### TRANSFER OF SURPLUS PROPERTY TO A VOLUNTEER FIRE COMPANY

A governmental body may transfer title of surplus property to a volunteer fire company for the volunteer fire company's use in providing fire protection or emergency services. A volunteer fire company located in the same county as the governmental body offering the surplus property for transfer has the right of first refusal for all surplus property offered. Surplus property that is refused by the volunteer fire companies located in the same county as the governmental body may be transferred to any volunteer fire company in Indiana.

A governmental body may transfer title of surplus property to a volunteer fire company by:

- (1) Sale
- (2) gift; or
- (3) another arrangement acceptable to the governmental body and the volunteer fire company. (IC 5-22-22-12)

IC 5-22-22-12(a) defines surplus property to include fire trucks, emergency service vehicles, and firefighting or emergency services equipment.

# CITIES AND TOWNS BULLETIN

AND UNIFORM COMPLIANCE GUIDELINES ISSUED BY  
STATE BOARD OF ACCOUNTS

---

September 2019

PAGE 6

## POSTING NOTICE ON WEBSITE

IC 5-3-1-1.5 states:

(a) This section applies to a notice that must be published in accordance with this chapter.

(b) If a newspaper or locality newspaper maintains an Internet web site, a notice that is published in the newspaper or locality newspaper must also be posted on the web site of the newspaper or locality newspaper. The notice must appear on the web site on the same day the notice appears in the newspaper or locality newspaper.

(c) The state board of accounts shall develop a standard form for notices posted on a newspaper's or locality newspaper's Internet web site. (d) A newspaper or locality newspaper may not charge a fee for posting a notice on the newspaper's or locality newspaper's Internet web site under this section.

# CITIES AND TOWNS BULLETIN

## AND UNIFORM COMPLIANCE GUIDELINES ISSUED BY

### STATE BOARD OF ACCOUNTS

September 2019

Page 7

General Form No. 369 (Rev. 2019)

#### CAPITAL ASSETS LEDGER

FUND \_\_\_\_\_

DEPARTMENT OR BUILDING \_\_\_\_\_

Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Life of Asset	Date of Disposal of Capital Asset	Amount Received on Disposal or Trade in	Types of Capital Assets						Total Capital Assets	
								Land	Infrastructure	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Construction in Progress		Books and Other
1															
2															
3															
4															
5															
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SAMPLE

EXHIBIT