

SPECIAL DISTRICTS BULLETIN

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

SEPTEMBER 2019

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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

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 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.

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APPROPRIATIONS - TRANSFER BETWEEN MAJOR BUDGET CLASSIFICATIONS

Political Subdivisions With Departmentalized Budget

Indiana Code 6-1.1-18-6 states:

“(a) The proper officers of a political subdivision may transfer money from one major budget classification to another within a department or office if:

- (1) they determine that the transfer is necessary;
- (2) the transfer does not require the expenditure of more money than the total amount set out in the budget as finally determined under this article; and
- (3) the transfer is made at a regular public meeting and by proper ordinance or resolution. (b) A transfer may be made under this section without notice and without the approval of the department of local government finance.”

Political Subdivisions Without Departmentalized Budget

Indiana Code 6-1.1-18-6 restricts transfers to those “from one major budget classification to another *within a department or office*. . . .”

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 political subdivision’s attorney review this information. With his written approval, the State Board of Accounts will take no audit exception in future audits of a political subdivision if transfers of appropriations are made within the General or Operating Fund, pursuant to the requirements of IC 6-1.1-18-6.

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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.

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.

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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.

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CAPITAL ASSETS LEDGER

General Form No. 369 (Rev. 2019)

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															
6															
7															
8															
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SAMPLE

EXHIBIT