

To: President and Members of the Munster Town Council

From: Wendy Mis, Clerk-Treasurer *Wmis*

Copy to: Patricia L. Abbott, Controller
Dustin Anderson, Town Manager

Date: March 23, 2020

Re: Temporary Loans, Resolutions 2068 and 2069

The State of Indiana, including the Town of Munster, is currently experiencing a public health emergency for the Coronavirus Disease 2019 as outlined in Executive Order 20-02. During this state of emergency, the Town is having to conduct business in a different way.

Governor Holcomb issued Executive Order 20-05 on March 19, 2020. Among other things, it grants relief to property tax payers. While the due date for the first installment of property taxes remains May 10, 2020, counties are directed to waive penalties for 60 days after this due date. Similar waivers have been granted for other types of taxes. It is reasonable to expect a low and delayed collection of property taxes and other State revenues. This will present a cash flow problem.

With the situation changing rapidly, the Town is doing its best to ensure it is providing services while remaining compliant with the vast number of new regulations and directives from both Federal and State entities. At this point it is unknown what the needs will be in the coming weeks and months. In order to provide the flexibility needed to address the ever-changing crisis, it seems prudent to grant authority for temporary loans between funds.

Towns are allowed to make temporary loans from one fund to another in order to remedy any funds with insufficient cash. This is a common practice and one that the Town may need. To be clear, this is a loan between the various funds of the Town; it is not borrowing money from an outside entity. This is the same process the Town follows every December to ensure positive cash balances at year-end.

Two resolutions have been prepared to remedy any situations involving insufficient cash in a fund. Resolution 2068 provides the framework for making temporary loans. The resolution allows loans from any fund legally allowed to make a temporary loan to any fund legally allowed to receive a temporary loan. Any temporary loans will be reported to the Council President as they occur. A report on all loan activity will be presented to Council at the first meeting after the state of emergency is lifted. The authority to make loans will be in place through December 31, 2020.

I.C. 36-1-8-4(a) allows the making of a temporary loan and requires the loan be repaid by the end of the budget year in which it was made. I.C. 36-1-8-4(b) allows the repayment of temporary loans to be extended to June 30 of the following year. This allows for additional time and tax draws. Resolution 2069 authorizes repayment of the loans on or before June 30, 2021. This gives the Town the greatest amount of time to repay any loans made between funds.

RECOMMENDED ACTION:

On separate motions and roll-call votes, adopt Resolution 2068 as presented authorizing temporary loans in amounts to be determined, and Resolution 2069 as presented extending the temporary loans to June 30, 2021.