REMINDER OF ORDER OF BUSINESS

January

1  Happy New Year! - Legal Holiday (IC 1-1-9-1)
   "Assessment Date" for mobile homes as defined in IC 6-1.1-7-1.  (IC 6-1.1-2-1.5)

15  Legal Holiday – Dr. Martin Luther King, Jr. Day (IC1-1-9-1)

20  Last date to report and make payment of State Income Tax withheld in December to Indiana Department of Revenue.  (IC 6-3-4-8.1)

29  Make distribution of interest on congressional and cemetery funds - last Monday in month.  (IC 20-42-2-7)  (IC 23-14-70-3)

31  Last day to file Form 100-R, Report of Names and Compensation of Officers and Employees with the State Board of Accounts.  (IC 5-11-13-1)

                           Last date to file quarterly unemployment compensation report with the Department of Workforce Development.

                           Last date to convene a meeting of the local board of finance in order to elect a president and a secretary and review investment report from county treasurer.  (IC 5-13-7-6)

                           Last day to provide each employee with a W-2.

                           Last day to file quarterly report for the last quarter of 2017 with Internal Revenue Service.

                           Last day for the county council to meet to organize and elect officers for the year.
REMINDER OF ORDER OF BUSINESS
(Continued)

February

12  Legal Holiday - Lincoln's Birthday (IC 1-1-9-1)
19  Legal Holiday - Washington's Birthday (IC 1-1-9-1)
20  Last date to report and make payment of State Income Tax withheld in January to Indiana Department of Revenue. (IC 6-3-4-8.1)

   Last day that township boards meet to consider 2017 Annual Reports of township trustees – third Tuesday after the first Monday (IC 36-6-6-9)

28  Last day for county commissioners to meet and establish dates of regular meetings

March

1  Last day to file 2017 Annual Financial Report on Gateway. (IC 5-11-1-4)

   Last day for township trustees to file annual reports and vouchers with county auditor. (IC 36-6-4-12(d))

20  Last day to report and make payment of State Income Tax withheld in February to Indiana Department of Revenue. (IC 6-3-4-8.1)

30  Good Friday – Legal Holiday (IC 1-1-9-1)

WELCOME TO NEW OFFICIALS

To those officials who are taking office January 1, 2018, we wish to welcome you. Please feel free to contact our office at any time and we will try to help you in any way we can. The telephone numbers for the State Board of Accounts are as follows:

   Front Desk:  (317) 232-2513
   County Directors:  (317) 232-2512
   Email: Counties@sboa.in.gov

THANKS AND BEST WISHES

To all of those county officials who are leaving office, we wish to express our sincerest thanks and appreciation for the kindness and cooperation shown to this board, our supervisors and our field staff. We wish you the very best in your future endeavors!

OBSELETE VOLUMES

All articles from Volumes 361 and earlier of The County Bulletin have now been updated and are no longer applicable; thus Volumes 361 and earlier may be deleted from your file.

   A complete index to The County Bulletins is available on our website.

COUNTY HIGHWAY ANNUAL OPERATIONAL REPORT

This report is to be filed with the State Board of Accounts by June 1. It is available on our website at www.in.gov/sboa under Electronic Forms.
SOCIAL SECURITY TAX BASE CHANGES JANUARY 1

The 2018 contribution rate will remain at a total of 15.3 percent. The tax rate for both employees' and employers' shares for 2018 will be 7.65 percent (6.2% of Social Security and 1.45% Medicare).

The maximum amount of earnings that will be subject to Social Security contribution will be raised to $128,400 effective January 1, 2018.

Please contact the Internal Revenue Service if you should have any questions on this matter.

STATEMENT OF RECEIPTS AND DISBURSEMENTS AND WAGES AND COMPENSATION

We remind County Auditors to publish a statement of wages and compensation. Please review IC 36-2-2-19 for requirements.

At its second regular meeting each year, the executive shall make an accurate statement of the county's receipts and expenditures during the preceding calendar year. The statement must include the name of and compensation paid to each county officer, deputy, and employee. The executive shall post this statement at the courthouse door and two (2) other places in the county and shall publish it in the manner prescribed by IC 5-3-1.

RATES FOR LEGAL ADVERTISING

The rates for legal advertising have been updated for 2018 according to IC 5-3-1-1. A schedule of publication rates is included with this bulletin. Publishers of qualified publications should charge in accordance with these rates.

ENCUMBERED APPROPRIATIONS

Whenever a valid appropriation has been lawfully encumbered by a contract or by the issuance of a purchase order, the appropriation to the extent of the encumbrance may be carried forward to the succeeding year and made available for payment of the obligation which encumbered it. Only so much of the appropriation as is lawfully encumbered may be carried forward. All appropriations not lawfully encumbered by contract or purchase order revert at the close of the year.

STATE ELECTION DIVISION INSTRUCTIONAL MEETING

The Clerk of the Circuit Court is required by IC 3-6-4.2-14 to attend a meeting called by the State Election Division in which county election boards and the board of registration are instructed on their duties under the election laws. The meeting must be called before the primary election in years in which a primary election is held. The instructional meeting may not last more than two (2) days.

Each member of a county election board or board of registration is entitled to receive a:

(1) per diem of twenty-four dollars ($24) for attending the instructional meeting;

(2) mileage allowance at the state rate for the distance necessarily traveled in going and returning from the place of the instructional meeting; and
STATE ELECTION DIVISION INSTRUCTIONAL MEETING (Continued)

(3) reimbursement for the payment of the instructional meeting registration fee.

(4) allowance for lodging for each night preceding conference attendance equal to the lodging allowance provided to state employees in travel status.

The Clerk of the Circuit Court as an ex-officio member of the county election board would be entitled to these reimbursements.

SETTLEMENT OF FALL TAXES COLLECTED BEFORE MAY 10

IC 5-13-6-3 requires all taxes collected by the County Treasurer to be deposited in one (1) fund in the several depositories selected for the deposit of county funds and remain in the depositories until distributed in the following semiannual distribution made by the County Auditor. The County Treasurer shall make settlement with the County Auditor semiannually for the amount of taxes and special assessments which the County Treasurer has collected (IC 6-1.1-27-2). Therefore, if both the spring and fall installments are collected before May 10, both installments must be part of June Settlement.

DEPOSITS OF PUBLIC FUNDS

IC 5-13-6-1(c) requires public finds to be deposited in the same form in which they were received. The following guidelines are recommended for compliance with this section of the law:

(1) The cashing of employee payroll checks and employee personal checks should be prohibited.

(2) Checks received in the mail in amounts which are over the amounts due a county for taxes and special assessments shall be applied to the amount of taxes and special assessments due and the remainder applied to the Surplus Tax Fund in accordance with IC 6-1.1-26-6.

(3) Each County Treasurer should establish his/her own policy on receiving overpayments for taxes in the form of checks or money orders paid in person by taxpayers. If checks are made out in error for minimal amounts over the tax liability, change could be given back to the taxpayer for difference. However, we do not recommend making change for taxpayers whose checks are in excesses of the taxes due by large amounts.

(4) Each County Treasurer should establish his/her own policy on whether or not they accept checks for deposit which are made payable to other county departments. For example, checks made payable to the County Health Department.

(5) Overpayments from companies who act as escrow agents for tax payers shall be deposited in the Surplus Tax Fund in accordance with IC 6-1.1-26-6. If it is not practicable to identify the individual components of the amount overpaid by parcel number before the next settlement of taxes, the entire amount could be carried on line 53 of the Treasurer’s Daily Balance of Cash and Depositories, County Form No. 47, until such time as the individual components can be applied by taxpayer and taxing district. Refunds cannot be made until after the overpayments are recorded in the Surplus Tax Fund Ledger and turned over to the County Auditor. As stated in prior articles in this publication, the Surplus Tax Fund Ledger may be turned over to the County Auditor at any time other than at each semiannual settlement.
SEWER LIENS – PENALTIES AFTER CERTIFICATION - SETTLEMENT

IC 36-9-23-33(i) states that if a delinquent fee, penalty, service charge, recording fee, and certification fee are not paid, they shall be collected by the County Treasurer in the same way that delinquent property taxes are collected. Therefore, such charges, if not paid, should be assessed a ten percent (10%) penalty in the same manner as delinquent real or personal property taxes.

At the time of each semiannual tax settlement, the County Treasurer shall certify to the County Auditor all fees, charges, and penalties that have been collected. The County Auditor shall deduct the service charges and certification fees collected by the County Treasurer and pay over to the officer the remaining collections due the municipality. The County Treasurer shall retain the service charges and certification fees that have been collected, and shall deposit them in the County General Fund.

STATE DEPARTMENT OF CORRECTIONS HOUSING REIMBURSEMENTS

Counties receive from the State Department of Corrections a reimbursement for housing state prisoners at county jails. This is a reimbursement of the costs incurred by the county; therefore, if the costs of the jail are paid from the County General Fund the reimbursement received from the state should be deposited in the County General Fund and not posted to an appropriation line item. An additional appropriation would be required for this revenue.

If the Board of County Commissioners passes a Home Rule ordinance allowing these reimbursements to be placed in a specific fund, we would not take an audit exception to this ordinance. The ordinance should be specific as to what fund these reimbursements shall be deposited, and what purposes this fund may be spent for. Under no circumstances should this reimbursement be deposited in the Commissary Fund or a separate bank account maintained by the County Sheriff.

BUDGET TRANSFERS

IC 6-1.1-18-6 states the following, “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 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 by this article; 3) the transfer is made at a regular meeting and by proper ordinance or resolution; and 4) the transfer is certified to the county auditor. A transfer may be made under this section without notice and without the approval of the department of local government finance.”

This statute is addressing transfers from one major classification to another major classification within a department. For example, a transfer in the County Auditor’s budget from a 300 account to a 200 account. No transfers are allowed from one department to another, i.e. from the County Auditor’s budget to the County Treasurer’s budget. To do this would require a budget reduction in one department and an additional appropriation to the other department by the County Council. Transfers within a major classification in a department may be made without County Council action unless your local policy is for all transfers to go before the County Council. (i.e. from a 200 account to another 200 account within the County Auditor’s budget)
UNCLAIMED PROPERTY

Periodically, county officials may receive a telephone call or a letter from companies claiming to be able to help the county recover monies they have coming to them. Of course, the company charges a finder fee. There is nothing illegal about hiring these companies but be aware that the service you are receiving is not anymore than you could do on your own, thus saving the county the finder fee. Most of the monies that are out there waiting for you to claim are unclaimed property. The reasons they exist can vary but the information is available to you from the same sources these companies use. Most of these unclaimed properties are being held by the State Attorney General. You may contact the Unclaimed Property section of the Attorney General’s office or they are also listed on the Internet. A little work from you could reap a reward for the county as you claim what legally belongs to the county.

COMPENSATORY TIME – FAIR LABOR STANDARDS ACT

The following article was contributed by the Indianapolis Office of the Wage and Hour Division of the United States Department of Labor.

Use of Compensatory Time Off Under the Fair Labor Standards Act

The Fair Labor Standards Act (FLSA) is a federal law that sets standards for minimum wage, overtime, and child labor. Under Sec. 7(o), public sector employers may provide compensatory time off in lieu of monetary overtime compensation. The compensatory time off must be at the rate of not less than 1 and ½ hours for each overtime hour worked.

As a condition for use of compensatory time off in lieu of overtime payment in cash, an agreement of understanding must be reached prior to performance of the work. Such an agreement may involve a collective bargaining agreement, a memorandum of understanding, or any other type of agreement between the public agency and the employees' representative. (If the employees do not have representative, then the agreement must be between the public agency and the individual employee.) The agreement may contain provisions that address the preservation, use, or cashing out of compensatory time, as long as they are consistent with Sec. 7(o).

As an example, if an agreement specifically provides that an employee must use accrued compensatory time prior to the use of vacation leave, then this policy would be within the FLSA, assuming that employees have knowingly and voluntarily agreed to such a provision freely and without coercion or pressure. On the other hand, if the compensatory agreement did not specifically address that issue, then the employer could not require an employee to take their accrued compensatory time prior to vacation leave.

Here’s a different type of example: An agreement states that requests for compensatory time off have to be submitted with adequate advance notice and that management will approve them based on scheduling needs, allowing only one employee off per shift. Sec 7(o)(5) of FSLA says that requests for use of compensatory time off will be permitted within a “reasonable period”, if such use does not “unduly disrupt” the operations of the agency. In this example, the agreement would be inconsistent with the FLSA since it would allow for the denial of a request for reasons other than unduly disrupting the operations of the agency.

Remember, there are ceilings on how much FLSA compensatory time off an employee may accumulate:

480 hours of compensatory time off (representing 320 overtime hours work) for employees engaged in public safety, emergency response, or seasonal activity.

240 hours of compensatory time off (representing 160 overtime hours worked) for all other employees.
COMPENSATORY TIME – FAIR LABOR STANDARDS ACT (Continued)

When employees reach these ceilings, any additional overtime that is worked must be paid. FLSA compensatory time off stays on the books until the employee uses the time or until it is paid out. Employees cannot “use or lose” compensatory time off.

For answers to other questions on the Fair Labor Standards Act or the Family and Medical Leave Act, contact your nearest U.S. Dept. Of Labor, Wage & Hour office: Indianapolis (317) 226-6801; South Bend (574) 236-8331 or call 1-866-4-USWAGE. You may also visit their website at www.dol.gov/whd.

ELECTED OFFICIALS – LEAVE POLICY

We have received questions concerning the authority (or need) for elected officials to be included in the counties’ vacation leave, sick leave, death leave, or other leave policy.

We have not taken audit exception to an elected official’s compensation as long as the official was elected performs the duties and responsibilities of the office. Whether the elected official personally does the work, whether the elected official personally maintains office hours or whether the elected official shows up at the office are matters to be determined locally. Keep in mind our audit position relates only to elected officials. We recommend the county attorney provide specific written guidance that conflicts do not exist with IC 35-44.1-1-3, the Ghost Employment Statute.

In those few instances where elected officials choose to be included in such employee benefit policy (and were included in the authorizing resolution), the officials must maintain proper attendance records (the same as all other county employees) which shall clearly disclose days worked, days missed, type of leave taken, etc. We are of the audit position that the requirement for keeping proper attendance records would require the decision not be made just prior to the close of the officials’ term.

A county is authorized to “grant vacation with pay, sick leave, paid holidays, and other similar benefits by ordinance” (resolution) to “employees of the political subdivision” pursuant to IC 5-10-6-1. The term “employees” is not defined.

TEMPORARY LOANS

IC 36-1-8-4(a) provides that the fiscal body of a political subdivision may, by ordinance or resolution, permit the transfer of a prescribed amount, for a prescribed period, to a fund in need of money for cash flow purposes from another fund of the political subdivision if all these conditions are met:

1. It must be necessary to borrow money to enhance the fund that is in need of money for cash flow purposes.

2. There must be sufficient money on deposit to the credit of the other fund that can be temporarily transferred.

3. Except as provided in IC 36-1-8-4(b), the prescribed period must end during the budget year of the year in which the transfer occurs.

4. The amount transferred must be returned to the other fund at the end of the prescribed period.

5. Only revenues derived from the levying and collection of property taxes or special taxes or from operation of the political subdivision may be included in the amount transferred.
TEMPORARY LOANS (Continued)

IC 36-1-8-4(b) provides that if the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer, the prescribed period may be extended for not more than six (6) months beyond that budget year of the year in which the transfer occurs if the fiscal body does the following:

(1) Passes an ordinance or a resolution that contains the following:

   (A) A statement that the fiscal body has determined that an emergency exists.

   (B) A brief description of the grounds for the emergency.

   (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs.

(2) Immediately forwards the ordinance or resolution to the State Board of Accounts and the Department of Local Government Finance.

NEW HIRES

The Department of Workforce Development should be contacted for all questions concerning the “Personal Responsibility and Work Opportunity Reconciliation Act of 1996” and requirements that all employers must file a “new hire report” for each “newly hired” employee. Please consult the “Indiana New Hire Reporting Center” at (866) 879-0198 or www.in-newhire.com.

STATE MATCHING GRANTS

If a political subdivision receives state grant money requiring local matching money, the political subdivision shall create a special fund and deposit the grant money and matching money into the special fund. The money in the fund may be used only for the purposes of the grant.

If a political subdivision completes the project for which the state grant money was provided and money remains in the fund:

(1) the political subdivision shall transfer the state’s share of the remaining money to the Treasurer of State for deposit in the fund from which the grant was made; and

(2) the political subdivision’s pro rata share of the remaining money reverts to the political subdivision’s general fund. (IC 36-1-8-12)

COMMUNITY CROSSING GRANTS

We are still receiving many questions on the Community Crossings Grant. You do not need an appropriation to transfer the local match to the grant fund. You do need an appropriation to disburse from the grant fund. If you have not received the grant money from the state, you can do a temporary loan from one of your other highway funds to the grant fund and then repay that loan when the grant money is received. All of the transactions for the grant, both from the local match and from the grant funds should be posted to the Community Crossing grant fund for the grant year.
REPORT OF MISAPPROPRIATION

Indiana Code 5-11-1-27(l) requires a public officer who has actual knowledge or reasonable cause to believe that there has been a misappropriation of public funds or assets to immediately send a written notice to the state board of accounts and the prosecuting attorney.

Indiana Code 5-11-1-27(l) states:

(l) A public officer who has actual knowledge of or reasonable cause to believe that there has been a misappropriation of public funds or assets of the public office, including:

(1) information obtained as a result of a police report;

(2) an internal audit finding; or

(3) another source indicating that a misappropriation has occurred;

shall immediately send written notice of the misappropriation to the state board of accounts and the prosecuting attorney serving in the area governed by the political subdivision.

The State Examiner Directive 2015-6 also addresses this statute.

The policy must also consider Ind. Code § 5-11-1-27(l), which requires public officials who have actual knowledge of or reasonable cause to believe that there has been a misappropriation of public funds to immediately send written notice of the misappropriation to the State Board of Accounts and the prosecuting attorney. There is no materiality threshold applicable to Ind. Code § 5-11-1-27(l). Thus, whenever a political subdivision has actual knowledge or is reasonably certain that a misappropriation of public funds has occurred (regardless of the dollar amount), the political subdivision must send written notice of the misappropriation to the State Board of Accounts and the local prosecuting attorney. Misappropriation occurs when an employee or in-house contractor of the political subdivision wrongly takes or embezzles public funds. When there is a known misappropriation or embezzlement of public funds by an internal actor, materiality is irrelevant. Indiana law requires the political subdivision to report the activity to the State Board of Accounts and the local prosecutor. Ind. Code § 5-11-1-27(l).

We are finding that the requirements of this statute are not being followed consistently. If a public official fails to report the misappropriation of funds or assets in a timely manner, this will result in a finding in the audit report. This may also result in additional audit costs. Also, be aware that reporting the misappropriation to a law enforcement agency does not fulfill the requirements of the statute. Even when you have notified law enforcement officials, you must still notify the board of accounts and the prosecutor. If there are any concerns on the response the board of accounts will take after a report is received or how they will liaison with the law enforcement investigation, you can contact our Director of Special Investigations, Mark Mahon at (317) 232-2513 or mmahon@soba.in.gov.

SEATBELT VIOLATION

IC 9-19-10-2 states “Each occupant of a motor vehicle equipped with a safety belt that: (1) meets the standards stated in the Federal Motor Vehicle Safety Standard Number 208 (49 CFR 571.208) (2) is standard equipment installed by the manufacturer; shall have a safety belt properly fastened about the occupant’s body at all times when the vehicle is in forward motion.”

IC 9-19-10-8 states “A person who: (1) is at least sixteen (16) years of age; and (2) violates section 2 (see above) of this chapter commits a Class D infraction.”

IC 34-28-5-4(d) states “A judgment of up to twenty-five dollars ($25) may be entered for a violation constituting a Class D infraction.” IC 34-28-5-5(b) states “If a judgment is entered: (1) for a violation constituting: (A)... (2) in favor of the defendant in any case… the defendant is not liable for costs.”

Therefore, this agency’s audit position would be that the payment by the defendant for a safety belt infraction would be a judgment (fine) of up to $25 as set by the court.
PAYMENT OF EMPLOYEES DURING ABSENCE FROM WORK ON ACCOUNT OF COMPENSABLE INJURY

Official Opinion of the Indiana Attorney General, No. 134 of 1945, established guidelines to be observed in paying school teachers in instances where an absence from work was because of circumstances under which the teacher received compensation benefits through the provisions of the Workmen's Compensation Act. In that opinion, it was clarified that a teacher who receives benefits under the Workmen's Compensation Act while absent from work would be entitled to receive from the school corporation only the difference between the amount received under the Workmen’s Compensation Act and the full benefits provided by law allowing teachers to be absent without loss of pay for a stated number of days; that the laws considered in the opinion do not authorize double payment for the same injury.

Official Opinion No. 17 of 1975 supports the prior opinion in that it concludes that while a teacher is entitled to each earned sick leave day for actual sickness or injury, in the event a teacher also receives workmen’s compensation payments during the same time frame as receiving sick leave, an adjustment must be made so that the combined earned sick leave days and workmen’s compensation payments do not exceed that teacher's normal salary for the same time frame.

Applying the same rule to county employees we must conclude that, when absent, an employee would be entitled to receive only the difference between the amount received under the Workmen's Compensation Act and the full benefits otherwise provided by any local board regulation authorizing sick leave. Double payment for the same time frame or overlapping payment of compensation on account of the same injury is not authorized for a public employee under Indiana law.

INVALID TAX SALE – REFUND OF PURCHASE MONEY

If, before the execution of a deed to real property sold for taxes, it is found that the sale was invalid, the county auditor shall not execute the deed, but he shall refund the purchase money and all taxes and special assessments on the property paid by the purchaser, plus five percent (5%) interest per annum as well as costs certified under section 2(e) from the county treasurer to the purchaser, assigns or the purchaser of the certificate of sale. (IC 6-1.1-25-10)

Subsequent to the issuance of the order directing the auditor to issue a deed to real property sold for taxes, a county auditor shall refund the purchase money and all taxes and special assessments on the property paid by the purchaser plus five percent (5%) interest per annum plus all costs certified under section 2(e) from the county treasury to the purchaser, or his successors or assigns, or the purchaser of the certificate of sale if it is found by the court that entered the order for the tax deed that the sale was invalid. (IC 6-1.1-25-11)

A person, including the county, to whom a refund is made under this section shall execute, acknowledge, and deliver to the owner a deed conveying whatever interest the purchaser may have acquired by the tax sale deed. If a county is required to execute a deed under this section, the deed shall be signed by the board of county commissioners and acknowledged by the clerk of the circuit court. (IC 6-1.1-25-11)

A refund may not be made under this section while a court action initiated under IC 6-1.1-25-14 or 6-1.1-25-16 is pending. (IC 6-1.1-25-11)
REFUNDS FOR ERRONEOUS OR EXCESSIVE TAX PAYMENT

A person, or his heirs, personal representative, or successors, may file a claim for refund of all or a portion of a tax installment which he has paid. The claim must be filed with the auditor of the county in which the taxes were originally paid, within three (3) years after the taxes were first due, on County Form No. 17T, Claim for Refund of Taxes, prescribed by the State Board of Accounts. (Our Emphasis)

The claim must state that a payment was made in excess of the taxes due as established by (1) a determination by the county board, board of tax review, DLGF or a court for the tax year and parcel on which the taxes were paid, and after all rights of appeal have lapsed, (2) proof of an error in the computation of interest, penalties, or delinquent taxes carried forward; or (3) proof of an overpayment by the claimant. A taxpayer may not raise a claim under this section that must be raised under IC 6-1.1-15. A taxpayer is not entitled to a refund if the payment has been applied as a credit to later tax liabilities of the taxpayer for the property on which the tax was assessed. (IC 6-1.1-26-1.1)

The county auditor shall approve or deny the claim for refund. If the county auditor approves the claim for refund, the county auditor shall forward the claim to the county treasurer and county assessor for approval or denial. The county treasurer and county assessor shall each certify their approval or denial and return the claim to the county auditor within 75 days after the date of filing. If the county auditor, the county assessor or the county treasurer deny the refund, the county auditor will send notice to the taxpayer. The claimant may, within 45 days of the notice, file an original action claiming a refund in a court of competent jurisdiction in the county where the property is located. If a credit is not applied or a refund is not paid within 120 days from the date a claim was filed under section 1.1, a claimant may file an original action claiming a refund in a court of competent jurisdiction in the county where the property is located. (IC 6-1.1-26-2.1)

If the county auditor, the county assessor and county treasurer approve the refund, the county auditor shall issue a warrant to the claimant payable on the general fund for the amount due within 45 days of approval of the claim for refund. In addition, the taxpayer is entitled to interest on any overpayment of property taxes. Interest shall be computed for the date on which the taxes were paid or due, whichever is later, to the date on which the county auditor and county treasurer approve the refund at a rate in effect under IC 6-8.1-10-1 for each particular year covered by the refund. In the June or December settlement, immediately following a refund, the county auditor shall deduct the amount refunded from the gross tax collections of the taxing units (districts) for which the refunded taxes were originally paid and shall pay the amount so deducted into the general fund of the county. However, the county auditor shall make the deductions and payments required no later than the December settlement and apportionment. The county auditor shall notify the county executive of the payment amount due. (IC 6-1.1-26-2.1)

If a determination is made in a review or appeal under IC 6-1.1-15 results in an overpayment by the taxpayer during the same tax year to which the assessment appeal relates, the taxpayer is entitled to a credit in the amount of the overpayment on the next successive tax installment, if any, due in that tax year. After the credit is given the county auditor shall determine if a further amount is due the taxpayer and if a further amount is due the taxpayer, without a claim or appropriation being required, pay the amount due the taxpayer. (IC 6-1.1-26-3.1)

For refunds in excess of $100,000, based on a real property tax assessment appeal, the county auditor may instead of a refund, elect to apply credits in equal installments to future property tax installments over a period of not more than five years following the conclusion of the assessment appeal If the claimant no longer owns the property on which the appeal was filed, the overpayment will not be applied as a credit but refunded in equal installments over not more than five years. (IC 6-1.1-26-4.1)

TAX ON PROPERTY ACQUIRED BY A SCHOOL CORPORATION

Although a school corporation is exempt from having any of its property assessed for general property taxes it is not exempted from this payment of taxes already charged on the property it acquires. School corporations are not included in IC 6-1.1-36-7 as a governmental unit eligible for cancellation of tax on property it acquires. It follows that taxes charged on property acquired by a school corporation can be discharged only by payment of such taxes.
NOTICES BY COUNTY AUDITOR TO GOVERNMENT UNITS – TAX RATES – DUTY OF AUDITOR

If the county board of tax adjustment fails to complete the duties assigned to it within the time prescribed or to reduce aggregate tax rates so that they do not exceed the maximum rates permitted under IC 6-1.1-18 the county auditor shall calculate and fix the tax rate with each political subdivision of the county so that the maximum rate permitted under IC 6-1.1-18 is not exceeded.

When the county auditor calculates and fixes tax rates, he shall send a certificate notice of the rate he has fixed to each political subdivision of the county. The county auditor shall send these notices within five (5) days after publication of the notice to taxpayers of final tax rates.

When the county auditor calculates and fixed tax rates, his action shall be treated as if it were the action of the county board of tax adjustment. (IC 6-1.1-17-9)

PARTIAL PAYMENTS OF CRIMINAL COURT COSTS AND FEES

There is always much discussion surrounding the application of partial payments to court costs. It was brought to our attention that there is guidance for accepting partial payments of court costs on a criminal case that will assist Clerks when the court does not provide specific guidance.

IC 33-37-4-1(e) states: "Unless otherwise directed by a court, if a clerk collects only part of a criminal costs fee from a defendant under this section, the clerk shall distribute the partial payment of the criminal costs fee as follows:

(1) The clerk shall apply the partial payment to general court costs.

(2) If there is money remaining after the partial payment is applied to general court costs under subdivision (1), the clerk shall distribute the remainder of the partial payment for deposit in the appropriate county user fee fund.

(3) If there is money remaining after distribution under subdivision (2), the clerk shall distribute the remainder of the partial payment for deposit in the state user fee fund.

(4) If there is money remaining after distribution under subdivision (3), the clerk shall distribute the remainder of the partial payment to any other applicable user fee fund.

(5) If there is money remaining after distribution under subdivision (4), the clerk shall apply the remainder of the partial payment to any outstanding fines owed by the defendant."

This statute only applies to criminal cases. For partial payments on other case types look for direction from the Court.
LEASE PURCHASE AGREEMENTS

The State Board of Accounts is of the audit position that in purchasing computers, equipment or any other good from public funds, the Board of County Commissioners as the purchasing authority of a county has the right to enter into a rental with option to purchase agreement if the rental charge is fair and reasonable.

However, before such an agreement is entered into, there must be a sufficient appropriation balance available for payment of the current year’s rental charge. The agreement should not obligate the county for payment of rental beyond the current year’s appropriation. Provision may be made in the agreement for renewal for succeeding years by rental payments subject to appropriations being available.

If the original gross cost of the equipment (without consideration of any trade-in) exceeds one hundred fifty thousand dollars ($150,000), the purchasing agency must comply with the “Public Purchases Law”, IC 5-22 (certain exceptions exist), by advertising for the bids and by awarding with reasonable promptness by written notice a contract to the lowest responsible and responsive bidder. Only by awarding a contract pursuant to IC 5-22 would the county have authority to purchase the equipment at a later date. A lease-purchase agreement will often contain an option to purchase at the end of the lease term for nominal consideration or no additional consideration.

The specifications for the equipment must be recognized standard specifications to allow competitive bidding and should provide for the bidder to quote the total purchase cost, the rental charge to be made, and the percentage of the amount of the rental charge that will be credited toward the purchase cost should the county exercise the option to purchase. Any interest or carrying charges must be made a part of the original bid price without specific reference made thereto.

Compliance with the above requirements will allow the purchasing agency to exercise the option to purchase at any time a sufficient appropriation for the equipment is available.

Remember, as mentioned above, whether or not the equipment should be bid is based on the original cost of the equipment and is not based on cost less trade-in or on the annual lease rental payment amount.
INVESTMENTS

We have received a number of questions on allowable investments and working with investment companies or brokerage companies. The following is our audit position on this issue.

Investing in Securities:

IC 5-13-9-2 authorizes an investment officer to invest in certain securities that are listed in the statute:

“(a) Each officer designated in section 1 of this chapter may invest or reinvest any funds that are held by the officer and available for investment in any of the following:

(1) Securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States and issued by any of the following:

(A) The United States Treasury.
(B) A federal agency.
(C) A federal instrumentality.
(D) A federal government sponsored enterprise.

(2) Securities fully guaranteed and issued by any of the following:

(A) A federal agency.
(B) A federal instrumentality.
(C) A federal government sponsored enterprise.

(3) Municipal securities issued by an Indiana local governmental entity, a quasi-governmental entity related to the state, or a unit of government, municipal corporation, or special taxing district in Indiana, if the issuer has not defaulted on any of the issuer's obligations within the twenty (20) years preceding the date of the purchase. A security purchased by the treasurer of state under this subdivision must have a stated final maturity of not more than ten (10) years after the date of purchase.”

The statute goes onto say in subsection (d) to state that

“(d) The investing officers of the political subdivisions are the legal custodians of securities under this chapter. They shall accept safekeeping receipts or other reporting for securities from:

(1) a duly designated depository as prescribed in this article; or
(2) a financial institution located either in or out of Indiana having custody of securities with a combined capital and surplus of at least ten million dollars ($10,000,000) according to the last statement of condition filed by the financial institution with its governmental supervisory body.

To determine a duly designated depository, you may review the list of depositories on the Treasurer of State’s website: www.in.gov/tos/deposit/2377.htm

The definition of a financial institution may be found in IC 5-13-4-10.

IC 5-13-4-10 "Financial institution"

Sec. 10. "Financial institution" means any of the following:

(1) A bank, trust company, or mutual savings bank that:

(A) was incorporated under the law of Indiana or any other state; and
(B) has its principal office or a branch in Indiana.

(2) A national banking association with its principal office or a branch in Indiana.

(3) A savings association operating as a deposit association incorporated under Indiana law.

(4) A federally chartered savings association with its principal office or a branch in Indiana.

(5) A federally chartered savings bank with its principal office or a branch in Indiana.

(6) A state chartered credit union in Indiana that is federally insured or privately insured and that has assets of three million dollars ($3,000,000) or more.
INVESTMENTS (Continued)

In order for the county to be compliant with statute on purchasing securities, the county funds must be deposited with a designated depository or financial institute as defined in the statute. If that procedure is followed, the designated depository or financial institution has custody of the funds. The investment companies may work with a county on the purchase of these securities but they may not directly sell the securities to the county or have custody of any county funds. As an example, a county could purchase a T-Bill from an investment company, however, the cash for the purchase should be sent to the financial institution and the financial institution would then deliver the cash to the investment company after the investment company delivers the T-Bill to the financial institution on behalf of the county. The financial institution would have custody of the T-Bill.

Investing in Money Market Funds:

IC 5-13-9-2.5 authorizes a political subdivision to invest money in money market mutual funds with certain restrictions:

(a) An officer designated in section 1 of this chapter may invest or reinvest funds that are held by the officer and available for investment in investments commonly known as money market mutual funds that are in the form of securities of or interests in an open-end, no-load, management-type investment company or investment trust registered under the provisions of the federal Investment Company Act of 1940, as amended (15 U.S.C. 80a et seq.).

(b) The investments described in subsection (a) shall be made through depositories designated by the state board of finance as depositories for state deposits under IC 5-13-9.5.

(c) The portfolio of an investment company or investment trust described in subsection (a) must be limited to the following:

   (1) Direct obligations of the United States.
   (2) Obligations issued by any of the following:
      (A) A federal agency.
      (B) A federal instrumentality.
      (C) A federal government sponsored enterprise.
   (3) Repurchase agreements fully collateralized by obligations described in subdivision (1) or (2).

Subsection (b) of this statute also requires that the investments in allowable money market funds be made through designated depositories. So to be in compliance with statute, the money market fund must be made through a designated depository and not directly with the investment company.

INTEREST RATES ON TAX OVERPAYMENTS AND UNDERPAYMENTS

From the Department of Revenue, Departmental Notice #3 issued in November 2017: “Pursuant to IC 6-8.1-10-1, the rate of interest for an underpayment of tax and an excess tax payment is the percentage rounded to the nearest whole number that equals two percentage points above the average investment yield on state general fund money for the state’s fiscal year ending June 30, 2017, excluding pension fund investments, as provided by the State Treasurer’s office. The rate of interest for an underpayment of tax and an excess tax payment for calendar year 2018 will be 3%”

In addition we have included a historical list of calculated percentages for the last 10 years. This information can be found on the Department of Revenue website (www.in.gov/dor)
INTEREST RATES ON TAX OVERPAYMENTS AND UNDERPAYMENTS (Continued)

Historical Interest Rate List

<table>
<thead>
<tr>
<th>Year</th>
<th>Overpayments</th>
<th>Delinquent Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
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<td>7%</td>
</tr>
<tr>
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<tr>
<td>2010</td>
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</tr>
<tr>
<td>2018</td>
<td>3%</td>
<td>3%</td>
</tr>
</tbody>
</table>

QUESTIONS AND ANSWERS FROM COUNTY AUDITOR’S FALL CONFERENCE – OCTOBER 2017

Question 1: The Community Correction department is wanting permission to not pay an invoice (in 2017) from attending a conference for County Correction officials in 2016; the department is claiming funds are not available to pay the invoice. The County auditor is being asked to provide a letter stating in essence the invoice should not be paid because it violates an SOP for the County.

Answer 1: From the County Auditor’s Manual, Section D – Audit of Claims and Vouchers: “One of the most important duties of the county auditor, as the title of the office implies, is to audit all claims and vouchers prior to their allowance and payment. It is not expected that the county auditor personally supervise the performance of all work or the delivery of all goods, but to insure a claim or voucher is proper…” … 5. Be sure the claim or voucher has been approved by the officer or department head receiving the goods or services… 6. Determine that sufficient funds and appropriations are available from which to make payment…” The department should make the determination if this is a valid claim for payment. If this is not a valid claim, it should not be submitted to the Auditor’s office for payment.

Question 2: The State says I can only have one provider per county; so, I would like to know if I can use the money budgeted for one provider to split between two providers?

Answer 2: It would help to know which agency provided the information and the basis for their guidance. The statute for county financial assistance to community mental health centers is found in IC 12-29-2-1.2. That statute states assistance is provided to “a” community mental health center and the amount you can appropriate is based on the costs for operating that mental health center. We can’t provide any legal advice on this, but it does appear that you would have only one mental health provider for the county although that mental health center could provide services to more than one county. Any disbursements you make to a mental health center must comply with this statute.

Sec. 1.2. (a) The county executive of a county may authorize the furnishing of financial assistance for the purposes described in subsection (b) to a community mental health center that is located or will be located:
Answer 2: (Continued)

(1) in the county;
(2) anywhere in Indiana, if the community mental health center is organized to provide services to at least two (2) counties, including the county executive's county; or
(3) in an adjacent state, if the center is organized to provide services to Indiana residents, including residents in the county executive's county.

If a community mental health center is organized to serve more than one (1) county, upon request of the county executive, each county fiscal body may appropriate money annually from the county's general fund to provide financial assistance for the community mental health center.

(b) Assistance authorized under this section shall be used for the following purposes:

(1) Constructing a community mental health center.
(2) Operating a community mental health center.

(c) The appropriation from a county authorized under subsection (a) may not exceed the product of the amount determined under section 2(b)(2) of this chapter for that year multiplied by one and five hundred four thousandths (1.504)...

(1) may propose a financial assistance budget; and
(2) shall refer its proposed financial assistance budget for the first calendar year to the department of local government finance before the tax levy is advertised. “

Question 3: We have established a special purpose LIT for a jail project. We will get our first distribution in January 2018. We have already incurred expenses for the project and have appropriated and paid expenses from the Rainy Day Fund. We want to repay the Rainy Day Fund from the special purpose LIT fund when funds are available. Is this permitted?

Answer 3: If the Rainy Day fund loaned the LIT Special Purpose fund money to pay expenses, then the LIT Special Purpose should repay the loan. See IC 36-1-8-4

If bonds are issued for the project, we would not take audit exception if bond proceeds were used to reimburse a fund that paid preliminary expenses.

You would have to follow IC 36-1-8-5 for transfers to the Rainy Day fund.

Question 4: We have a health clinic in our county that is funded by both the health fund and federal grants. The director of the clinic refuses to break down the claims between local source and grant funds. Instead all claims are submitted against the health fund, as if all funding sources are commingled. They have now expended all of their appropriations. I have refused to pay any claim that will cause an appropriation to be overexpended. How can I get the clinic director to cooperate?

Answer 4: You should not certify a claim when there is insufficient appropriation to pay the claim. When such a claim is submitted for payment, the County or your office should have a written policy for the procedures that you will follow. At a minimum, the policy should include informing both the department submitting the claim and the County Commissioners. The Council should also be aware they are not paying correctly against the budget.

Question 5: Is there an electronic version of the payroll voucher?

Answer 5: We prescribe the forms but we not provide the forms. You should check with your forms vendor or software vendor. If the electronic version is an exact duplicate of the form you do not need approval to use the form. Approval can be obtained for alternative forms.
Answer 5: (Continued)

From the County Auditor’s Manual and Uniform Compliance Guidelines, Chapter 1:

A prescribed form is one which is put into general use for all offices of the same class, whereas an approved form is a computerized form for special use in a particular office.

Although the SBOA prescribes forms, copies of forms must be purchased from a public printer or other source.

Many computer software programs can create exact replicas of prescribed forms. Exact replica may be used as a prescribed form. If it is desirable to use a form other than a prescribed form that is not an exact replica, the new form must be approved.

For any form that is to be approved, the unit can start using the form as they have it ready. A log of these forms must be kept indicating the form it replaced and the effective date of the new form. At the beginning of an engagement, this log must be presented to the examiner.

New forms must be in place during at least one engagement and must not be an element of a finding or result and comment that is responsible or partially responsible for an exception found during an engagement to be considered approved. The unit is responsible for placing on new forms the year of installation in the upper right corner. This reference should be similar to “Installed in [Name of Unit], (20xx).”

The unit agrees to comply with the following conditions, if applicable, for any new forms installed:

1. The forms installed are subject to review and/or recommendations during engagements of the unit to ensure compliance with current laws and uniform compliance guidelines.

2. Any receipts, checks, purchase orders, or other forms that require numbering shall be either prenumbered by an outside printing supplier or numbered by the unit’s computer system with sufficient controls installed in the system to prevent unauthorized generation of the form or duplication of numbers.

3. All receipts must be either in duplicate or recorded in a prescribed or approved register of receipts.

4. All checks must be either in duplicate or recorded in a register of checks generated by the computer.

5. In the event a change is required due to the passage of a State or Federal law or a change in uniform compliance guidelines, the unit agrees to implement the change in a timely manner.

An electronic version of the form may be available from your software vendor.

Question 6: An industry in a TIF district won an appeal due to a double assessment on their building. There is a sizeable refund due which the redevelopment has agreed to pay, since the error is 100% on the increased assessed value. How should I handle this at settlement?

Answer 6: You would still follow IC 6-1.1-26 for refunds to the taxpayer. Proper procedure if the refund is under $100,000 would be to repay out of General fund and then repay the General fund by withholding from the appropriate tax district, in this case the TIF district. You need to work with the Auditor of State’s office to resolve any settlement issues.
Question 7: Can we ask for a new legal description when a legal contains exception after exception? We have had as many as 10+ exceptions and it is extremely difficult to plot. Can we require if you have more than x# exceptions, a new legal is required? Would we do this by ordinance?

Answer 7: Questions about legal descriptions require legal advice. You need to consult with your County Attorney and Surveyor.

Question 8: Our County does not have a surveyor. The drainage board contracted with a surveyor for preliminary work on a potential project for an inactive drain. The cost was paid from the General Drain Improvement Fund and assigned to the drain. The project never went any further. There was no assessment, and there is no maintenance account or assessment for that drain. What do I do with the negative balance that I am carrying for that drain in the General Drain Improvement Fund?

Answer 8: There are several options. 1) This could be considered maintenance repayable and a maintenance assessment initiated to cover the cost. 2) If there is a chance that a project will be done on this drain in the future, the board could continue to carry the negative balance and include it in the cost of the project. 3) The board could determine that they will bear this cost out of the unallocated portion of the General Drain Improvement Fund. If option three is chosen, you would reduce the balance of your unallocated General Drain Improvement funds and eliminate the negative balance for the drain in question. The choice should be made by the drainage board and recorded in the drainage board minutes.

See chapter 3 of the drainage manual.

Question 9: Are first deputies in the courthouse offices exempt from overtime rules and regulations?

Answer 9: Overtime rules and regulations are administered by the U.S. Department of Labor under the Fair Labor Standard Act. There may be variables that make each situation different. You will need to contact the Department of Labor to address your specific situation.

Question 10: Can the County Council dictate the frequency of payroll, day of pay, or lag time from pay period to pay date?

Answer 10: The County Auditor would be required to follow the provisions of the salary ordinance (council) and the county personnel manual (commissioners).

IC 36-2-8-2 states:
(a) The county auditor and county treasurer may pay salaries and wages to county officers and employees monthly, twice each month, every two (2) weeks, or weekly.

(b) The manner of payment of salaries and wages under this section must be authorized by the legislative body of a county having a consolidated city or by the executive of any other county.

Question 11: Are counties required to refund local lodging (innkeeper’s) or food & beverage taxes to tax exempt organizations? If yes, or if recommended, what would be the process?
Answer 11: You first have to determine if the person claiming the refund is exempt. If the Department of Revenue collects the tax, they will treat the innkeeper’s tax in the same manner that they treat sales tax. The Department of Revenue issue an Informational Bulletin #41 on sales tax that discusses when an organization is exempt from sales tax. You should review that bulletin which is available on the DOR website. www.in.gov/dor

You should also review the statute for establishing your Innkeeper’s tax and your enabling ordinance for any specific situations in which the tax is not applied.

If you determine that someone is entitled to a refund of the tax, you would have to pay the refund from the convention, visitor and tourism promotion fund.

Question 12: We use LOW financial software. What is the ‘best practice’ for paying election workers? (Payroll or A/P) We use over 200 workers, and some are current employees.

Answer 12: An employee of the county that works the polls at an election would have to be paid through payroll. IF the person working the polls is not a county employee, then it will depend on the total amount the election worker will be paid for the calendar year. According to IRS guidelines, if the election worker will be paid $600 or more during the calendar year the county is required to issue the worker a W-2 for those wages. Therefore, the wages would need to run through the county’s payroll system to ensure the correct reporting on a W-2. If the wages are less than $600 for the calendar year, the county would not be required to issue the worker a W-2 and the wages would not have to run through the payroll system. Please keep in mind that election wages are still considered income to the worker and the worker is required to report those wages on their income tax return. So even though a W-2 is not required, the county could still pay the worker through the payroll system and issue a W-2.

Amounts paid to individuals who provide election worker services and non-election worker services can be reported on separate W-2 forms. The IRS rules over the treatment of pay to poll workers are discussed in detail in an IRS publication that can be viewed at https://www.irs.gov/government-entities/federal-statelocal-governments/election-workers-reporting-and-withholding. An excerpt of this publication states, “Election workers are individuals hired by government entities to perform services at polling places in connection with national, state and local elections. An election worker may be referred to by other terms and titles, for example, poll worker, moderator, machine tender, checker, ballot clerk, voting official, polling place manager, absentee ballot counter or deputy head moderator. These workers may be employed by the government entity exclusively for election work, or may work in other capacities as well. Compensation paid to election workers is includible as wage income for income tax purposes, and may be treated as wages for Social Security and Medicare (FICA) tax purposes.”

Question 13: Can tips be paid from the General Fund and not included in the employee's per diem? If so, how does the employee document a cash tip? For example: For housekeeping after a hotel stay.

Answer 13: Reimbursement to employees for travel expenses should be made in accordance with the formal policy as adopted by the County. If the policy allows for the reimbursement of tips, the policy should also include requirements for documentation. For an expense to be reimbursed, there must be some documentation that it was paid. The policy could also address any limits on the amount to be reimbursed.

Tips should not be added to per diem. Per diem is an allowance for meals and not based on actual expenditures. The County could consider tips in determining what the daily per diem rate should be.

Question 14: How long do you have to keep recordings of Council & Commissioners meetings?
Answer 14: Per the Indiana Archives and Records Administration retention schedules, the minutes of the Council and Commissioners’ meetings are considered CRITICAL records due to their historical value. Therefore, if you have only “recordings” of the meetings they would be considered permanent and cannot be erased or destroyed. However, if the recordings were transferred to another form of record i.e. microfilm or other electronic form and approved by the Council and Commissioners’ the recordings could be destroyed or erased. The County should contact IARA before destroying any public records.

Question 15: If we cannot find the ordinances to go with our Home Ruled Funds how should we handle making sure we have one?

Answer 15: Ordinances passed by the County are considered critical records and should not be destroyed or discarded. If your County “codified” all their ordinances those would have been included. Review the minutes of the meetings there may be a copy included or at least a general description of what the ordinance contained. Has your County sent any “historical” records to the State Archives? If you are unable to locate an ordinance that established a home rule fund, you need to consult with your Commissioners and have them establish an ordinance for this fund.

Question 16: For the Town refuse and sewer liens, a portion of the liens were not accounted for properly on the tax distribution records. The liens were recorded and paid by the taxpayer, but at settlement the money was not sent to the Town in its entirety. As such, all of the liens have not been released even though the liens were paid. A portion of the lien designated as penalty ended up being paid to the county. How do we correct this situation?

Answer 16: You need to determine what was collected and how was it distributed. If part of the collections for liens were included in settlement instead of being paid to the Town, then you would need to pay the Town the amount of lien money that had been collected that was not paid to them. This payment would come from the General Fund. This would allow the release of the liens, as the Town would be paid in full. The County would then need to collect the amounts back from the appropriate taxing districts that received the collections in error and return it to the General Fund.

Question 17: We send money to the Economic Development and it does not appear they are audited. Should they be audited?

Answer 17: The Economic Development should follow the requirements for non-governmental entities receiving governmental assistance. Economic Development organizations are nongovernmental organizations, many of whom conduct their business as not-for-profit corporations that by contract or other form of agreement, provide a service or benefit to the public on behalf of government.

Our involvement in the entity audit process is triggered primarily by the filing of an Entity Annual Report (Form E-1). Based on the financial information reported, we advise the entity if an audit, in accordance with our guidelines is required, or if they qualify for a waiver of this requirement.

Question 18: A City purchased a golf course recently. However, there was only a “first reading” done before the purchase. This is a parks and recreation department item that is supposed to be funded by $950,000 in bonds through the park district. What recourse do the taxpayers have in this case?

Answer 18: If there is a question of board taking action outside of a public meeting, then the State’s Public Access Counselor should be contacted.
Question 19: In relation to Mark Mahon’s presentation, do any other auditors or anyone from the SBOA have recommended processes for verifying that new/current vendors that we pay are “real” and not false ones like the Mizen case? We collect W-9s. Is there anything else we could/should be doing?

Answer 19: There are several steps you may use in a vendor verification process. Potential steps, in no particular order, may include, but are not limited to: obtaining references; reviewing latest vendor financial statements; verification of insurance and/or license information, previous complaint histories (BBB, FTC, etc.); company history (bios of management and key personnel); verifying legal and regulatory compliance (court record searches, etc.); reviewing company websites; verifying physical location of vendor (PO box is only address for vendor); comparing vendor information to employee information (addresses, phone numbers, names, SSNs, EINs, etc.); reviewing various watch lists, such as the excluded parties on the System for Award Management website (SAM); use of an approved vendor list (prohibit payment of invoices to any company not on the list); verifying change of payment address/contact information for a vendor; tracking unusual invoice patterns; reviewing invoices (generic templates, no clear definition of goods/services, illegible or missing documentation); contracting/accounts payable employee showing special interest in a particular vendor; unusually large volume or dollar amount of invoices; employees that “deliver” checks to the vendors; vendors that require immediate payments (outside of the established accounts payable process) and out of town vendor checks being cashed locally. The use of checklists or questionnaires could be used to help streamline this process.

In addition to the above steps, the internal controls over purchasing should be reviewed periodically to determine if they are being implemented as designed and that they still meet your unit’s specific needs. Special attention should be paid to segregating incompatible duties, such as approving payments, adding/deleting/modifying vendors, and making payments.

Also, please keep in mind your responsibilities under IC 5-11-1-27(j) which states, in part: “A public officer who has actual knowledge of or reasonable cause to believe that there has been a misappropriation of public funds or assets of the public office . . . shall immediately send written notice of the misappropriation to the state board of accounts and the prosecuting attorney serving in the area governed by the political subdivision.”

Question 20: Our county is wanting to pay a $400 stipend to Medicare eligible employees for their health insurance. Is this allowable? How do we go about doing this? Per our attorney, this is allowable if we offer it as one of the options and not mandate it.

Answer 20: We would not take exception to a payment of the stipend as long as it has been included on the salary ordinance, included as wages on the W-2 and paid from an appropriate fund/line item. You should also verify that the stipend is allowable under the Affordable Care Act (ACA) for a unit of your size and circumstance (number of employees; plan types, etc.).

Question 21: Regarding HEA 1031, how will comments/findings be handled if the original problem(s) started with an Auditor who is no longer in office and the current Auditor is not aware there was a comment/finding? (He or she is probably doing things the same they were done in the past.)
Answer 21: Upon taking office (or prior to taking office in most cases) the prospective Auditor should review prior SBOA reports to gain an understanding of the entity’s circumstances. Audit Reports are available on the SBOA website. Additionally, the procedures regarding HEA 1031 are for the audited entity. Through the comments and corrective action plan, we are trying to provide a tool for the county or the specific office to find potential solutions. The corrective action plans and procedures to remediate audit issues are items to be addressed going forward. Which would be the responsibility of the current officials, to the best of their ability, regardless of when the issues first occurred. An additional point to consider is that part of your entity’s internal control processes should include follow up of previously identified issues.

Question 22: For our Drug Free Fund (#1148) what is the proper process for paying out for services? What if the local coordinating council is an inactive entity per the Secretary of State (SOS) records?

Answer 22: The procedures for disbursing the Drug Free Community Funds may be found in the July 2015 County Bulletin, Volume 396, page 3. The article contains the following information. The comprehensive plan approved by the Indiana Criminal Justice Institute would include who will receive grants from the fund. Those grants needs to be supported by a contract between the county and the grantee. If a non-profit organization is inactive, it would be up to the county to determine if that grantee can still perform the services agreed upon within the contract. You could also contact Sonja Carrico with Indiana Criminal Justice System to see if ICJI requires all grantees be active with the Secretary of State. Her email is scarrico@cji.in.gov.

Question 23: For our Form 144, how do we show the salaries for part-time and hourly employees? Our salary ordinance is on a per hour basis for these employees.

Answer 23: The Form 144 is used as part of the budget process and for part-time and hourly workers, the rate recommended would be approved or modified by the salary ordinance. The number of hours that can be used will be limited by the appropriation for part-time and hourly workers so only the requested rate needs to be shown. So for hourly employees, the data should be shown as an hourly rate. If you need to adjust the column headings on the form to match your county’s salary ordinance, you can have the alternative form approved.

Question 24: Our county’s fuel provider has been charging us a fuel surtax. They advise that they are required to by state and that we need to file a refund request. Why would our tax exempt status not exempt us from the surtax and can there be direction provided to vendors (a general DOR statement) to help them realize they don’t have to charge?

Answer 24: Please note the Indiana Department of Revenue's latest guidelines are available at www.in.gov/dor.

Inquiries may be directed to the Department of Revenue, Special Tax Division, at (317) 615-2630 or at www.in.gov/dor.

Question 25: Our County Extension office has their own checking accounting. Ostensibly, they make purchases with this account and then submit a claim to the County for reimbursement to the account. The submitted claims have vendor statements (not itemized) and a copy of the prepared (not canceled) extension office check. We have asked other county auditors if this is how it is done in their counties, and they say “no.” Is this proper?
Answer 25: IC 5-11-10-1.6(c) states:

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

(1) there is a fully itemized invoice or bill for the claim;

(2) the invoice or bill is approved by the officer or person receiving the goods and services;

(3) the invoice or bill is filed with the governmental entity's fiscal officer;

(4) the fiscal officer audits and certifies before payment that the invoice or bill is true;

(5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim.

The County Auditors manual states in chapter 8:

One of the most important duties of the county auditor, as the title of the office implies, is to audit all claims and vouchers prior to their allowance and payment. It is not expected that the county auditor personally supervise the performance of all work or the delivery of all goods, but to insure a claim or voucher is proper, the following minimum audit steps should be observed:

1. Determine the claim or voucher is properly itemized and verified and, where required, that it is properly supported by freight bills, delivery tickets, or other supporting documents acknowledging delivery of the goods or services.

2. If for personal services, determine that salaries or rates of wages are in strict accordance with those fixed by the county council or by the board or officer having jurisdiction.

3. Determine that prices charged are in accordance with contracts awarded, where applicable, and that statutory authority exists for payment of the claim or voucher.

4. Verify the correctness of the extension on each item, where based on quantity and unit price, and add the detail items to see that the total is correct.

5. Be sure the claim or voucher has been approved by the officer or department head receiving the goods or services and allowed by the board of county commissioners, the court, or such other board or officer authorized by law to allow the claim or voucher.

6. Determine that sufficient funds and appropriations are available from which to make payment; also, that the claim or voucher has not been previously paid.

It is important that the foregoing audit procedures be observed to insure that all claims or vouchers are paid in good faith and thereby minimize the possible liability for payment of a wrongful or unlawful claim or voucher.

It is always preferable, when possible, to pay vendors directly, rather than reimbursing employees or third parties for purchases made. If a reimbursement is necessary, you would still need a properly itemized claim, plus proof that the purchase was actually made.
Question 26: Are County Extension Office employees required to use mileage claim form 101 to be reimbursed for mileage from their general fund budget?

Answer 26: Yes. To receive payment from county funds, they must follow the county policy for travel reimbursements.

Question 27: If a County police officer works part time for another entity, are they qualified for retirement through them for their part-time hours or does that salary go to the County where they are full-time for retirement coverage? (Note: The officers are concerned for the extra salary to go to retirement to build it up.)

Answer 27: If there is an interlocal agreement between the county and the other entity, where the payroll is paid by the county and the county is reimbursed by the other entity, all of the hours would be paid through county payroll and be included for retirement. If the officer is employed by a second entity, the County would not be responsible for the hours work for that entity. Whether they qualify for retirement through the other entity would be determined by that other entity.

Question 28: Weed / Sewer Liens:

Is the Auditor’s office responsible for verifying the information on the lien or do we just file it “as is”?

The utility officer should ensure the information to file the lien is correct. Based on the lien, the utility officer would create a list to certify the costs to the county auditor. The auditor would add the amount owed on the lien to the tax duplicate based on the information provided. “The county and its officers are not liable for any material error in the information on the list.” (IC 36-9-23-33(e))

Are releases required from the taxing unit that filed the lien?

Yes. The utility officer shall release any recorded lien when the delinquent fees, penalties, service charges and recording fees have been paid fully paid. (IC 36-9-23-33(g))

Can we charge the $20 county collection fee ($15 certification fee & $5 service charge) for weed liens?

No. Those fees are specifically found in the statute for a sewage lien and they would not apply to other liens. You would need to review the statute for other special assessments and liens to determine if the county can collect any additional charges.

Question 29: Community Crossings – We started spending money, but were awarded only a small portion of the grant application. We have since made adjustments to invoices paid from the grant to pay from other funds because of the lesser award amount. Is this the correct way of handling the grant?

Answer 29: Yes. Any excess spending over the award amount would have to come from another funding source so those expenditures would need to be moved or postings corrected to reflect the disbursements from another fund. Also you need to ensure that the expenditures recorded against the grant fund are for the grant project approved in the application.

Question 30: Who controls EDIT dollars? Council or Commissioners?
Answer 30: IC 6-3.6-6-9.5 states that the executive of the county, Commissioners, adopt the capital improvement plan specifying the uses of the economic development revenue. The plan must encompass at least two years and incorporate projects the cost of which is at least 75% of the estimated economic development revenue. The Council approves the appropriations for the LIT – Economic Development fund. The appropriations should be in compliance with the capital improvement plan. The Commissioners and the Council should work together.

Question 31: What should an auditor do with fund accounts which have balances but have lain dormant for many years?

Answer 31: The first step is to research the sources and uses of the fund either by reviewing the statute establishing the fund; the ordinance for local funds or the grant agreement for grants funds. If you can’t locate the ordinance or grant agreement, look at the history of what was receipted to the fund and what was disbursed from the fund in the past. IC 5-1-13-2 addresses capital improvement funds that were funded by bonds with a surplus balance. IC 36-1-8-5 addresses closing out funds that have unused balances that may be transferred to the general fund or rainy day fund. You may have to contact the grantor agency for grants to see if there are any requirements for unused grant funds. It will take some work to clear up dormant funds appropriately. If you have questions on specific funds let us know.

Question 32: information regarding the Cost Allocation Plan, especially the Allowable & Non-Allowable items along with clarifying Indirect Costs and Depreciable Items.

Answer 32: For each Federal Grant that your county receives, someone has signed a grant agreement that outlines requirements for that grant. In addition, there are federal regulations for each grant that are provided by the federal government. Each grantor agency (Department of Justice, Department of Transportation, and Health and Human Services, etc.) provides grant requirements specific to their grants. You should start with the grant agreement and it should direct you to any CFR that applies as well as provide specific information on the requirements of that grant.

Cost Allocation plans, when allowed, are a way to provide grant money for indirect costs related to the grant. Direct costs are more easily identified and often the only costs that are paid by the grant. For example, in the Bullet Proof Vest grant, the cost of the vest is a direct cost of the grant. However, there are accounting costs related to each grant, such as setting up the fund, posting the records, approving the claims, etc. In order to get grant money for those costs, indirect cost has to be allowable cost of the program. (Grant agreement). A Cost Allocation plan allows you to designate a proportion of the overhead or indirect costs to the administration of the grant and collect reimbursements from the grant. For Title IVD (child support enforcement grants), DCS provides direction on establishing a cost allocation plan. Depreciable items are items on your capital assets listing that depreciate over time and that cost may be allowed as an indirect cost.

Question 33: Reporting guidance for Federal Grants, specifically the SEFA-Schedule of Expenditures of Federal Awards.

Answer 33: The best example to follow, is the SEFA from your prior audit. You will have to add new grants and remove old grants on the schedule in Gateway. Compare your information from this year to last year. If you have placed all of your federal grants in the chart of accounts 8000 series funds, you would be able to check back from your grant schedule in Gateway to the funds ledger to make sure that you have included all of your grants. You need to determine if the grant is an advance grant where you receive the grant money prior to paying any costs from the grant or a reimbursement grant where you must submit proof that you have paid certain costs and receive a reimbursement for the claim paid. If the grant schedule in Gateway is completed accurately, the SEFA generated will be materially correct. You will be given the SEFA to review during the audit.
Question 34: Why is signing and mailing of an Attest required after final submission within Gateway? This seems to be redundant, especially when most items are sent and/or received by email.

Answer 34: Starting with the 2017 Annual Financial Report, it will no longer be required to submit the Attest form.

Question 35: Would it be possible to receive a list of EFT’s from the Auditor of State’s office monthly or quarterly, so that our office could balance back to those deposits. This could be helpful when Audits are done as the County could find error’s timely and not a year or two down the road when SBOA is there auditing your county?

Answer 35: You should have controls in place between the auditor and treasurer’s office to identify all EFT’s and post accurately. If you have a deposit with no notification, you should immediately contact the payer (such as the Auditor of State’s Office) for information on the deposit. If you receive notification and no EFT deposit, you should also contact the payer to determine why.

Question 36: Will there be any training or forms on Sub recipient Risk Assessment for federal grants?

Answer 36: Risk Assessment is one component Internal Control. We can do further training in Internal Controls in a future conference. Sub recipient monitoring is one of the compliance requirements for Federal grants. If your county accepts a grant and signs a grant agreement, the county is then responsible for ensuring that the grant is disbursed in compliance with the federal regulations. If the county passes any portion of the grant on to a sub recipient, they are responsible to monitor the amount passed through to the sub recipient to ensure that the sub recipient follows the grant requirements. The State Agencies do this with all of the grants they pass on to local units. The State has you sign a grant agreement with the state and requires the local units to report on the activities of the grant. The county would have to follow similar procedures if they pass a grant on to a sub recipient. The risk assessment is part of the internal controls over that grant. You want to identify any risks that the grant will not be used in compliance with the grant agreement and set controls in place to address those risks.

Question 37: Something that I think needs to be addressed at the Auditor’s conference is the County Commissioners Compensation. This came up at the AIC conference and the County Bulletin Volume 403 page 3 was referenced. An email was circulated some time ago asking how many counties paid their Commission President more than the other Commissioners and I believe there were quite a few Counties.

Answer 37: At this point, we have not changed our audit position.

Question 38: Who is to mail the checks the county issues? Our internal controls is the claims deputy enters the claims, I check those claims, and the chief deputy prints the checks then the treasurer mails. I am hearing many counties the checks are mailed from the Auditor’s Office. Are we doing it wrong?

Answer 38: The statute does not address who mails the checks. It takes both the auditor and the treasurer to pay claims. IC 36-2-10-9 states: “The treasurer shall receive money to which the county is entitled and shall disburse it on warrants issued and attested by the county auditor.” The county should establish internal controls over this process to ensure that both offices have fulfilled their responsibilities. The auditor needs to initiate the payment by creating the warrant, and the Treasurer must countersign all checks. Depending on your county’s procedure, either the Auditor or the Treasurer’s office could mail the checks once the accounts payable procedures have been completed.
The following rates, effective January 1, 2018, were computed based upon the statutorily authorized 2.75% increase allowed by IC 5-3-1-1(b)(4). Any percentage increase other than the 2.75% will require a separate computation by the State Board of Accounts. A newspaper, locality newspaper, or qualified publication may, effective January 1 of any year increase the basic charges by not more than 2.75% more than the basic charges that were in effect during the previous year.

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| Rate/Square | 6.88 | 10.29 | 13.73 | 17.17 | Rate/Square | 6.88 | 10.29 | 13.73 | 17.17 |