

# CITIES AND TOWNS BULLETIN

AND UNIFORM COMPLIANCE GUIDELINES  
ISSUED BY STATE BOARD OF ACCOUNTS

June 2020

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## 2020 LAWS AFFECTING CITIES AND TOWNS

The following list of laws enacted by the General Assembly is related to cities, towns, and municipally-owned utilities. This is not intended to be an expression of a legal opinion nor is it intended to provide a complete summary of every addition or amendment contained in the public law. If you have any questions regarding legal interpretation, please consult your city or town attorney. We have listed the laws in public law order sequence. Additional information regarding the 2020 public laws may be found on the General Assembly website at [www.iga.in.gov](http://www.iga.in.gov). The "Session" tab contains a Table of Citations for all Indiana Code citations affected by new legislation, a complete Digest of Enactments summarizing each new public law, an Enrolled Act Summary showing the effective dates of each public law section, and other cross references between public law number and bill number. The "Legislation" tab contains each new public law.

### House Enrolled Act 1015 – Public Law 33 Rights of Professional Firefighters

Provides that a full-time, paid, non-probationary firefighter has certain minimum protections in addition to any protections provided by contract or other law with regard to the following: (1) The conduct of an interview of the firefighter by the fire department (department) regarding a complaint or internal investigation. (2) The giving of notice by the department to the firefighter of a personnel reassignment, personnel action, or disciplinary action. (3) The disclosure of the firefighter's personal financial information for purposes of a personnel assignment or action. (4) The firefighter's engagement in or refusal to engage in political activity. (Currently these statutes apply only to police officers and police departments.) Repeals a provision that makes the provisions applicable only to police officers.

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House Enrolled Act 1065 – Public Law 154  
Various Tax Matters

Amends the definition of "inventory" for purposes of property tax. Amends the definition of "land developer" for purposes of provisions that apply to reassessment of undeveloped land. Provides that, if a taxpayer believes that the taxpayer has over-reported a personal property assessment that is discovered in the course of a review of the taxpayer's personal property assessment for which the assessing official fails to make an adjustment to correct the error, the taxpayer may: (1) initiate an appeal with the county property tax assessment board of appeals for a credit to offset any resulting overpayment; or (2) file a claim for refund with regard to any resulting overpayment. Authorizes an appeal to the Indiana board of tax review of the denial of the refund claim with regard to a resulting overpayment.

Provides that a: (1) township fire protection and emergency services area; or (2) fire protection district; that experiences more than 6% population growth during a 10 year period may increase its maximum property tax levy for 2021 or any year thereafter by an amount based on the population growth that exceeds 6%. Provides, however, that the township or fire protection district may not increase the tax levy based on the population growth by a total rate of more than 0.15 per \$100 of the net assessed value of the fire protection and emergency services area or fire protection district area within a 10 year period.

Provides that a local income tax council (LIT council) for a county with a single voting bloc must vote as a whole in order to exercise its authority to increase (but not decrease) a local income tax rate in the county. Defines a "county with a single voting bloc" as a county in which one city or one town that is a member of the LIT council is allocated more than 50% of the total votes allocated to the members of the LIT council. Sunsets this provision on May 31, 2021. Provides that actions taken by a member of a LIT council, or a LIT council, for a county with a single voting bloc after December 31, 2019, and before April 1, 2020, on a resolution or proposed ordinance to increase a local income tax in the county are void. Retroactively amends local income tax provisions that authorize Monroe County and Howard County to impose a special purpose rate to fund operation and maintenance of a juvenile detention center to remove provisions referring to property tax credits that were inadvertently included in those special purpose rate provisions when the local income tax law was enacted.

Provides that Spencer County is subject to a provision of the area planning law concerning urban areas. Makes certain changes to provisions that permit a redevelopment commission to establish a program for residential housing development and a tax increment funding allocation area for the program, including the following: (1) Provides that the threshold condition for establishing a residential housing development program (program) does not apply for purposes of establishing a program in an economic development target area. (2) Requires the department of redevelopment to consult with officials of all school corporations within the proposed allocation area before formal submission of the program. (3) Requires the department of redevelopment to provide notice of the public hearing on the program to all affected taxing units and officials of all school corporations within the proposed allocation area. Revises the definition of "income tax base period amount" in the context of the certified technology park statute.

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House Enrolled Act 1108 – Public Law 157  
State Board of Accounts

Makes various changes to statutes concerning the state board of accounts (board). Adds a definition of a "responsible officer of an audited entity". Allows the audit committee to determine the amount of the bond for the state examiner, deputy examiners, and field examiners based on applicable risk considerations.

Repeals a statute that addresses duties required by law on April 5, 1909.

Provides that, for purposes of the risk based examination criteria, the board may perform examinations of certain audited entities more frequently than once every four years if required by a ratings agency that rates debt maintained by such an audited entity.

Provides that the board may issue management letters based on professional auditing standards to certain audited entities. Provides that the state examiner, deputy examiner, or field examiner may issue subpoenas to enforce the filing of certain reports. Establishes a procedure governing the examination of certain bodies corporate and politic. Provides that the procedure applies only to a body corporate and politic whose enabling statute does not provide for an audit, examination, or other engagement by the state board of accounts or an independent public accounting firm concerning financial or compliance related matters of the body corporate and politic.

Makes changes to statutes establishing the forfeiture of office for the failure to file certain reports, interference with an examiner, and the failure to adopt or use the system of accounting and reporting adopted by the board. Provides that, as an alternative to an order to forfeit office, a court may impose a civil penalty that does not exceed \$500 for each day that the public officer or responsible officer continues to violate an obligation with respect to an audit, examination, or other engagement by the board. Specifies that the individual is personally liable for a civil penalty imposed on the individual for such a violation.

Provides that the board may collect the expenses from the audited entity that the board incurs in carrying out the audit, examination, or other engagement.

House Enrolled Act 1113 – Public Law 159  
Local Government Finance

Changes the deadline for reporting bonds issued or leases executed after September 30. Requires budget committee review of an agreement: (1) in which the Indiana finance authority or the state is a party; and (2) that would increase revenue as a result of a sale or lease of a state asset, or a grant of a license to operate a state asset, if the increase in revenue as a result is at least \$100,000,000. Changes the defined term "assessed value growth quotient" to the term "maximum levy growth quotient" without changing the definition. Allows the department of local government finance (department) to amend certain rules to conform with statutory changes. Requires counties to provide data related to property taxation to the department. (Current law

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requires counties to provide the data to the department and the legislative services agency.)

Amends and adds provisions regarding the assessment of a golf course. Eliminates unnecessary information from the sales disclosure form. Changes the term "industrial facility" in the statutes concerned with the assessment of industrial facilities. Prohibits township assessors and vendors who contract with county assessors or townships from assessing industrial facilities in Lake County. Provides that, for purposes of determining the assessed value of real property for an individual who has received an over 65 deduction, a disabled veteran deduction, or an over 65 circuit breaker credit, subsequent increases in assessed value are not considered unless the increase is attributable to physical improvements to the property. Provides that a taxpayer may appeal a change in the assessed value of personal property made by a township assessor or county assessor by filing a written notice of review with the county property tax assessment board of appeals (PTABOA). Provides that a taxpayer may appeal a change in the assessed value of personal property made by a PTABOA by filing a written notice of review with the Indiana board of tax review. Removes existing language that provides that, if a PTABOA fails to change an assessed value claimed by a taxpayer on a personal property return and give notice of the change within the time prescribed, the assessor may file a petition for review of the assessment by the Indiana board. Changes the debt service obligation reporting date.

Provides that a political subdivision shall submit the date, time, and place of the final adoption of the budget, tax rate, and levy through the department's computer gateway. Requires a political subdivision to indicate on its budget ordinance whether the political subdivision intends to issue debt after December 1 or file a shortfall appeal. Requires a political subdivision that makes an additional unbudgeted appropriation to submit the additional appropriation to the department within 15 days after the additional appropriation is adopted. Provides procedures for increases for the maximum permissible ad valorem property tax levies for Sullivan County, the city of Wabash, and the Wabash city school corporation. Specifies that the county treasurer's property tax comparison statement, issued annually, must include: (1) information stating how a taxpayer can obtain information regarding the taxpayer's notice of assessment or reassessment; and (2) a remittance coupon indicating payment amount due at each payment due date. Eliminates the use of the state address confidentiality form to submit a request to restrict access to a covered person's address maintained in a public property data base. Provides that, if a taxpayer is owed a refund that exceeds \$500,000 for excessive property taxes paid on real property, a county auditor may pay the property tax refund in equal installments of property tax credits for at least five and not more than 10 years, depending on the amount owed to the taxpayer. Requires the department to provide certain assessment and tax data to the legislative services agency within one business day of receipt. Eliminates the requirement that a candidate for an assessor-appraiser examination be an Indiana resident. Provides that if an adopting body under the local income tax law wishes to submit a proposed notice, ordinance, or resolution to the department for preliminary review, the adopting body shall submit the notice, ordinance, or resolution on the prescribed forms.

Modifies the standard formula for the calculation of certified shares of local income tax revenue in Hamilton County after 2020 and before 2024 to calculate adjusted amounts of certified shares for the city of Carmel and the city of Fishers. Eliminates the requirement in the context of teacher collective bargaining for the department to certify the amount of an operating referendum

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tax levy or a school safety referendum tax levy. Provides an exception to the maximum term or repayment period for bonds issued by a school corporation for a school building construction project if a loan is made or guaranteed by a federal agency. Changes from \$1.50 to \$3 the amount of the fee that a lessor in a rental purchase agreement may impose for accepting rental payments by telephone. Transfers responsibility for reporting by political subdivisions of other post-employment benefits from the department to the state board of accounts. Provides that money in the fund of a flood control improvement district established after December 31, 2019, may be used for a flood control works project in a location outside the boundaries of the district. Expires this provision on March 1, 2022.

Allows a unit of local government to establish a public safety officer survivors' health coverage cumulative fund to discharge its obligation to pay for health coverage for the survivors of a member of the 1977 police officers' and firefighters' pension and disability fund who was employed by the unit and died in the line of duty. Aligns the deadline for public libraries to adopt a budget with the general deadline to adopt a budget. Removes a provision in current law requiring the state board of accounts to approve the form of a record for stating certain unpaid costs on unsafe premises.

Provides that a person that has certain business relationships with another person that owes delinquent taxes, special assessments, penalties, interest, or costs attributable to a prior tax sale is prohibited from bidding on or purchasing real property at a tax sale or from bidding on, purchasing, receiving, or leasing a tract under the law governing the disposal of property by local governments. Requires the county treasurer to require each person bidding at a tax sale to sign a form affirming that the person is not bidding on or purchasing tracts or items of real property on behalf of or as an agent for a person who is prohibited from purchasing at a tax sale. Allows certain nonprofit entities that failed to comply with the exemption filing deadlines to claim the property tax exemptions that the nonprofit entities were otherwise eligible to claim. Rephrases and reorganizes various provisions. Makes technical changes.

House Enrolled Act 1131 – Public Law 160  
Utility Matters

Makes the following changes for purposes of a statute that subjects a water or wastewater utility organized after June 30, 2018, to the jurisdiction of the Indiana utility regulatory commission (IURC) with regard to certain aspects of the water or wastewater utility's operations for a period of 10 years: (1) Provides that the term "water or wastewater utility" includes a municipally owned utility that provides water service to less than 8,000 customers. (2) Deletes references to organization of a water or wastewater utility as a legal entity. Requires the IURC, in a rate case for a water or wastewater utility that extends service to an infrastructure development zone at the request of the governmental entity that established the infrastructure development zone, to approve inclusion in the water or wastewater utility's rate schedule of a surcharge payable only within the geographic area of the infrastructure development zone. (Under current law, such a surcharge must apply within the entire jurisdiction of the governmental entity.)

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Provides that, with respect to any water main extension or wastewater main extension, a utility shall comply with the IURC's rules governing water main extensions or wastewater main extensions, regardless of whether the utility is subject to the IURC's jurisdiction for the approval of rates and charges. Provides that a dispute arising over a water main extension or wastewater main extension may be submitted as an informal complaint to the IURC's consumer affairs division, regardless of whether the person requesting the extension is a customer of the utility involved. Provides that, if the IURC determines that it requires additional staff to handle the volume of informal complaints submitted, the IURC may impose a fee on a party against whom a decision is rendered. Provides that the fee may not exceed: (1) the IURC's actual costs in administering the informal complaint; or (2) \$750.

Provides that certain procedures for acquisition by a municipal utility of property of another utility apply to acquisition by a non-municipal utility of property of another utility, and prescribes requirements regarding appraisal of the value of utility property acquired by a non-municipal utility. Provides, for purposes of the factors the IURC must consider in determining whether a utility that acquires property of an offered utility may include the cost differential of the offered utility's property as part of the acquiring utility's rate base, that an offered utility is too small to capture economies of scale or is not furnishing or maintaining adequate, efficient, safe, and reasonable service and facilities if the IURC finds that the offered utility serves fewer than 8,000 customers (rather than 5,000 customers under current law). Provides: (1) that a city meeting certain population parameters may annex territory: (A) that is not contiguous to the city; (B) that is south of the southernmost boundary of the city; (C) the entire area of which is not more than four miles from the city's boundary; and (D) that does not extend more than one mile to the east of a state highway; (2) that the annexed territory is not considered a part of the city for purposes of annexation of additional territory; and (3) that the city may not require connection to a sewer installed to provide service to the annexed territory. Provides that certain provisions regarding approval of sewage disposal and treatment fees apply to a sanitation district that: (1) is located in a county that meets specified population parameters; and (2) is under an order or party to an agreement with one or more state or federal agencies to remediate environmental conditions.

*House Enrolled Act 1143 – Public Law 20*  
*Device Implantation as a Condition of Employment*

Prohibits an employer from requiring a candidate for employment or an employee to have a device implanted or otherwise incorporated into the candidate's or employee's body as a condition of employment, as a condition of employment in a particular position, or as a condition of receiving additional compensation or benefits.

*House Enrolled Act 1147 – Public Law 107*  
*Municipal Elections*

Authorizes the legislative body of a town or of a city (if the city has a population of less than 3,500) to adopt an ordinance to move the election of all elected offices of the municipality to even-numbered years.

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*House Enrolled Act 1165 – Public Law 161*  
*Municipally Owned Utilities*

Specifies that the statute concerning the payment for utility services (other than sewer services) provided by a municipally owned utility to rental property does not allow a municipal legislative body to impose a requirement that the owner of the property must: (1) ensure the creditworthiness of the person occupying the property; or (2) accept responsibility for charges incurred by the person occupying the property; by cosigning an agreement or by any other method.

*House Enrolled Act 1313 – Public Law 162*  
*Courts and Family Law Matters*

Provides that a magistrate has the same powers as a judge, except the power of judicial mandate. Repeals certain sections that enumerate the powers for magistrates. Repeals the judicial technology oversight committee. Increases the filing limit for the small claims docket to not more than \$8,000 (rather than \$6,000, under current law). Provides that the Marion County court will divide the work of the court into various divisions, including but not limited to the following: (1) Civil. (2) Criminal. (3) Family. Provides that the Marion County court shall hold session in the: (1) community justice campus in Indianapolis; and (2) other places in Marion County as the court determines. Provides that a relocating individual who is party to a custody order or parenting time order is not required to file a notice of intent to move with the clerk of the court if: (1) the relocation has been addressed by a prior court order; or (2) the relocation will: (A) result in a decrease in the distance between the relocating individual's residence and the nonrelocating individual's residence; or (B) result in an increase of not more than 20 miles in the distance between the relocating individual's residence and the nonrelocating individual's residence. Makes conforming amendments.

*Senate Enrolled Act 197 – Public Law 197*  
*Prohibited Technology Purchases*

Defines "prohibited person" as a person that has been designated as posing a national security threat to the integrity of communications networks or the communications supply chain under a Federal Communications Commission rule. Prohibits money appropriated by the general assembly or a political subdivision from being granted to or used to purchase or obtain any equipment or services produced or provided by a prohibited person.

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*Senate Enrolled Act 216 – Public Law 64*  
*Disclosure of Personal Information to Offender*

Amends the access to public records act to provide that personal information regarding a correctional officer, probation officer, community corrections officer, law enforcement officer, judge, crime victim, or their family members may be withheld from disclosure when requested by a person confined in a prison, county jail, detention facility, or in a community corrections program as a result of the person's arrest or conviction for a crime, or that person's agent or relative. (Currently the law permits withholding personal information of officers, judges, victims, or their family members, if the information is requested by a person incarcerated in a penal institution after conviction for a crime.) Provides that the term "agent" does not include an attorney in good standing admitted to the practice of law in Indiana.

*Senate Enrolled Act 230 – Public Law 65*  
*Leasing of Local Unit Property*

Provides that a political subdivision may lease real property of the political subdivision that is located between the curb of a street and the front of commercial property, including a parkway strip, tree row, verge, or sidewalk, to the owner or property manager of the commercial property: (1) upon terms agreed to between the political subdivision and the property owner or property manager; and (2) without competitive bidding. Specifies requirements for the lease. Provides that upon execution of the lease, the property of the political subdivision shall be under the maintenance, control, and supervision of the property owner or the property manager, subject to the public's right to use the sidewalk as a walkway. Requires the lessee to: (1) assume the liability of the political subdivision for personal injuries and property damage to third parties occurring on the property; and (2) maintain insurance coverage in amount determined sufficient by the political subdivision. Requires the lease to be approved by at least a two-thirds vote of the members of the fiscal body of the political subdivision and recorded in the office of the county recorder.

*Senate Enrolled Act 237 – Public Law 66*  
*Care of City Police Officers and Firefighters*

Provides that a city shall pay for the care of a police officer or firefighter who suffers an injury while performing the person's duty or while the person is on duty or who contracts illness caused by the performance of the person's duty.

*Senate Enrolled Act 254 – Public Law 137*  
*Water and Wastewater Utilities*

Amends the law allowing the adjustment of a water or wastewater utility's rates and charges to enable the utility to recover the cost of eligible infrastructure improvements, by providing that the general maximum limit on the revenues used in determining the adjustment does not apply to infrastructure improvement costs associated with the construction,

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reconstruction, or improvement of a highway, street, or road. Amends the law that allows a public water utility to treat the costs of replacing customer-owned lead service lines as eligible infrastructure improvements for which a utility's rates and charges may be adjusted, by providing that the law applies to municipally owned utilities as well as public utilities. Establishes a procedure under which a public utility, municipally owned utility, or not-for-profit utility that provides water or wastewater service to the public and is under the jurisdiction of the commission for the approval of rates and charges may seek to recover, through a periodic rate adjustment, the cost of certain utility plant or equipment expenditures that are related to compliance with environmental requirements or made for health, safety, or environmental protection purposes.

*Senate Enrolled Act 258 – Public Law 72*  
*Firefighter Safety*

Requires the board of firefighting personnel standards and education to establish best practices to improve safety and health outcomes for firefighters. Establishes the best practices fund for the purpose of providing matching grants to political subdivisions and volunteer fire departments to purchase equipment and other gear to implement best practices. Provides that the worker's compensation rating bureau of Indiana may recommend a premium or rate discount toward worker's compensation insurance to political subdivisions and volunteer fire departments that implement best practices.

*Senate Enrolled Act 340 – Public Law 80*  
*Private Property Matters*

Requires a conveyance, a mortgage, or an instrument of writing to be recorded to be: (1) acknowledged by the grantor; and (2) proven before certain specified individuals; in certain instances. Requires the summons accompanying a complaint for condemnation to include language regarding the defendant's right to object to the condemnation within 30 days from the date notice is served. Requires a court to award reasonable costs and attorney's fees to a defendant whose objection to a complaint for condemnation is sustained. Caps the amount of attorney's fees a court may award if an objection to a condemnation is sustained at \$25,000. Exempts a condemnation action brought by a public utility or by a pipeline company from the bill's provisions requiring a court to award a defendant in a condemnation action the defendant's reasonable costs and attorney's fees if the defendant's objections to the proceedings are sustained in the proceedings or upon appeal. Requires a municipality to provide notice by mail to affected owners, both residents and nonresidents of the municipality, of a condemnation. Permits an affected owner to file an objection that a municipality does not have the right to exercise the power of eminent domain for the use sought. Amends the time for a remonstrance hearing for a municipal condemnation and the defendant's right to judicial review of the decision made at the hearing to 30 days. (Current law requires a remonstrance hearing to be set no less than 10 days after notice and the defendant to appeal the decision within 20 days.) Provides parties the right to appeal a court's judgment in the judicial review of a municipal condemnation.

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Revises the statute allowing a municipality to condemn property for economic development to require a 3/4 affirmative vote of the municipality's legislative body to exercise the power of eminent domain. (Current law requires a 2/3 affirmative vote of the municipality's legislative body.) Allows a property owner to challenge a condemnation for economic development purposes by providing clear and convincing evidence that the owner's parcel is not necessary for the project.

*Senate Enrolled Act 350 – Public Law 83*  
*Central Indiana Regional Development Authority*

Authorizes counties and municipalities within the Indianapolis metropolitan area to establish a central Indiana regional development authority pilot that will sunset on July 1, 2025. Requires counties and municipalities that wish to establish the development authority to adopt substantially similar resolutions to adopt a preliminary strategic economic development plan (preliminary development plan). Provides that the development authority shall be governed by a strategy committee composed of members selected according to the terms of the preliminary development plan adopted to establish the development authority. Specifies the duties of the development authority. Requires the development authority to prepare a comprehensive strategic economic development plan. Codifies the establishment and governing provisions of the Indianapolis metropolitan planning organization. Requires the Indianapolis metropolitan planning organization to: (1) develop a comprehensive asset management report for the metropolitan planning area in collaboration with the Indiana department of transportation; and (2) present the comprehensive asset management report to the city-county council of Indianapolis and Marion County, the fiscal and legislative bodies of each entity that is a member of the Indianapolis metropolitan planning organization, and the budget committee.

*Senate Enrolled Act 365 – Public Law 143*  
*Town of Griffith*

Changes the definition of "eligible municipality". Provides that if at least 2/3 of the voters voting in a special election held in the town of Griffith (town) on the public question of whether the territory of the town should be transferred to an adjacent township vote "yes" on the public question: (1) the legislative body of the eligible municipality may submit a petition to one or more adjacent townships within two years after the special election requesting that the adjacent township accept transfer of the territory of the town; (2) the legislative body of an adjacent township that receives a petition for the transfer of the town's territory may adopt a resolution accepting the transfer before the later of December 31 of the year in which the petition is received or the ninetieth day after the date that the petition is received; and (3) if no legislative body of an adjacent township to which a petition for transfer was submitted by the town accepts the transfer before July 1, 2020, the territory of the town is automatically transferred to the adjacent township with the greatest assessed value effective January 1, 2022.

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Senate Enrollment Act 409 – Public Law 147  
Employment of Minors

Moves provisions on employment of students from Title 20 (Education) to Title 22 (Labor and Safety). Provides that a minor who is at least 14 years of age and less than 16 years of age: (1) may not work before 7 a.m. or after 7 p.m.; and (2) may work until 9 p.m. from June 1 through Labor Day except on a day that precedes a school day when the minor may only work until 7 p.m. (Current law provides that a child who is at least 14 years of age and less than 16 years of age may not work before 7 a.m. or after 7 p.m. on a day that precedes a school day or after 10 p.m. on a day that does not precede a school day.) Provides that a minor who is at least 16 years of age and less than 18 years of age: (1) may not work for more than nine hours in any one day, 40 hours in a school week, 48 hours in a non-school week, and six days in any one week; (2) may not begin a work day before 6 a.m.; (3) may work in certain occupations until 10 p.m. on nights that are followed by a school day; and (4) may work until 11 p.m. on a night followed by a school day with written permission from the minor's parent. (Current law: (1) provides that a child who is at least 16 years of age and less than 17 years of age: (A) may not work for more than eight hours in any one day, 30 hours in any one week, and six days in any one week; (B) may not begin a work day before 6 a.m.; and (C) may work until 11 p.m. on a night followed by a school day with written permission from the child's parent; (2) provides that a child who is at least 17 years of age and less than 18 years of age: (A) may not work for more than eight hours in any one day, 30 hours in any one week, and six days in any one week; (B) may not begin a work day before 6 a.m. on a school day; and (C) may work until 11:30 p.m. on nights that are followed by a school day and 1 a.m. on a following day with written permission from the child's parent; and (3) allows a child who is at least 16 years of age and less than 18 years of age to be employed for up to 40 hours during a school week, not exceeding nine hours in any one day, and a total of 48 hours in any one non-school week with written permission from the child's parent.)

Provides that an employer may notify the issuing officer if the minor's employment terminates. (Current law provides that an employer must notify the issuing officer.) Removes provisions: (1) requiring rest breaks for a child who is less than 18 years of age; (2) prohibiting employment of a child who is less than 18 years of age from 7:30 a.m. to 3:30 p.m. unless the child presents a written exception from the child's school; (3) prohibiting a child who is less than 18 years of age from working after 10 p.m. or before 6 a.m. in an establishment that is open to the public unless another employee at least 18 years of age works in the establishment during the same hours as the child, so long as the establishment is open to the public before 6 a.m. or after 10 p.m.; (4) requiring a child less than 18 years of age who is not a resident of Indiana, a minor who is a resident but attends a nonpublic school that employs less than one employee, or a minor who is a resident but is enrolled in a career and technical education program as approved by the Indiana state board of education to obtain an employment certificate; (5) allowing the state board of education the ability to revoke a employment certificate; and (6) providing that the state board of education adopt rules and approve forms related to employment certificates. Provides that the transfer in the bill of provisions related to employment certificates and employment of minors from Title 20 (Education) to Title 22 (Labor and Safety) expires June 30, 2021.

Provides that after June 30, 2021, certain provisions that were transferred to Title 22 are transferred and relocated to a new chapter within Title 22, including provisions related to: (1) the

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maximum number of hours a minor may be employed or permitted to work each day of the week and the hours beginning and ending each day; (2) civil penalties; and (3) age restrictions. Renames the bureau of child labor to the "bureau of youth employment". Replaces the term "child labor" throughout the Indiana Code. Provides that a principal of a school may send notice to the bureau of youth employment and the bureau of motor vehicles to revoke the student's employment certificate and driver's license or learner's permit. (Current law provides that the principal must send notice.) Provides that the Indiana department of labor may establish recommendations for rest breaks. Requires certain employers to register with the Indiana department of labor. Provides that the labor education and youth employment fund shall be used for the expenses of hiring and salaries of additional inspectors to enforce the new chapter, including developing and maintaining the data base, and any remaining funds may be used for the purposes of education and awarding grants to provide educational programs.

Requires the Indiana department of labor to prepare a report outlining a plan to develop and maintain a data base displaying certain employers that employ minors by August 1, 2020, and develop the data base by July 1, 2021. Removes provisions that allow an employer to pay an employee who has not attained the age of 20 years, during the first 90 consecutive calendar days after the employee is initially employed by the employer, a wage which is not less than the amount payable under the federal Fair Labor Standards Act of 1938. Provides that a minor less than 16 years of age may not be employed or permitted to work during school hours. Provides that a minor may not work in an establishment that is open to the public after 10 p.m. or before 6 a.m. unless another employer who is at least 18 years of age also works with the minor so long as the establishment is open to the public before 6 a.m. or after 10 p.m. Makes conforming changes.

**GOVERNOR EXECUTIVE ORDERS**  
**Regarding the Public Health Emergency**

The Governor has issued several Executive Orders related to the Public Health Emergency which affect the operations of local government, including the Public Meetings, Public Records, Deposit of Public Funds, and Law Enforcement Training. All Executive Orders may be viewed at [www.in.gov/gov](http://www.in.gov/gov) by selecting "Executive Orders."

**SBOA MEMORANDUMS**

The State Board of Accounts has issued the following memorandums which are attached to this Bulletin and are also available on our website at [www.in.gov/sboa](http://www.in.gov/sboa).

1. Assistance During COVID, March 31, 2020
2. Continuity of Essential Operations, April 3, 2020
3. Temporary Transfer of Funds, April 9, 2020
4. Electronic Signatures, April 14, 2020
5. CARES Act Fund Numbers, April 20, 2020
6. Coronavirus Relief Fund Guidance, April 23, 2020

# CITIES AND TOWNS BULLETIN

## AND UNIFORM COMPLIANCE GUIDELINES

### ISSUED BY STATE BOARD OF ACCOUNTS

June 2020

7. Coronavirus Relief Fund FAQs, May 28, 2020
8. Enhanced Regulatory – Delayed Implementation, April 27, 2020
9. COVID Grant Accounting and Appropriations, April 29, 2020
10. Fraud Schemes, May 11, 2020

#### UPCOMING TRAINING

Our next presentation will be for the AIM Mayor's Institute on July 16.

Our presentation for AIM on Internal Controls which was recorded in May is now available for viewing on our website at [www.in.gov/sboa](http://www.in.gov/sboa) in the Presentations and Materials section.

We will keep you informed as new training materials are made available.

We will be virtually hosting training in August geared toward newly elected or newly appointed fiscal officers. We will also be virtually hosting training in September and October geared toward all fiscal officers. We will keep you informed of specific dates, times, and registration procedures for virtual events as they are finalized.

#### APPROPRIATIONS OF FEDERAL AND STATE FUNDS

When funds are provided by the federal government either directly to a city or town or through a state agency for any program or project, the following procedures should be followed:

**A separate Fund for each grant is required.**

**Advance Grants.** Advance grants should be handled as follows:

1. Where funds are "advanced" directly to a city or town by the federal government for a specific purpose prior to making any disbursements by the city or town, the money should be placed in a separate project fund and disbursements subsequently made from that fund. No appropriation of the federal funds is required.
2. Where federal funds are "advanced" to a city or town through a state agency or department with no state funds added thereto prior to making any distributions, the money should be placed in a separate project fund and subsequent disbursements made from that fund. No appropriation of the federal funds is required.
3. Where federal funds are "advanced" to a city or town by a state agency or department and state funds are included along with the federal funds in one check or voucher and the funds are for a specific purpose, the money should be placed in a separate project fund and disbursements made from that fund. Appropriation(s) must be obtained for the combined total (i.e., federal and state) prior to any disbursement being made from that project fund.

**CITIES AND TOWNS BULLETIN**  
**AND UNIFORM COMPLIANCE GUIDELINES**  
**ISSUED BY STATE BOARD OF ACCOUNTS**

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**APPROPRIATIONS OF FEDERAL AND STATE FUNDS - Continued**

**Reimbursement Grants.** Reimbursement grants should be handled as follows:

Where a federal or state grant provides for payments to be made directly to a city or town on a “reimbursement” basis after payment of expenses by the city or town, the entire amount of the federal or state reimbursement may be appropriated by the city or town council without using the additional appropriation procedures under IC 6-1.1-18-5, if the funds are provided or designated by the state or the federal government as a reimbursement of expenditures. [IC 6-1.1-18-7.5].

**Matching Grants.** Matching Grants should be handled as follows:

When a federal grant or program requires expenditures or “matching” funds to be provided from city or town funds, an appropriation must be obtained for the amount of such expenditures or local matching funds. Individual program requirements will dictate whether the appropriation should be obtained within the applicable city or town fund for expenditures there from or whether an appropriation should be obtained within the applicable city or town fund for a transfer to a required separate fund. This matter should be set out in the terms and conditions entered into between the city or town and officials of the federal agency.

**Summary:**

**A separate fund is required for each grant. Also, no appropriations of federal funds are necessary:**

1. when advanced directly from the federal government for a specific purpose prior to making disbursements, and the money is placed in a separate project fund with disbursements made from that fund; or
2. when federal funds are received in advance through a state agency for a specific purpose prior to making disbursements and the money is placed in a separate project fund with disbursements made from that fund and there is no state match.

Please keep in mind, if a city or town wishes to obtain an appropriation for all funds to be spent (i.e., federal, state, and local), there is certainly no prohibition in state statutes.

**CITIES AND TOWNS BULLETIN**  
**AND UNIFORM COMPLIANCE GUIDELINES**  
**ISSUED BY STATE BOARD OF ACCOUNTS**

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**APPROPRIATION REQUIREMENTS**

**Cities**

Unless a statute provides otherwise, IC 36-4-8-2 requires an appropriation to be made before money can be paid out of the city treasury upon a warrant of the fiscal officer.

**Towns**

IC 36-5-4-2 states that unless a statute provides otherwise, town monies may be disbursed only after an appropriation made by ordinance of the town legislative body.

**APPROPRIATIONS – WHEN NOT REQUIRED**

In some instances statutory authority is given to the city or town fiscal officer to make disbursements without an appropriation having been previously made for the specific purpose. Examples are as follows:

1. Premiums on official bonds. (IC 5-4-5-3)
2. Purchased meals, lodging, and mileage for conferences called by the State Board of Accounts. (IC 5-11-14-1)
3. Federal and State grants, if advanced and not received as a reimbursement of expenditures.
4. Refund of money erroneously received. (IC 6-1.1-18-9)
5. Correction of errors in posting. (IC 6-1.1-18-9)
6. Investment of funds.
7. Repayment of temporary loans.
8. Transfer from a city or town user fee fund to a program fund listed in IC 33-37-8-3
9. Establishment of a cash change fund. (IC 36-1-8-2)
10. Establishment of a petty cash fund. (IC 36-1-8-3)

**APPROPRIATIONS CARRIED FORWARD (ENCUMBRANCES)**

It is our audit position that appropriations may be carried forward to the following year if any of the following conditions exist:

1. A lawful contract has been entered into with a vendor or contractor on or before December 31 and all or a part of the contract has not been paid.
2. A purchase order has been issued on or before December 31, entered as an encumbrance against an existing appropriation, and isn't paid as of December 31.
3. Proceeds of a bond issue that have been duly appropriated and remain unexpended as of December 31.
4. Appropriations which are obligated by a contract or a agreement executed on or before December 31, between a city or town and any federal or state agency, such as a local road and street project, or federal grant requiring local matching funds.

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**APPROPRIATIONS CARRIED FORWARD (ENCUMBRANCES) - Continued**

Only the amount required to meet the balance due on a contract or purchase order may be carried forward. The amount remaining in the appropriation account shall revert to the fund from which appropriated.

**TRANSFER OF APPROPRIATIONS**

A city or town council may approve the transfer of money from one major budget classification to another within a department of office if the transfer is determined to be necessary, does not require the expenditure of more money than the total amount set out in the budget as finally determined and the transfer is approved at a regular public meeting and by proper ordinance or resolution. The transfer may be made without notice and without the approval of the Department of Local Government Finance. (IC 6-1.1-18-6)

**APPROPRIATION OF INSURANCE CLAIM PROCEEDS**

The fiscal officer of a political subdivision may appropriate funds received from a person if : (1) the funds are received as a result of damage to property of the political subdivision; and (2) the funds are appropriated for the purpose of repairing or replacing the damage property. However, the funds must be expended to repair or replace the property within the twelve month period after they are received. (IC 6-1.1-18-7)

**APPROPRIATION OF FEDERAL AND STATE GRANTS**

Notwithstanding any other law, the appropriating body of a political subdivision may appropriate any funds received as a grant from the state or the federal government without using the additional appropriation procedures under IC 6-1.1-18-5, if the funds are provided or designated by the state or the federal government as a reimbursement of an expenditure made by the political subdivision. (IC 6-1.1-18-7.5)

**RETURNED CHECKS**

An extended effort shall be made by the clerk-treasurer or controller to recover funds from checks returned by depositories as uncollectible. During the process of collecting, the returned checks shall be carried as a cash items on the monthly reconciliation.

The clerk-treasurer or controller should immediately notify the maker or drawer of the returned check. We recommend you develop a form letter or email detailing the procedures and consequences of not making the returned check good. If the drawer comes in to pay consider only accepting cash, certified check, or money order.

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**RETURNED CHECKS – Continued**

Concerning whether or not it would be proper for a city or town to enact an ordinance establishing a returned check charge, IC 35-43-5-5 (e) states that it is a defense under subsection (a) if a person who: (1) Has an account with a credit institution but does not have sufficient funds in the accounts; and (2) Issues or delivers a check, a draft, or an order for payment on that credit institution; Pays the payee or holder the amount due, together with protest fees and any service fee or charge, which may not exceed the greater of twenty-seven dollars and fifty cents (\$27.50) or five percent (5%) [but not more than two hundred fifty dollars (\$250)] of the amount due, within ten (10) days after mailing notice to the person that the check has not been paid.

Based upon the foregoing, it is our audit position that a city or town could enact a bad check service charge by local home rule ordinance if the amount of the charge did not exceed the amount listed in IC 35-43-5-5. We recommend the City or Town Attorney review IC 26-2-7-8 and include language in such ordinance for pursuing returned checks not paid within ten (10) days.

Furthermore, IC 36-1-8-13 requires cities and towns to refer all dishonored checks for which they are not able to obtain payment to the prosecuting attorney for the county where the dishonored check was initially received not later than 90 ninety days after receipt of the check.

When it is determined that the returned item is uncollectible, the clerk-treasurer or controller shall attach all related documents to an accounts payable voucher to be presented to the appropriate board (Board of Works, or Council) with an explanation. Upon board approval of payment from the general fund, without appropriation, the city or town warrant is to be placed in the cash drawer to replace the uncollectible item and deposited as other checks. If the returned item was for payment of a utility bill, a utility warrant would be issued to the utility clerk from the utility operating fund and placed in the cash drawer to replace the uncollectible item and deposited as other checks. Such amount would be recharged to the customer's account.

**ESTABLISHING THE ESTIMATED COST OF CAPITAL ASSETS**

When it is not possible to determine the historical cost of capital assets owned by a governmental unit, the following procedure should be followed. Develop an inventory of all capital assets which are significant for which records of the historical costs are not available. Obtain an estimate of the replacement costs of these assets. Through inquiry determine the year or approximate year of acquisition. Then multiply the estimated replacement cost by the factor for the year of acquisition from the Table of Cost Indexes. The resulting amount will be the estimated cost of the asset. In some cases estimated replacement cost can be obtained from insurance policies; however, if estimated replacement costs are not available from insurance policies, you should obtain or make an estimate of the replacement costs.

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**ESTABLISHING THE ESTIMATED COST OF CAPITAL ASSETS - Continued**

As an example, if the replacement cost is estimated to be \$76,000.00 and the asset was constructed about 1946, then the estimated cost of the asset should be reported as \$6,080.00 (\$76,000.00 X .08 = \$6,080.00).

| <u>Year</u> | <u>Index</u> | <u>Year</u> | <u>Index</u> | <u>Year</u> | <u>Index</u> | <u>Year</u> | <u>Index</u> |
|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|
| 2019        | 1.00         | 1992        | 0.55         | 1965        | 0.12         | 1938        | 0.06         |
| 2018        | 0.98         | 1991        | 0.53         | 1964        | 0.12         | 1937        | 0.06         |
| 2017        | 0.96         | 1990        | 0.51         | 1963        | 0.12         | 1936        | 0.05         |
| 2016        | 0.94         | 1989        | 0.49         | 1962        | 0.12         | 1935        | 0.05         |
| 2015        | 0.93         | 1988        | 0.46         | 1961        | 0.12         | 1934        | 0.05         |
| 2014        | 0.93         | 1987        | 0.44         | 1960        | 0.12         | 1933        | 0.05         |
| 2013        | 0.91         | 1986        | 0.43         | 1959        | 0.11         | 1932        | 0.05         |
| 2012        | 0.90         | 1985        | 0.42         | 1958        | 0.11         | 1931        | 0.06         |
| 2011        | 0.88         | 1984        | 0.41         | 1957        | 0.11         | 1930        | 0.07         |
| 2010        | 0.85         | 1983        | 0.39         | 1956        | 0.11         | 1929        | 0.07         |
| 2009        | 0.84         | 1982        | 0.38         | 1955        | 0.10         | 1928        | 0.07         |
| 2008        | 0.84         | 1981        | 0.36         | 1954        | 0.11         | 1927        | 0.07         |
| 2007        | 0.81         | 1980        | 0.32         | 1953        | 0.10         | 1926        | 0.07         |
| 2006        | 0.79         | 1979        | 0.28         | 1952        | 0.10         | 1925        | 0.07         |
| 2005        | 0.76         | 1978        | 0.26         | 1951        | 0.10         | 1924        | 0.07         |
| 2004        | 0.74         | 1977        | 0.24         | 1950        | 0.09         | 1923        | 0.07         |
| 2003        | 0.72         | 1976        | 0.22         | 1949        | 0.09         | 1922        | 0.07         |
| 2002        | 0.70         | 1975        | 0.21         | 1948        | 0.09         | 1921        | 0.07         |
| 2001        | 0.69         | 1974        | 0.19         | 1947        | 0.09         | 1920        | 0.08         |
| 2000        | 0.67         | 1973        | 0.17         | 1946        | 0.08         | 1919        | 0.07         |
| 1999        | 0.65         | 1972        | 0.16         | 1945        | 0.07         | 1918        | 0.06         |
| 1998        | 0.64         | 1971        | 0.16         | 1944        | 0.07         | 1917        | 0.05         |
| 1997        | 0.63         | 1970        | 0.15         | 1943        | 0.07         | 1916        | 0.04         |
| 1996        | 0.61         | 1969        | 0.14         | 1942        | 0.06         | 1915        | 0.04         |
| 1995        | 0.60         | 1968        | 0.14         | 1941        | 0.06         | 1914        | 0.04         |
| 1994        | 0.58         | 1967        | 0.13         | 1940        | 0.05         | 1913        | 0.04         |
| 1993        | 0.57         | 1966        | 0.13         | 1939        | 0.05         |             |              |



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**MEMORANDUM**

March 12, 2020

Re: Policy for Coronavirus

Dear Officials,

We have received several questions regarding the Coronavirus (COVID-19) and its impact on governmental activities. Currently the questions are centering on disruption of travel, work environment, and employee benefits/compensation.

We urge governing bodies to work in the very near future with their attorneys to develop a policy specific to this emerging pressing situation. It should incorporate those items that could be of concern in the coming months. We would advise that this policy have broad language that may reference more specific materials so that the policy does not need to be constantly updated and approved to address the quickly changing real-time issues. The policy should be adopted through normal processes as provided by statute, including public meetings. IC 5-14-1.5-5(d) provides for emergency meetings if those become necessary. Also, if you have collective bargaining, do not forget to consider the agreement's impact.

We will not take audit exception to these policies and resulting responses that are due to the Coronavirus.

We will be providing in a separate communication Monday suggestions and items to consider.

Please continue to send any questions to the Directors, they may be reached at 317-232-2512.

The wellbeing of our citizens is paramount to us all.

Sincerely,

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA  
State Examiner



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**MEMORANDUM**

TO: All Units  
FROM: Paul D. Joyce, CPA, State Examiner  
RE: Items to Consider when Governing Bodies are Developing Actions/Policies Regarding Coronavirus  
DATE: March 16, 2020

=====  
Provided are suggestions and items to consider as referred to in the memorandum provided on March 12, 2020.

It must be stressed the urgency to both monitor and address situations as they arise. This is a very fluid situation, changing constantly. Governing bodies will need to be flexible in their approach. Any guidance we provide must be taken in that context and should not be taken as restrictive.

If it is determined that there are needed actions that do not need a formal policy or that there are actions that should be done in conjunction with a formal policy, as long as there is written evidence that a governing body is appropriately approving actions in an appropriate forum, those are acceptable.

For example, school boards who decide to pay employees when schools are closed or impose specific directives or procedures in response to the coronavirus epidemic should do so in a public meeting and the board's action must be in writing. The written action of the board may be in the form of a resolution or board meeting minutes. It is not necessary to do a formal board policy as this action will be temporary and not one that will be ongoing and continuous in the future.

Any policies/actions should have in mind to maintain operations of government as normal or near normal as possible while maintaining the wellbeing of governmental employees and the public.

Here are some items to consider when developing policies/actions for personnel specific to the coronavirus:

What will be done regarding compensation and leave time of employees if there is a mandatory closure of the building? If there is already normally scheduled time off, such as spring break, then for that period of time compensation and leave would be proceed as normal. For mandatory closure outside of normally scheduled time off then guidelines specific to the emergency situation would come into effect.

First to consider, is there specific guidance regarding the coronavirus by the U.S. Department of Labor (DOL)?

DOL website is recommending review of leave policies and consideration of increased flexibility. Q & A regarding pandemics and the fair standards labor act as well as the family medical leave act can be found at [dol.gov/agencies/whd/pandemic](http://dol.gov/agencies/whd/pandemic).

Part of this flexibility is considering what work might be done from home and what will require work from the office in order to conduct business.

Questions to be asked and instituted into policy/action items:

Are there essential employees that must work from a certain location?

Are there trade off days where certain employees would work at the office one day and others another to allow for social distancing but also allow for those things that are easier to be completed in the office to still be done that way?

Are there prohibitions against a certain number of employees meeting in close proximity and the need to utilize virtual meetings, even when in the office?

What duties can be done remotely?

How will employees be informed that they will be working remotely? Who will be making the decision, who will be communicating that information and how will it be communicated?

When working remotely will the work schedule be the same? How will employees "check in"? What common way should they be communicating (phone, email, virtual system, etc.)? How often should supervisors communicate with those who report to them?

What security issues are there? Will documents be allowed to leave the office? Is there secure IT systems in place that allow for remote access? What equipment is needed to work remotely? Can employees utilize their own devices?

For employees that cannot work from home due to nature of duties performed, but there is mandatory closure, what will leave time/benefits/compensation be allowed? We have been asked several times if we will take exception to the compensation of employees that must stay home but their duties do not allow for working from home. We won't take exception to extension of paid leave time that is in accordance with allowable approved policies/actions and provisions.

As this document is being written, Congress is considering passage of paid leave time that would provide for sick time off as well as time off for a parent when there is mandatory shut down of a child's school, with either advance funding or reimbursement funding for entities with certain staffing levels.

You should consider tracking costs that are directly associated with this emergency as no one at this time knows what type of reimbursements or stimulus may be put into effect by the federal government.

Again, you must work with your attorneys and keep monitoring for changes.

Also, your individual associations are monitoring this situation and many will provide guidance that will cover specific legal aspects to consider, such as for libraries what is their responsibilities regarding patrons. Please, carefully review the guidance they are providing you.

We will work with you to provide guidance that incorporates maximum flexibility, but remember, even in emergency times we all should strive to provide good stewardship of those responsibilities and assets that have been entrusted to us.

Contact us with any questions you might have at 317-232-2513.



**STATE EXAMINER DIRECTIVE 2020-1**

Date: March 19, 2020  
Subject: Timely Deposits and the Claims Process  
Authority: IC 5-11  
Application: This Directive applies to all local governmental units  
From: Paul D. Joyce, CPA, State Examiner

State Examiner Memorandums titled Policy Regarding Corona Virus dated March 12, 2020, and Corona Virus Items to Consider dated March 16, 2020, are hereby incorporated by reference into this Directive.

During the time of this Public Health Emergency, local governmental units may need to adjust normal procedures for the timely deposit of funds and the approval of claims. The State Board of Accounts will not take audit exception to the following alternative procedures for the timely deposit of funds or the approval of claims.

**Timely Deposit of Funds.** Indiana Code 5-13-6-1 governs the procedure for the deposit of public funds and is still in effect during this time of emergency. However, the State Board of Accounts will not take audit exception if the governing body approves the frequency for deposit of public funds to be limited to two times per week. The approval of the governing body must state that the deposits will be made on Tuesday and Thursday and require the public funds to be secured on those days when a deposit is not made. As always, proper internal controls must be in place to safeguard the assets of the unit.

**Approval of Claims.** Indiana Code 5-11-10 governs the claim approval process and is still in effect during this time of emergency. However, the State Board of Accounts will not take audit exception if the governing body uses the following procedures:

1. The governing body may designate one of its members to approve claims for payment in advance of board allowance. The board must allow those claims at its first meeting after the Public Health Emergency has ended.
2. For those units of government which have statutory authority to adopt an ordinance for the preapproved payment of claims, the board may provide written approval to the fiscal officer to pay certain claims during the Public Health Emergency. The board must allow those claims at its first meeting after the Emergency has ended.

This Directive will be rescinded upon Declaration by the Governor that the Public Health Emergency has ended.

Sincerely,

Paul D. Joyce, CPA  
State Examiner



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**MEMORANDUM**

March 31, 2020

Re: Policies on Assistance  
During COVID-19

Dear Officials,

The State Board of Accounts (SBOA) has received numerous inquiries regarding our audit position on whether certain uses of public funds, authorized by the legislature in the Indiana Code, are acceptable uses of local government money. In light of the Governor's public health emergency declaration (PHE) as set forth in Executive Order 20-02 (EO 20-02), the SBOA acknowledges that during this time of the PHE a broader reading of statutory uses of public funds is permissible. SBOA provides the following audit position with respect to expenditures by units that relate to addressing the economic burden incurred by citizens and businesses as a result of the PHE.

SBOA will not take audit exception to these policies and expenditures so long as the following conditions are met:

- EO 20-02 and any amendments or clarifications of this EO are in effect
- The governing body has adopted a policy in a public meeting that approves the expenditures as an authorized use of public funds
- The governing body has received advice of counsel in writing that the expenditure has a legitimate government purpose and is acceptable under Indiana Code during the current emergency declaration
  - If the expenditures are from a dedicated fund source, there also must be a determination that the particular fund has a closer connection to the government purpose to be fulfilled than general fund money
- The adopted policy explains the expenditure is needed to address the economic effects of the public health emergency

Units should work with their legal counsel to draft policies that are sufficiently detailed to carry out the goal of the policy within the bounds of the law and the spirit of this memorandum. This will allow the SBOA to determine during an audit whether the unit complied with the policy and related statutes, ordinances, and resolutions in accordance with the will of the governing body.

This memorandum will be in effect only for expenditures made during the period of the Governor's PHE under EO 20-02.

Sincerely,  
  
Paul D. Joyce, CPA  
State Examiner



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**MEMORANDUM**

TO: All Units  
FROM: Paul D. Joyce, CPA, State Examiner  
RE: Continuity of Essential Operations  
DATE: April 3, 2020

Dear Officials:

As we all continue to work and provide essential government services through this Public Health Emergency, the Indiana State Board of Accounts encourages all units of government to develop a plan which will allow your government to continue essential operations through a sustained period of significant absenteeism by employees and public officials.

Although your unit provides many different types of essential services, the Indiana State Board of Accounts will provide guidance on those positions related to fiscal operations.

Please review the following items to consider as you develop your plan to continue fiscal operations during this Public Health Emergency. This is intended to be an ongoing document to spur additional thoughts on the steps necessary to continue essential government operations during the Public Health Emergency. We would appreciate receiving additional ideas to share with all governmental units.

Also, your government may wish to view the Federal Emergency Management Agency (FEMA) Continuity Resource Toolkit located at this link: <https://www.fema.gov/continuity-resource-toolkit>.

If you have questions on the implementation of a continuity plan, please feel free to contact one of our Directors of Audit Services, as follows:

**Counties**

Lori Rogers or Ricci Hofherr  
317-232-2512  
[counties@sboa.in.gov](mailto:counties@sboa.in.gov)

**Cities, Towns, Libraries, and Special Districts**

Todd Caldwell or Susan Gordon  
317-232-2513  
[cities.towns@sboa.in.gov](mailto:cities.towns@sboa.in.gov)  
[libraries@sboa.in.gov](mailto:libraries@sboa.in.gov)  
[specialdistricts@sboa.in.gov](mailto:specialdistricts@sboa.in.gov)

**Schools and Townships**

Chase Lenon or Jonathan Wineinger  
317-232-2512  
[Schools.townships@sboa.in.gov](mailto:Schools.townships@sboa.in.gov)

If you have ideas for us to share with other units of government, please contact Debbie Gibson, Director of Audit Services for Local Governments, at 317-232-2512 or [djgibson@sboa.in.gov](mailto:djgibson@sboa.in.gov).

**Items to Consider in Preparing for Continuity of Essential Operations**

1. In the event that the unit fiscal officer is temporarily unable to perform duties, consider designating individuals who will fill in for the fiscal officer in order of succession. At least one of the designated individuals should be outside of the government office, such as a member of the governing body. We recommend providing the name, position, and email address of the designated individuals to the governing body and the unit attorney.
2. We recommend that you work with the unit attorney to develop a Delegation of Authority for each designated individual which will become operative in order of succession if the fiscal officer is temporarily unable to perform duties. We recommend providing these delegations to the governing body and to the unit attorney. You may also need to provide these to your banking representative, accounting software representative, and other persons when considered necessary. Please seek the advice of your attorney.
3. Contact your banking representative to determine procedures for providing designated individuals with access to the bank account temporarily in the event that the fiscal officer is unable to perform banking functions.
4. Provide the designated individuals with the following contact information.
  - a. Names and contact information for government body members, department heads and other key people in your government.
  - b. Contact information for the State Board of Accounts as shown on the first page of this document.
  - c. Name and contact information for your local banking representative.
  - d. Name and contact information for your accounting software vendor.
  - e. Name and contact information for your Information Technology (IT) staff.
  - f. Contact information for the government association and neighboring fiscal officer.
  - g. Other contact information as considered necessary.
5. Provide the designated individuals with Information Technology (IT) protocols, including steps to back up computer information offsite and recover back up information.
6. Provide the name and email address of the designated individuals to your department heads, IT staff, and other key people in your government, your banking representative, and your accounting system software representative.
7. Identify essential tasks to be performed by the designated individual, e.g. processing payroll, claims, and collections.

- a. Provide designated individuals with information on how to access the office, records, mail, claims, and other information necessary to perform the essential tasks.
- b. Provide designated individuals with access to written procedures and critical dates for each identified task.
  1. For example, provide information necessary for designated individuals to process employee withholding remittances, e.g. PERF, payroll taxes, health insurance, etc.
  2. For example, provide designated individuals with information necessary to process other state or federal remittances, e.g. sales tax, utility receipts tax.
  3. For example, provide designated individuals with procedures to secure mail, safeguard cash, and make deposits. Consider that this will require access to the safe or locked cabinet or office.
  4. For example, provide designated individuals with procedures to process claims and payroll.
8. Identify other tasks which may be postponed during the Public Health Emergency.
9. Adjust internal control procedures as necessary to reflect changes in staffing during the Public Health Emergency.
  - a. For example, segregation of duties is of extreme importance in the check writing process. The fiscal officer should not personally be selecting the invoices for payment, preparing the checks, signing the checks, and entering the checks in the unit's records. These tasks should be separated when possible. If the tasks cannot be separated, then another person should review and approve each task.
  - b. For example, invoices could be emailed for payment approval. Authorized person could make these payments, email confirmations of payment, and bank statements could be reviewed or provided to the board.
10. Consider equipment and procedures needed to allow officials, employees, and designated individuals to work remotely.
11. Determine controls and procedures which will be put in place to review all transactions after the Public Health Emergency and to ensure that all transactions were properly processed.

  
Paul D. Joyce, CPA  
State Examiner



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**MEMORANDUM**

TO: All Units  
FROM: Paul D. Joyce, CPA, State Examiner  
RE: Temporary Transfer of Funds  
DATE: April 9, 2020

Dear Officials:

Due to the Public Health Emergency, governmental units may be experiencing cash flow issues. We would like to inform you of existing statutory provisions which allow for the fiscal body to make transfers for cash flow purposes as needed.

**Temporary Transfer of Funds.** Indiana Code 36-1-8-4(a) provides for the temporary transfer of funds for cash flow purposes, as follows:

"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 subsection (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."

**Ordinance or Resolution.** An ordinance or resolution authorizing the transfer should acknowledge the required conditions stated in IC 36-1-8-4(a) and specify the amount of money which will be transferred from one fund to another, stating the Name and Fund Number of the affected funds.

**Extension of the Prescribed Period.** Indiana Code 36-1-8-4(b) also provides for an extension of the prescribed period, as follows:

"If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the 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."

**Accounting Procedures and Entries.** When making the temporary transfer, if two bank accounts are involved, a warrant (or electronic funds transfer if authorized) should be deposited into the depository account designated for the depleted fund. If only one bank account is involved, you can simply post the transfer transaction on your accounting ledger.

The amount being transferred will be accounted for in the ledger as a receipt in the fund receiving the money and as a disbursement to the fund transferring the money. As an example, if an ordinance/resolution is passed to authorize a temporary transfer of \$25,000 to the General Fund from the Rainy Day Fund, the following entry should be made:

Single Entry. For those units on a single-entry system, post to your ledger a transfer out of the Rainy Day Fund for \$25,000 and a transfer in to General Fund for \$25,000.

|  |  |          |
|--|--|----------|
| <u>General Fund</u>                                    |  |          |
| Other Financing Sources – Transfer from Rainy Day Fund |  | \$25,000 |
| <u>Rainy Day Fund</u>                                  |  |          |
| Other Financing Uses – Transfer to General Fund        |  | \$25,000 |

At the end of the prescribed period, this entry would be reversed to record the repayment, as follows:

|  |  |          |
|--|--|----------|
| <u>Rainy Day Fund</u>                                |  |          |
| Other Financing Sources – Transfer from General Fund |  | \$25,000 |
| <u>General Fund</u>                                  |  |          |
| Other Financing Uses – Transfer to Rainy Day Fund    |  | \$25,000 |

Double Entry. If your unit is on a double-entry system, the following entry should be made:

|  |          |          |
|--|----------|----------|
| <u>General Fund</u>                                    |          |          |
| Cash   |          | \$25,000 |
| Other Financing Sources – Transfer from Rainy Day Fund |          | \$25,000 |
| <u>Rainy Day Fund</u>                                  |          |          |
| Other Financing Uses – Transfer to General Fund        | \$25,000 |          |
| Cash   |          | \$25,000 |

At the end of the prescribed period, this entry would be reversed to record the repayment, as follows:

|  |          |          |
|--|----------|----------|
| <u>Rainy Day Fund</u>                                |          |          |
| Cash   |          | \$25,000 |
| Other Financing Sources – Transfer from General Fund |          | \$25,000 |
| <u>General Fund</u>                                  |          |          |
| Other Financing Uses – Transfer to Rainy Day Fund    | \$25,000 |          |
| Cash   |          | \$25,000 |

We hope that you find this information helpful as you continue to provide service to your community through this Public Health Emergency situation.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

SG/DG



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**MEMORANDUM**

TO: All Units  
FROM: Paul D. Joyce, CPA, State Examiner  
RE: Electronic Signature  
DATE: April 14, 2020

Dear Officials:

As units continue their essential operations during the public health emergency (PHE), they may find it useful to adjust their signature process to an electronic as opposed to a hand-written signature. This memo addresses that process from the audit perspective of the Indiana State Board of Accounts (SBOA).

SBOA previously issued an audit opinion on the Digital Signature Act (IC 5-24-1 repealed). This law was repealed by HEA 1427-2019. Therefore, electronic signatures are generally controlled by IC 26-2-8, the Uniform Electronic Transactions Act (UETA).

As such, SBOA will not take audit exception with electronic signatures as long as the signature and corresponding procedures comply with the relevant parameters set out in Indiana Code. It should be noted that the use of an electronic signature does not allow a unit to alter or circumvent other statutory constraints (IC 26-2-8-107).

Units should have adequate internal controls in place to ensure the electronic signature is created by the person whose name appears on the document, or, in the alternative, the person who has legal authority to sign the document on the elected official's behalf. Moreover, if more than one elected official's signature is required on the document, this would still be the case.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

KL/DG



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**MEMORANDUM**

TO: Counties, Cities, Towns, Townships, Special Districts  
FROM: Debbie Gibson, CPA, CFE Director of Audit Services  
RE: Cares Act Fund Numbers  
DATE: April 20, 2020

Dear Officials,

Your unit may be receiving federal funds from the CARES Act Provider Relief Fund. Units which received Medicare fee-for-service (FFS) reimbursements in 2019 are eligible for this initial rapid distribution. If your unit qualifies, you will automatically receive payment.

We are aware that units providing health-related services, such as Emergency Medical Services, have already received money from the CARES Act Provider Relief Fund.

Money may be wired directly into your bank account without any accompanying paperwork or notice. If you have an unidentified deposit into your bank account, please contact the bank for information on the source of funds. It is our understanding that the automatic payments from the Provider Relief Fund will come via Optum Bank with "HHSPAYMENT" as the payment description.

Details regarding the tracking, allowable uses, and unallowable uses for assistance from the Provider Relief Fund may be found at this site: [www.hhs.gov/providerrelief](http://www.hhs.gov/providerrelief). Please read the *Terms and Conditions* link in this document.

**If your unit has received these funds, PLEASE NOTE THAT YOU MUST TAKE ACTION by visiting the [CARES Provider Relief Fund Payment Attestation Portal through hhs.gov/providerrelief](http://www.hhs.gov/providerrelief).**

Through this portal, you must sign an attestation confirming receipt of the funds and agree to the terms and conditions within 30 days of payment. Should you choose to reject the funds, you must also complete the attestation to indicate this. The Payment Portal will guide you through the attestation process to accept or reject the funds. Not returning the payment within 30 days of receipt will be viewed as acceptance of the Terms and Conditions.

Once you have completed this process please send to me your attestation/confirmation documentation. Send to [dgibson@sboa.in.gov](mailto:dgibson@sboa.in.gov). This will help us in our audit efforts.

To properly track assistance from the Provider Relief Fund, use the following Fund Number and Name:

Counties Fund Number and Name  
8900 CARES Provider Relief Fund

Cities and Towns Fund Number and Name  
264 CARES Provider Relief Fund

Townships Fund Number and Name  
Assign an available number in your system using the Fund Name of CARES Provider Relief Fund

Special Districts Fund Number and Name  
Assign an available number in your system using the Fund Name of CARES Provider Relief Fund

Please contact one of our Directors of Audit Services if you receive other types of federal assistance related to COVID-19 so that we may provide guidance on how to properly account for these funds:

**Counties**

Lori Rogers or Ricci Hofherr  
317-232-2512  
[counties@sboa.in.gov](mailto:counties@sboa.in.gov)

**Cities, Towns, Libraries, and Special Districts**

Todd Caldwell or Susan Gordon  
317-232-2513  
[cities.towns@sboa.in.gov](mailto:cities.towns@sboa.in.gov)  
[libraries@sboa.in.gov](mailto:libraries@sboa.in.gov)  
[specialdistricts@sboa.in.gov](mailto:specialdistricts@sboa.in.gov)

**Schools and Townships**

Chase Lenon or Jonathan Wineinger  
317-232-2512  
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We appreciate all you do to serve your communities during this Public Health Emergency.



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**MEMORANDUM**

TO: Counties, Cities, Towns, Townships, Libraries, and Special Districts  
FROM: Debbie Gibson, CPA, CFE Director of Audit Services  
RE: Enhanced Regulatory Delays  
DATE: April 27, 2020

Dear Officials:

In order to best serve you and satisfy our statutory responsibilities for audit during this time of public health emergency, the Indiana State Board of Accounts has decided the following:

1. The audits for the year 2019 will be based on the regulatory basis of accounting in place for 2018, and will not include the Enhanced Regulatory Basis of Accounting updates scheduled for 2019. This will not cause any further work for you or require you to take any further action. This decision will reduce the testing requirements that the Enhanced Regulatory Basis of Accounting for 2019 required, which in turn will reduce the number and types of records needed by our field staff.

The updates that were implemented for the 2019 Annual Financial Report (which was due March 1, 2020) will still be required for the 2020 Annual Financial Report (due March 1, 2021), so continue to maintain all of that information. For detailed information on the updates that were required for the 2019 Annual Financial Report, please see the *Schedule of Regulatory Changes* on our website.

2. The Enhanced Regulatory Basis of Accounting updates scheduled for 2020, which were to be implemented through information submitted in the 2020 Annual Financial Report (due March 1, 2021), are postponed. We do not anticipate any major changes to the 2020 Annual Financial Report format.

We regret the delay in implementation of the Enhanced Regulatory Basis of Accounting. However, due to the conditions that we are all having to work in, including the need to limit physical interaction and maximize remote operations, we have determined that now is not the time to implement changes that would further complicate an already difficult situation.

Enhanced Regulatory Delays  
April 27, 2020  
Page 2

These decisions do not change the financial reporting requirements of Indiana Code 5-1-11.5 for certain schools, counties, and cities issuing bonds. Please refer to Amended State Examiner Directive 2016-1, dated August 29, 2018, for more information on the requirements of that statute.

We appreciate your efforts to work with our field staff as we conduct your audits during this time of public health emergency and social distancing requirements.

SG/DG



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**MEMORANDUM**

TO: All Units  
FROM: Debbie Gibson, CPA, CFE Director of Audit Services  
RE: Accounting and Appropriation of COVID-19 Grants  
DATE: April 29, 2020

Dear Officials:

This memorandum addresses the accounting for COVID-19 funds that have been appropriated by Congress, regardless if received directly from the Federal Government or as a pass-through from the State of Indiana (State). Also addressed is Indiana State Board of Accounts' audit position on the appropriation and additional appropriation of COVID-19 grants.

Assistance provided as a result of a national or state disaster or emergency should be receipted into a separate fund. The Indiana State Board of Accounts will not take audit exception to establishing such a fund(s) without the adoption of an ordinance.

A separate fund should be established for each separately identified assistance provided.

In our memo dated April 20, 2020, counties and cities/towns received a specific fund number assigned for CARES Act Provider Relief (CARES) distribution specifically related to Medicare fee-for-service. The guidance, including fund number and name, should still be followed.

We have since been made aware of several other types of direct assistance being distributed as part of CARES, such as for transit and airport.

We are also aware that the State has awarded grants and is possibly awarding more grants.

Whether direct or pass-through, each of these will require a different fund number and fund name that clearly identifies the assistance being provided. COVID should be part of the naming title.

If it is part of an established grant that you already receive, such as Community Development Block Grant (CDBG), you should still establish as a separate fund, with the title indicating that it is COVID, i.e. CDBG-COVID.

In anticipation of several separate funds being necessary, the following fund numbering system should be followed:

Counties: 8901-8925

Cities/Towns: 150-175

Schools: 7943-7949

Township: Assign an available number in your system

Special Districts: Assign an available number in your system

Libraries: Assign an available number in your system

All related expenditure records (accounts payable vouchers, minutes, correspondence, contracts, etc.) must be maintained in a separate file for future audits required by Federal and State agencies of COVID funds.

For each grant, it is important that you track every dollar disbursed for COVID-related expenses and maintain supporting documentation for those expenses. This can be accomplished by accounting for each grant in a separate fund as described above. In some cases, disbursements made prior to receiving a COVID grant can qualify as an allowable cost from a COVID grant. In order to track these disbursements properly, allowable disbursements should be moved from the original fund to the applicable COVID grant fund much like a correction of error is recorded.

For example, if a COVID-related disbursement for supplies from the general fund was an allowable cost under a COVID grant received after the disbursement was made, the following procedures should be used:

1. The disbursement from the general fund should be corrected by reversing the allowable disbursement within the category of supplies. This posting correction will reinstate the fund balance and re-appropriate the general fund in a similar manner to IC 6-1.1-18-9(1) for those disbursements. This posting correction should be done in the same budget year that the original transaction was posted.
2. Once the disbursement is corrected and reversed within the general fund, it should be posted as a disbursement in the appropriate COVID grant fund. Documentation must be maintained for this correction so the audit trail can be followed. The accounting system must tie the original claim for the general fund disbursement to the COVID grant fund by specific reference or notation in a comment section.

These procedures should be used only for allowable disbursements made prior to receiving the grant. All other allowable disbursements should be disbursed directly from the appropriate COVID related grant fund.

Based on the language contained in IC 10-14-3-17(j)(5) which states that a political subdivision may waive procedures and formalities otherwise required by law pertaining to the appropriation and expenditure of public funds where a national disaster or security emergency has been declared, the Indiana State Board of Accounts will not take audit exception to the expense being paid directly out of a COVID grant fund without appropriation or additional appropriation prior to spending the money in the COVID grant fund.

Again, it is important that these monies be accounted for in separate grant funds. This provides accountability and transparency for these grants. If commingled in other funds, it becomes impossible to determine that these monies are being used as provided for in grant agreements. It would also subject the grant monies to the conditions required of those funds with which they are being commingled with. For example, if the grant monies were receipted into the general fund the additional appropriation requirements as provided for in DLGF's memo on additional appropriations, dated April 24, 2020, would be applicable.

It is important to remember that sufficient internal controls over all transactions must be in place. Separate funds, maintaining records, detailed comments that provide audit trails, appropriate approvals, etc., are all part of good internal controls.

If you have any questions please do not hesitate to contact us.

DG



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**MEMORANDUM**

**TO:** All Local Officials  
**FROM:** Paul D. Joyce, CPA , State Examiner  
**RE:** Recent Fraud Schemes  
**DATE:** May 11, 2020

We wanted to alert you to a couple of situations that came to our attention recently. Even during a worldwide public health emergency, fraudsters and scammers are still working to try and get your money. Please be alert to the following areas:

***FRAUDULENT CHECKS***

We received information last week that a local governmental entity became a victim of fraud when their bank account information and bank routing number were compromised and used to create false and fraudulent checks. Fraudsters who create these false checks with governmental bank account information present them at banks across the country, thereby stealing public funds.

Sometimes a bank where false checks are presented will question their legitimacy and perhaps contact you to verify they were issued by you. But that does not always happen and funds from your accounts can be taken. Oftentimes, if unauthorized payments from a bank account are brought to the attention of the bank in a timely manner, the bank will replace the amount that was stolen. However, if you are not reviewing your bank activity frequently or reconciling monthly, you would not be aware of these fraudulent transactions and the delay in reporting them to the bank may make it more difficult to get the bank to restore the funds to the bank account.

Review bank account information frequently and your bank statement monthly and verify that all of your recorded deposits are credited to your account and all withdrawals from the account are transactions that trace to checks prepared by your office or electronic funds transfers that you have authorized. By doing this, you can identify any fraudulent activity on your account, as well as any potential bank errors, as early as possible.

We recommend you consider the use of positive pay files through your bank, which is where a bank compares checks presented for payment with a list of checks the governmental unit has authorized. If a check is presented that isn't authorized, like the fraudulent checks described above, the bank will not honor it and your funds remain protected. If you do not employ the use of positive pay files through your bank, it is especially important that you monitor your bank activity as often as possible. But do work with your bank. They may have other ideas on fraud detection and prevention that could be tailored to your unit, such as the unit utilizing a confirmation system with the bank prior to the bank's payment of any check over a certain dollar amount.

## ***RANSOMWARE***

A local governmental entity recently became a victim to ransomware. Ransomware is a type of malicious software designed to block access to a computer system until a sum of money is paid. The principle of ransomware is that the malware encrypts files on a system's hard drive using an unbreakable key, and this is decrypted by the attacker once a ransom is paid. Beware of unexpected or suspicious emails, especially those containing a link or requesting a reply. Most ransomware is delivered via email and the typical overall themes are shipping notices from delivery companies. Also, many attacks are delivered by mass random emails because the intention is to infect as many as possible to maximize the chances of getting a result.

Consider your unit's policies related to the protection of computer information. The most common advice to recover from an attack by ransomware relies largely on whether a good backup policy is employed. Backup expectations are discussed in the various *Accounting and Uniform Compliance Guidelines Manuals* for the various types of political subdivisions, which are available on our website (<http://in.gov/sboa/index.htm>). Governmental entities also should keep their anti-virus software up-to-date and apply security patches in a timely manner.

Should you become the victim of either of these schemes, contact the appropriate law enforcement authorities, the Indiana State Board of Accounts, and your computer software vendor. When contacting the Indiana State Board of Accounts, please call or email the Directors of Audit Services for your particular governmental unit type and/or the Director of Special Investigations. All may be reached by phone at 317-232-2512 or 317-232-2513. Email contacts are:

|                        |  |
|------------------------|--|
| Special Investigations | <a href="mailto:mmahon@sboa.in.gov">mmahon@sboa.in.gov</a>                       |
| Counties               | <a href="mailto:counties@sboa.in.gov">counties@sboa.in.gov</a>                   |
| Cities & Towns         | <a href="mailto:cities.towns@sboa.in.gov">cities.towns@sboa.in.gov</a>           |
| Schools                | <a href="mailto:schools.townships@sboa.in.gov">schools.townships@sboa.in.gov</a> |
| Libraries              | <a href="mailto:libraries@sboa.in.gov">libraries@sboa.in.gov</a>                 |
| Townships              | <a href="mailto:schools.townships@sboa.in.gov">schools.townships@sboa.in.gov</a> |
| Special Districts      | <a href="mailto:specialdistricts@sboa.in.gov">specialdistricts@sboa.in.gov</a>   |

  
Paul D. Joyce, CPA  
State Examiner