

THE COUNTY BULLETIN

And Uniform Compliance Guidelines

ISSUED BY STATE BOARD OF ACCOUNTS

Vol. No. 404

July 2017

REMINDER OF ORDER OF BUSINESS

July

- 4 Legal Holiday - Independence Day [IC 1-1-9-1]
- 10 Distribute congressional interest to school corporations - second Monday. [IC 20-42-2-7]
- 31 Last day to file quarterly wage and contribution (unemployment) reports with Indiana Department of Workforce Development.

August

- 2-4 County Treasurer's Annual Conference – Indianapolis

September

- 4 Legal Holiday - Labor Day. [IC 1-1-9-1]

SUPPLEMENTAL DISTRIBUTIONS

Per IC 6-3.6-9-15, if the State Budget Agency determines that the balance in a county trust account exceeds fifteen percent (15%) of the certified distributions to be made to the county in the determination year, the State Budget Agency shall make a supplemental distribution to the county from the county's trust account.

The county should deposit the supplemental distribution into the LIT Distribution Fund (7333) until distribution to the local units.

The Department of Local Government Finance (DLGF) shall determine for the county and each taxing unit within the county the amount and allocation of the supplemental distribution. The DLGF shall provide these determinations to the county auditor before May 16 of the determination year. Before June 1, the county auditor shall distribute to each taxing unit the amount of the supplemental distribution that is allocated to the taxing unit.

The distribution may include certified shares, economic development, and public safety portions which will be shown on the distribution sheet provided by DLGF. The statute does not address what fund in which to deposit the supplemental distribution. However, IC 36-1-8-5.1(b)(2) indicates that this distribution may be a source of funding for the Rainy Day Fund. Unless otherwise directed, we would recommend the supplemental distribution be deposited to the county and local unit's General Fund or Rainy Day Fund. If the distribution includes economic development and/or public safety portions, those amounts could be deposited into the LIT Economic Development (EDIT) and LIT Public Safety funds. The supplemental distribution should be reported in the records using a separate revenue code.

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EMBOSSSED SEALS

Two bills passed in the 2017 legislation that require the Treasurer to use an embossed seal as part of the Treasurer's certification. Senate Bill 455 modified Indiana Code 6-1.1-7-10 to state that the BMV may not transfer the title of a mobile home or change the names on the title of a mobile home in any manner, unless the owner or the owner's agent holds a valid permit to transfer the title that was issued by the county treasurer and includes the county treasurer's embossed seal. House Bill 1496 amends Indiana Code 7.1-3-21-15 to state under restrictions for the issuance of a permit or license to sell alcohol that Tax Clearance Form 1 must have an embossed seal from the county treasurer to certify that there are no delinquencies on payment of taxes. The requirement for the embossed seal gives the county treasurer more control over the validity of these forms coming from their office as it makes it more difficult for the individual to forge or provide false documents to the BMV or to the Alcohol and Tobacco Commission.

COMMUNITY CROSSINGS

House Bill 1002 that was passed in the 2017 legislation amended Indiana Code 8-23-30 on the local road and bridge grant that INDOT calls the Community Crossings grants. The local match is no longer restricted by statute to the Special LOIT fund, Rainy Day fund or increase in the Excise Surtax or Wheel tax. The statute now allows the county to use any fund that is authorized to be used on road, highway or bridge projects as the local match for the grant. As a result, it is no longer a requirement that the county use the Rainy Day – Restricted funds that were established last year for this grant. If the county has a balance in any of the Rainy Day Restricted funds, that money should be transferred back to the originating fund (MVH, LRS, Major Moves, Cum Bridge or Wheel Tax). If the county chooses to use the balance in the Rainy Day Restricted funds as the local match for the 2017 grants, the funds could be transferred to the 2017 Community Crossings Grant fund. Once the balances are transferred out, the funds should no longer be used. An additional change in this statute is for counties with a population under 50,000. For those counties, whose population is below 50,000, the percentage of local match needed is reduced from 50% to 25%.

INNKEEPER'S TAX

We have been questioned before about what recourses the County has for collecting the innkeeper's tax when the taxpayer does not pay. The following statutes address the collection of the innkeeper's tax.

IC 6-9-18-3 (d) states: "The county fiscal body may adopt an ordinance to require that the tax be reported on forms approved by the county treasurer and that the tax shall be paid monthly to the county treasurer....the tax shall be paid to the county treasurer not more than 20 days after the end of the month."

If the tax is not paid when due, per IC 6-9-29-2 penalties and interest may be assessed and the taxpayer could be charged with a felony.

Per IC 6-9-29-2:

An individual who:

(1) is an individual taxpayer or an employee, an officer, or a member of a corporate or partnership taxpayer; and

(2) has a duty to remit innkeeper's taxes to the department of state revenue or a political subdivision; holds those innkeeper's taxes in trust for the state or political subdivision and is personally liable for the payment of the innkeeper's taxes, plus any penalties and interest attributable to the innkeeper's taxes, to the state or political subdivision. An individual who knowingly fails to collect or remit the innkeeper's taxes to the state or political subdivision commits a Level 6 felony.

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INNKEEPER'S TAX (Continued)

According to IC 6-9-29-3, if an ordinance has been adopted requiring the payment of the innkeeper's tax to the county treasurer instead of the department of state revenue, the county treasurer has the same rights and powers with respect to collecting the county innkeeper's tax as the department of state revenue.

We would suggest contacting the County Attorney to assist in issuing a tax warrant or issuing charges against the taxpayer.

Additionally, the County should withhold permits under IC 7.1-3-21-15(b) for nonpayment.

IC 7.1-3-21-15(b) states "The commission shall not renew or transfer a wholesaler, retailer, dealer, or other permit of any type if the applicant:

(1) is seeking a renewal and the applicant has not paid all the property taxes under IC 6-1.1 and the innkeeper's tax under IC 6-9 that are due currently;

(2) is seeking a transfer and the applicant has not paid all the property taxes under IC 6-1.1 and innkeeper's tax under IC 6-9 for the assessment periods during which the transferor held the permit;

(3) is seeking a renewal or transfer and is at least thirty (30) days delinquent in remitting state gross retail taxes under IC 6-2.5 or withholding taxes required to be remitted under IC 6-3-4;

(4) is on the most recent tax warrant list supplied to the commission by the department of state revenue; or

(5) does not provide the commission with property tax clearance Form 1 with an embossed seal from the county treasurer."

Also in 2009 an informal advisory #09-ENF-73 from the Public Assess Counselor concurred with a prior county bulletin where we stated that County Treasurers should not release anything regarding Innkeepers tax that can be identifiable to a certain taxpayer. For example, you can say the county collected \$500,000 in the year but not identify each individual tax payer and what each paid. If you only have one taxpayer you should not give the total as this would be giving out their tax information. If you have questions you should contact the Public Access Counselor.

INTEREST ON ISETS BANK ACCOUNTS

We were recently informed by one of the counties that their ISETS bank account is earning interest and they requested guidance on what to do with the interest. We contacted the Department of Child Services (DCS) for their opinion on this issue. DCS indicated that any interest earned on an ISETS bank account from undistributed child support collections would be considered program income and should be distributed to the custodial parents during the distribution process. Because this would be a complicated process to determine which custodial parents money was in the bank account at any given time and how to allocate such a minimal amount, DCS encourages the clerks not to place the money into an interest bearing bank account. If the interest is not distributed then it should remain in the bank account and reported as program income, but there is no clear direction on what to do with the interest if it is not distributed. DCS will be updating their guidelines regarding this issue.

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TITLE IV-D PRIVATE COLLECTION AGENCY (PCA) FUNDS

We were recently made aware that the Child Support Bureau (CSB) released correspondence in March of 2016 changing their opinion and stating that the 10% prosecutor's PCA funds should not be considered program income for the Child Support Enforcement Program (CFDA # 93.563). Below you will find the guidance issued in the correspondence released by CSB.

"This webmail addresses a change in guidance on the Program Income treatment of Private Collection Agency (PCA) funds sent to Prosecuting Attorneys. Since 2007, Prosecuting Attorney Offices have the option to contract with a PCA that has been approved by CSB to collect arrears on child support cases on eligible cases. (See Ind. Code 31-25-4-14.1) PCAs are used to attempt to collect on cases that only have state assigned child support arrears (TANF). Of the amount recovered, the PCA retains a 15% commission and the Prosecuting Attorney's Office retains 10%.

Past guidance by DCS-CSB has stated the 10% amount retained by the Prosecuting Attorney Offices is to be considered Program Income. This causes a reduction in the reported expenses by the county and subsequently reduces the reimbursement sent to the county for IV-D services. This causes a negative impact on the local funds available to operate the IV-D program. Program Income is defined in the Code of Federal Regulations at 45 C.F.R. § 75.2. Further regulations governing program income are found at 45 C.F.R. § 75.307 and 45 C.F.R. § 304.50.

However, upon further review and consideration, CSB has determined that the 10% amount is not Program Income and therefore Prosecuting Attorney Offices are not required to report it as such. The 10% amount is retained from the recovered funds for work performed by the Prosecuting Attorney Offices. This work enables the recovering of these funds. This is a redistribution of the collected state assigned (TANF) child support arrearages to the Prosecuting Attorney Offices for their IV-D work effort as defined by the Cooperative Agreement entered with DCS-CSB.

Some county Prosecutor Offices have reported the 10% amount as Program Income and, therefore these previously reported amounts will be repaid to these counties. This will include all amounts reported as Program Income from 2007 to the present.

The CSB Financial Quality Assurance Department will work with each county Prosecutor's Office to determine specific figures for the repayment.

This amount will be reimbursed to each county by directing the county Prosecutor's Office to enter a negative amount on the Program Income line on their Monthly Expense Claim (MEC) form equivalent to the total amount that county Prosecutor's Office has reported as PCA fund Program Income. This negative entry will increase the total amount reimbursed to the county relating to the monthly claim. Further, this method provides a proper and direct audit trail of the transaction.

CSB has also revised the IN IV-D Expense Reporting Guide to reflect this change. This Guide is found on the CSR within the IV-D Claims – Incentives link."

If you have any questions about the reporting of PCA funds or the repayment noted above, contact DCS.

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QUESTIONS & ANSWERS - COUNTY RECORDERS CONFERENCE:

Question 1: Does a document have to have the document name on it? Example – Town sending in Sewer Liens & it doesn't say anything about it.

Answer 1: IC 36-2-11-15 Instruments that may be received for record or filing; name of person or governmental agency that prepared instrument Sec. 15. (b) The recorder may receive for record or filing an instrument that conveys, creates, encumbers, assigns, or otherwise disposes of an interest in or lien on property only if: (1) the name of the person and governmental agency, if any, that prepared the instrument is printed, typewritten, stamped, or signed in a legible manner at the conclusion of the instrument; and (2) all Social Security numbers in the document are redacted, unless required by law. (c) An instrument complies with subsection (b)(1) if it contains a statement in the following form: "This instrument was prepared by (name)." (d) An instrument complies with subsection (b)(2) if it contains a statement in the following form at the conclusion of the instrument and immediately preceding or following the statement required by subsection (b)(1): "I affirm, under the penalties for perjury, that I have taken reasonable care to redact each Social Security number in this document, unless required by law (name)."

Question 2: Are we required to record a transfer document on the same day the Auditor puts their stamp on it?

Answer 2: IC 36-2-11-8 Record of instruments in order received; public access; copies; contaminated instruments Sec. 8. (a) The recorder shall record all instruments that are proper for recording, in the order in which they are received in the recorder's office for record. The recorder shall record deeds and mortgages in separate records.

Question 3: Can we shred the paper copies of items from the retention schedule if we have scanned them? (Scanned to file on our computer)

Answer 3: Per IARA, if the record is required to be maintained 10 years or less on the retention schedule then you could get rid of records after creating a digital copy. However, if it is a permanent record the IARA recommends maintaining the original document or microfilming/microfiche.

IC 5-15-1-1 Copying of records by electronic or other process; destruction of original records; copies to be received as evidence

(a) Any officer, office, court, commission, board, institution, department, agent, or employee of the state, county, or any political subdivision being charged with the duty or authorized or required by law to record, preserve, keep, maintain, or file any record, document, plat, paper or instrument-in-writing, may, whenever any such officer, office, court, commission, board, institution, department, agent, or employee of the state, county, or any political subdivision shall deem it necessary, for the purpose of recording or copying same, preserving and protecting same, reducing space required for storage or filing of same, or any similar purpose, have or cause to have any or all such records recorded, copied, or reproduced by any photo static, photographic, micrographic,

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Answer 3: (Continued)

electronic, or other process which correctly and accurately copies or reproduces, recreates, or forms a medium of copying or reproducing the original record, document, plat, paper, or instrument-in-writing. Any officer, office, court, commission, board, institution, department, agent, or employee of the state may have or cause to have records recorded, copied, or reproduced under this subsection by any optical imaging process that correctly and accurately copies or reproduces, recreates, or forms a medium of copying or reproducing the original record, document, plat, paper, or instrument-in-writing.(b) The original filing record may be destroyed if:(1) the record has been copied or is capable of being reproduced or recreated under subsection (a); and(2) an approved retention schedule allows for the destruction.(c) Copies, recreations, or reproductions made under subsection(a):(1) shall have the same force and effect at law as the original record destroyed under subsection (b); and(2) shall be received as evidence in any court where the original record could have been so introduced; if the recreations, copies, or reproductions are properly certified as to authenticity and accuracy by a duly constituted official custodian of such records.(d) All micrographics and imaging processes done under this chapter shall comply with the quality standards developed under IC 5-15-5.1-8.

July 2015 County Bulletin Page 3 - If an item has long-term retention, and it is being converted to digital from paper or only exists in digital, Indianan Commission on Public Records (ICRR) recommends a microfilm/microfiche copy be made to assure the preservation of the materials. Over the long term ICPR is working to develop an electronic records repository that will have appropriate redundancy and be able to adequately and properly store electronic copies.

Question 4: Does a "Doing Business As" document need their actual address on it, or is a P.O. Box ok?

Answer 4: The Certification of Assumed Business Name form filed with the Secretary of State requires a street address which is also recorded by the County Recorder. However, we did not find anything that would require the County Recorder to question this form.

Question 5: Can the bonds of public officials be returned back to them after recording if we have scanned and indexed them into our computer system?

Answer 5: IC 5-4-1-5.1 Political subdivision officer, employee, and contractor bond filing; data base

(a) The bonds described in subsection (b) shall be filed within ten (10) days of their issuance or, if approval is required, within ten (10) days after their approval by the person required to approve the bonds. The recorder shall record all of the bonds filed under this section, indexing them alphabetically under the name of the principal and referring to the title, office, and page number where recorded. The bonds shall be kept in a safe and convenient place in the recorder's office with a reference to the date filed and record and page where recorded.

Refer to question above for electronic copies and destruction of records...follow same principal.

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Question 6: Can affirmation statement read: “I hereby affirm under penalties or perjury...” versus “I affirm under the penalties for ...”?

Answer 6: IC 36-2-11-19 for affidavits does not prescribe any specific language. If it meets the requirements for recording a document in IC 36-2-11-15 and IC 36-2-11-16 then the document should be recorded. It is not the Recorders responsibility to determine the legality of the documents being recorded. The affirmation statement in IC 36-2-11-15 only refers to the redacting of social security numbers.

Question 7: Can “Prepared By” be only a bank name versus a person’s name?

Answer 7: If it meets the requirements for recording a document in IC 36-2-11-15 and IC 36-2-11-16 then the document should be recorded. It is not the Recorders responsibility to determine the legality of the documents being recorded. IC 36-2-11-15 dos not define “person”. You would need to get a legal opinion on whether a bank can sign.

Question 8: What are the guidelines for rerecording documents? *Example – Auditor’s office makes mistake on original document that was recorded and had to do it again.*

Answer 8: Per the Uniform Compliance Guidelines Manual for Recorders page 7-2:

Errors in Recording: Where an error is made in copying an instrument and it is not detected in proofreading and corrected before the instrument is returned, it is advisable not to make any changes thereafter in the original record. Instead, the instrument upon being again submitted should be re-recorded in its correct form.

If the error is the fault of the recorder's office, no charge should be made for re-recording the instrument. If, however, the instrument is copied in the exact form submitted and later an error is discovered in the original instrument and a corrected instrument filed for record, then the usual recording fee must be charged

Question 9: For overpayments, does the \$3 administrative fee apply to each instrument/document fee charged or on total payment?

Answer 9: IC 36-2-11-6 states (a) The recorder may demand the recorder's fees before entering and recording an instrument.(b) If:(1) a person, in payment of a recording fee required under IC 36-2-7-10, submits an amount that exceeds the amount of the fee set forth in IC 36-2-7-10; and (2) the instrument submitted meets the statutory requirements for filing; the recorder shall accept and record the instrument. If the amount submitted is at least three dollars (\$3) more than the fee required by IC 36-2-7-10, the amount that exceeds three dollars (\$3) shall be refunded upon the request of the person filing the document. The recorder may retain as an administrative fee up to three dollars (\$3) of the excess of the amount submitted.

QUESTIONS & ANSWERS - COUNTY AUDITORS SPRING CONFERENCE:

Question 1: How do you close out old grant funds?

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Answer 1: The first step is to review the grant agreement, if available, for instructions on close-out. You can also contact the granting agency to determine if they have any guidance on the disposition of unused funds. For example, for a state grant you may be required to return any unused funds to the state. Finally, consult with the grant administrator at your county for the grant and see if there are current projects that are similar to the grant project, on which the grant funds could be used. If the grant fund has had no activity for several years and you receive no guidance from the grantor agency or the grant coordinator, you can treat this as a dormant fund.

Question 2: **Our Probation Department would like to collect their own Alcohol & Drug fees instead of the Clerk's Office collecting them. Is this recommended, or would there be better cash handling controls by keeping it with the Clerk's Office?**

Answer 2: Indiana Code 12-23-14 Sec. 16. States in part: (d) An alcohol and drug services program or the clerk of the court shall collect fees under this chapter. The fees must be transferred within thirty (30) days after the fees are collected for deposit by the auditor or fiscal officer in the appropriate user fee fund established under IC 33-37-8. We would not take audit exception to the probation department collecting the fees if they are administering the program.

In order to answer your questions fully, you need to look at the internal controls of these receipts. Regardless of which department or office is collecting the fee, strong internal controls over the receipting and remitting process need to be implemented to address the risk of receipts not being deposited timely or posted properly. The safeguarding of collections and the accountability for those collections should be considered when implementing internal controls.

Question 3: **When a business is requesting a change in liquor license is the County Surveyor required to sign?**

Answer 3: County Verification of Business Location (State Form 44184) is to be signed by the County Surveyor. If the County does not have a Surveyor then the County should contact the Alcohol and Tobacco Commission for guidance.

Question 4: **Is the Community Crossing Grant on a calendar year or fiscal year?**

Answer 4: All state grants including Community Crossing Grant are appropriated by the state on a fiscal year basis, June through July, however the County will budget annually and since the grant budget is by project, you should be able to budget for the year.

Question 5: **On Tuesday, someone said that the Auditor is Treasurer of the Redevelopment Commission. Is there a statute that defines this duty?**

Answer 5: Yes, **IC 36-7-14-8 Commission; meetings; officers; treasurer; rules; quorum; approval of actions Sec. 8.** (b) The fiscal officer of the unit establishing a redevelopment commission is the treasurer of the redevelopment commission. Notwithstanding any other provision of this chapter, the treasurer has charge over and is responsible for the administration, investment, and disbursement of all funds and accounts of the redevelopment commission

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Answer 5: (Continued)

in accordance with the requirements of state laws that apply to other funds and accounts administered by the fiscal officer. The treasurer shall report annually to the fiscal body of the unit before July 1. ...

Question 6: Our highway department has petty cash. If the Superintendent or any highway employee has travel expenses for a meeting or conference they take it out of petty cash. Should it be done this way or should they submit a claim for personal reimbursement through the normal claim process.

Answer 6: The County must have a written travel policy in conformity with applicable laws. Reimbursements for lodging and meals must be based upon actual receipts for amounts paid unless otherwise authorized by law. Petty Cash Funds are normally established for small purchases such as postage, shipping or small supplies. Petty cash should not be used to bypass the accounts payable system. All disbursements for travel should comply with the county's travel policy.

IC 36-1-8-3 Petty cash fund; establishment; use; reimbursement Sec. 3. (a) The fiscal body of a political subdivision may establish a petty cash fund for any of its offices in a like manner to that prescribed by section 2 of this chapter. (b) The custodian of a petty cash fund shall use it to pay **small or emergency items of operating expense.**

Question 7: Last November an email came out saying counties could not accept dinners from firms who do federal projects. Is there a way we can get around this? What if we pass an Ordinance? Does this apply to golf outings where an engineering firm who does federal projects, sponsors a team of County Officials?

Answer 7: We have not seen the memo to which you are referring. It possibly came from a state agency that oversees federal grants programs received by your county. Under the new Uniform Compliance for Federal grants, there is federal law that deals with procurement policies.

2CFR200.31(c)(1) §200.318 General procurement standards.

(a) The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part.

(b) Non-Federal entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

(c) The non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the non-Federal entity may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, non-Federal entities may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal

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Answer 7: (Continued)

value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the non-Federal entity.

If you do not comply with federal requirements you risk losing your federal grants

Question 8: Our extension office has speakers, volunteers, and judges for events and projects. They buy gift bags, tissue paper for these people. (I guess they have a gift they put in the bag.) Can the gift bag and tissue come from the County General?

Answer 8: There should be a contract between the county and the Extension office and disbursements should be in compliance with the contract. On a general note, we will not take exception to purchases if there is a **business purpose** for the purchase.

Question 9: Are County Auditor's required to split a tax bill, if requested, for multiple owners on one (1) parcel?

Answer 9: We could find no requirement for an Auditor to separate a tax bill for multiple owners on 1 parcel. 6-1.1-5-5.5 deals with the transfer of property from a previous larger parcel to new parcels.

Question 10: The manual states that an inventory should be performed every 2 years. What dollar amount do you recommend for the threshold on this? I am not referring to the fixed asset threshold, but inventory threshold.

Answer 10: The Accounting and Uniform Compliance Manual for County Auditors of Indiana states in chapter 1: Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. The manual is referring to your capital assets when requiring the inventory every 2 years. It is possible to keep an inventory of items whose costs are below the capitalization threshold that are easily misappropriated, such as laptops or other electronic items. The county would have to decide which items should be tracked.

Question 11: Are we to include the Sheriff's Cash Book and the Recorder's Cash Book in the annual report?

Answer 11: You are to include those funds that do not flow through your funds ledger. The Sheriff's Cash Book and the Recorder's Cash Book transactions will flow through the funds ledger so they will not be included separately. The commissary funds do not flow through the County's funds ledger and would need to be included as a supplemental on the annual report.

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Question 12: Is there a fund already created in the County Chart of Accounts for the Community Crossing grant funds?

Answer 12: No, it is a State grant so you can use a number in the 9100-9199 series.

Question 13: When moving funds/transferring from one fund to another, may we use the "Transfer" feature in our financial system rather than write a check?

Answer 13: The procedure in the Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana page Chapter 6 page 18 states as follows is based on a manual system:

When funds are transferred from one fund to another fund, such as loans, advances, reimbursements and payroll deductions, a warrant should be issued in favor of the "Treasurer of _____ County" and an application to pay, receipt and quietus should be immediately issued in favor of the treasurer for the receipt of such funds. Both the warrant and the receipt must clearly show the funds and accounts to be charged and credited and the reason for the transfer. The use of "Journal Vouchers" to effect fund transfers is not authorized. Experience has shown that a clearer and more accurate record is provided where transfers are made by warrant and receipt and this procedure materially assists in reconciling receipts and disbursements in the treasurer's office with the records of depositories; also, there are instances where a transfer will affect depository accounts which precludes the use of a journal voucher.

However we would not take exception to use of the computer software's for transfers as long as supporting documentation is maintained for all transfers made. You need to establish controls over the transfer process that allow for the adequate documentation of the transfers and ensuring the transfers in match the transfers out. Remember that transfers between funds are not allowed unless there is statutory authority to do so.

Question 14: Can the Auditor's Office be paid \$ through a grant for grant administration. This is assuming the grant budget allows for these fees. If so how do we get these \$'s.

Answer 14: The County can be paid for administering the grant, if administrative costs are approved and budgeted in the grant. It is allowable for the County to reimburse the General Fund for costs associated with the grant administration. This would be performed through the claims process issuing a check from the grant and receipting the costs to the General Fund.

Question 15: If a local vendor owes delinquent property taxes can payments be withheld from payments on claims against the county?

Answer 15: **IC 6-1.1-22-15 Certification of delinquent taxpayer; setoff against money due** Sec. 15. If the county treasurer finds that a person whose name is certified to him under section 14 of this chapter is delinquent in the payment of his taxes, he shall certify the name of that person and the amount of the delinquency to the official of the political subdivision or other governmental entity who is to make payment to the person. The disbursing officer shall periodically make deductions from money due the person and shall pay the amount of these deductions to the county treasurer.

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Question 16: Is Kleenex for employees considered a personal expense or can the county purchase from supplies?

Answer 16: You should have a county policy on this. All disbursements should have a **business purpose**. It is possible that providing Kleenex is a public health issue and we would not take exception to the purchase of Kleenex or hand sanitizer unless the purchase was not in compliance with a county policy.

Question 17: Please instruct us how to show the Title IV-D on the grant schedule. Our examiner told me once that I should never have anything in the Expenditures. So I did it that way the following year, and was told it was wrong. Some visual instructions would be beneficial.

Answer 17: Both receipts and disbursement are posted to the grant schedule on Gateway. We have a software program that will compile the SEFA from your grant schedule. If you code the grant as a reimbursement the program will pick up the receipts if you code the grant as advance the program will pick up the disbursements. Incentive funds are advance grants. The general fund receipts are a reimbursement grant. You can use separate lines on the grant schedule.

Question 18: If a debt fund still has a cash balance, but the debt/bond is paid off. What happens to that cash balance?

Answer 18: IC 36-1-8-5 states in part:
(a) This section applies to all funds raised by a general or special tax levy on all the taxable property of a political subdivision.
(b) Whenever the purposes of a tax levy have been fulfilled and an unused and unencumbered balance remains in the fund, the fiscal body of the political subdivision shall order the balance of that fund to be transferred as follows, unless a statute provides that it be transferred otherwise: (1) Funds of a county, to the general fund or the rainy day fund.

Question 19: One of our members of the County Council continues to question whether or not the Council and Commissioners should be offered insurance and PERF. Currently they are offered insurance, but not PERF. This question stems from the idea that they are part-time. My understanding is that since elected officials are not required to turn in a time sheet they wouldn't be considered "part time". He is concerned that if we were audited by the Department of Labor or IRS that we would be fined for violations to the ACA guidelines for offering health insurance to Council and Commissioners but not other part-time employees. My concern is that they are offered insurance but not PERF. Could you offer anything to either of these arguments?

Answer 19: The Commissioners and Council are Elected Officials and are not considered part-time employees. As Officials they are required to fulfill their duties without restriction as to hours. When the County entered into an agreement with PERF that agreement identified the positions included for participation. Your agreement should be reviewed to determine if the Commissioners and Council are covered to participate in PERF.

The County should have a policy that identifies what a full-time and part-time employee position is and the benefits offered for both positions.

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Question 20: What does LIT stand for?

Answer 20: Local Income Tax

Question 21: Question: How long does the Treasurer have to receipt in money received by EFT? In one case it has taken over 5 weeks and currently we are waiting on CVET money that was deposited on May 2nd (our process is that the Treasurer will write a receipt and deliver to the Auditor and we will then Quietus and distribute).

Answer 21: ACCOUNTING AND UNIFORM COMPLIANCE GUIDELINES MANUAL FOR COUNTY TREASURERS OF INDIANA Chapter 10 page 12,

Timely Recordkeeping _All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law.

You need to review the county's internal controls over receipting EFT's and address this situation where receipts are not being quietused and posted timely.

Question 22: Our county highway is looking to build a new bldg. With our county instituting the wheel tax a good portion of the expenses have been moved, freeing up more money in MVH. Can the MVH money be used towards a new building?

Answer 22: IC 8-14-1-4 County allocations; budgeting; permissible use of funds; county allocation "Sec. 4. The funds allocated to the respective counties of the state from the motor vehicle highway account shall annually be budgeted as provided by law, and, when distributed shall be used for construction, reconstruction and maintenance of the highways of the respective counties, including highways which traverse the streets of incorporated towns, the cost of the repair and maintenance of which prior to the tenth day of September, 1932, was paid from the county gravel road repair fund excepting where the department is charged by law with the maintenance or construction of any such highway so traversing such streets. Any surplus existing in the funds at the end of the year shall thereafter continue as a part of the highway funds of the said counties and shall be rebudgeted and used as already provided in this chapter. The purchase, rental and repair of highway equipment, painting of bridges and acquisition of grounds for erection and construction of storage buildings, acquisition of rights of way and the purchase of fuel oil, and supplies necessary to the performance of construction, reconstruction and maintenance of highways, shall be paid out of the highway account of the various counties."

Question 23: Retention Schedules – How long must the Auditor keep drainage assessment information?

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Answer 23: For record retention, contact the Indiana Archives and Records Administration. Look in your office-specific retention schedule found on the Indiana Commission on Public Records website under County Records Management. If the forms are not listed, look at the County/Local General Retention Schedule (GEN). All permanent records or **records not listed** on these approved retention schedules can **be destroyed or transferred only** by completing a *Request for Permission to Destroy or Transfer Certain Public Records (PR-1)*, *State Form 30505*, **and by obtaining approval** of the County Commission of Public Records and written approval from the Indiana Commission of Public Records.

Question 24: **The Treasurer, Recorder, Clerk, and Sheriff submit monthly reports to the Auditor. What should be done with them? Do they need to be reported or uploaded somewhere?**

Answer 24: If you are inquiring about the monthly Record of Collections from the outside offices – County Form 362 – they are the detail of the office collections. After recording the receipts in the proper funds and accounts, retain this source documentation in compliance with records retention requirements.

It is the duty of the auditor to determine the proper fund and/or account to be credited in each instance and to show on each such instrument the source of the receipt and the name of the fund and/or account. **Reports of fees collected and other documents supporting receipts must be preserved by the auditor as a part of the records of the office.**

When any public official pays fees or other collections into the county treasury, the **remittance must be accompanied with a prescribed report form.** The forms required to be used by the city and town courts are listed on page 4-5. **All other county offices and departments should report collections on General Form 362.** It is important such reports be filed, not only to meet statutory requirements but so the sources of receipts are identified for proper posting to the fund and detail receipt accounts.

Many other payments are also supported by reports or will be accompanied with some other type of remittance advice. **All reports or other supporting documents which accompany payments must be carefully preserved and filed in a systematic manner as a part of the records of the office.**

Question 25: **How can I save the federal grants that I have entered into Gateway when I am timed out or sign out to complete it later?**

Answer 25: Check the user guide here https://gateway.ifionline.org/userguides/AFRguide#nav_Grants. Note that it says:

Fill out each row as completely as possible. However, the only required cells are the ones that have the word "Required" in the cell. Nothing in the row will save if a required cell is left blank or one or more cells generate a format error. Enter a 0 (zero) in any dollar amount cells that are not applicable to the grant.

Also, there is a "Save all work" button at the top and bottom of the grid.

Question 26: **Are copies of receipts for meals acceptable for reimbursement or should we request original receipts?**

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Answer 26: **ACCOUNTING AND UNIFORM COMPLIANCE GUIDELINES MANUAL FOR COUNTIES OF INDIANA** Chapter 1 page 6 Expense Reimbursement Itemization All claims, invoices, receipts, accounts payable vouchers, including those presented to the governing body for approval in accordance with IC 5-11-10, should contain adequate detailed documentation. All claims, invoices, receipts, and accounts payable vouchers regarding reimbursement for meals and expenses for individuals must have specific detailed information of the names of all individuals for which amounts are claimed, including the nature, name, and purpose of the business meeting, to enable the governing body to authorize payment. Payments which do not have proper itemization showing the business nature of the claim, may be the personal obligation of the responsible official, employee or other person for whom the claim is made.

We will not take audit exception for copies of original receipts that contain the proper information. However, the original receipts should be available should someone question the validity of the copied receipts. We have seen in past audits, where two claims were submitted for the same expense, one with the copy of the receipt and the second one with the original receipt. Your internal controls need to address the risk that a claim may be submitted twice if you accept a copy of the receipt in place of the original receipt.

Question 27: **Would it be considered a conflict of interest for the County's Attorney to also be a public defender?**

Answer 27: This is not an issue for the State Board of Accounts. You could check with the Public Defender Commission. The Commission has a webpage on www.in.gov

Question 28: **Appropriations required by the County Council – could we do appropriations for these funds at the January Council meeting for the entire year?**

Answer 28: Yes as long as advertising of the meeting and normal additional appropriation procedures are performed. As an added note, appropriations are required unless there is statute providing authority to spend without an appropriation. (IC 36-2-5-2). The April 2010 Bulletin has a list of some disbursements that can be made without appropriation and the appropriations that only require council approval.

Question 29: **Can a highway transfer money from supplies 11176-21100-0202 to 1176-17100-0203 with Council approval?**

Answer 29: *Indiana Code IC 6-1.1-18-6 states that*
“(a) The proper offices of a political subdivision may transfer money from one major budget classification to another within a department or office if:
(1) they determine that the transfer is necessary;
(2) the transfer does not require the expenditure of more money than the total amount set out in the budget as finally determined under this article; and
(3) the transfer is made at a regular public meeting and by proper ordinance or resolution.
(b) A transfer may be made under this section without notice and without the approval of the department of local government finance.”

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Question 30: Does the Drug Free Fund #1403 have to be appropriated?

Answer 30: Yes, The County Bulletin and Uniform Compliance Guidelines, July 2015, Vol. No. 396 - The County Auditor shall administer the Drug Free Community Fund which requires local appropriation. The fund is non-reverting.

Question 31: The County has ditch technicians to repair county legal drains. They are paid their wages from the maintenance funds collected in each watershed they do work in. Materials used to make repairs also are paid from the maintenance funds within that system. The County has a farm and are asking our technicians to make some private tile repairs.

1. They are not legal co. tile.
2. No line item to reimburse the tech.

Should the commissioners pay out of their funds or what line item should we take the monies out of? The Commissioners own a piece of private property to which they rent out to a farmer. There is a broken tile on that property which is not a legal county tile. The Commissioners are asking the Surveyor's office to fix the private tile and it out of the drainage maintenance or labor, rod, and chain. Since it is not a legal tile we can't bill it through drainage maintenance. Can it legally be to labor, rod, and chain or should the commissioners hire a private contractor and pay for it out of their funds?

If the Surveyor's office does the project what line item should we use?

Answer 31: Drain maintenance funds cannot used to do repair work on private drains.
ACCOUNTING AND UNIFORM COMPLIANCE GUIDELINES MANUAL FOR PUBLIC DRAINAGE FUNDS Chapter 3 page 2 DRAINAGE MAINTENANCE FUND According to IC 36-9-27-44, a maintenance fund is created for each legal drain located in the county, or if two or more legal drains are combined into a unit pursuant to IC 36-9-27-41, then for each such unit. A maintenance fund shall consist of: Money received from annual assessments upon lands benefited by the periodic maintenance of a drain; Penalties received on collection of delinquent annual assessments made for periodic maintenance of a drain; and Money received from any person as compensation for damages suffered to a drain.

The title "Maintenance Fund" describes the purpose of this fund.

IC 36-9-27-45 prescribes the use of the maintenance fund.

In general, the fund is for use in repairing and maintaining of a particular drain or unit whenever in the judgment of the Drainage Board, upon recommendation of the County Surveyor, the repairs are necessary IC 36-9-27-2 Definitions Sec. 2. As used in this chapter:

"Affected land" means land within a watershed that is affected by the construction, reconstruction, or maintenance of a regulated drain.

"Maintenance" means work on a drain as described in section 34(c) of this chapter for any of the purposes stated in that section.

"Private drain" means a drain that:

- (1) is located on land owned by one (1) person or by two (2) or more persons jointly; and
- (2) was not established under or made subject to any drainage statute.

"Regulated drain" means an open drain, a tiled drain, or a combination of the two.

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Answer 31: (Continued)

Based on the above information, it is our position that the repair expense may not be paid from drain maintenance funds. The repair expenses may be paid from the labor, rod, and chain fund, if the repair expense is allowable in the ordinance establishing the labor, rod, and chain fund.

The repairs may be paid from the General Fund. The ditch technicians can make the necessary repairs.

Question 32: Do Townships turn in paperwork to us? Annual Reports?

Answer 32: Yes, the Townships are still required to submit a copy of their report to the County Auditor per Indiana Code 36-6-4-12(d): "Within ten (10) days after the township board's action on said report, the trustee shall file a copy of the report and its accompanying vouchers in the county auditor's office."

Question 33: A Town Clerk is managing an Interdiction grant. The County is receiving reimbursement of wages paid to a Sheriff's Officer who participated in the program. Do we track this as a federal grant? How do we receipt it in?

Answer 33: No, you do not track it as a federal grant. You are considered a vendor, not a subrecipient of federal funds. You would receipt the reimbursements back into the fund from which his/her salary for that time was paid.

Question 34: Do only Court Claims have to be published/advertised or all claims?

Answer 34: Indiana Code 36-2-6-3 requires that "The county auditor shall publish all allowances made by courts of the county. Court allowances shall be published at least (3) days before the issuance of warrants in payment of those allowance. Allowances subject to this section shall be published as prescribed by IC 5-3-1 except that only one (1) publication in two (2) newspapers is required." The statute no longer requires the publication of claims other than court claims. IC 36-2-6-4 establishes the procedures for paying claims. We will not take exception to court claims that are not published if the Commissioners are approving the claims in the same manner as all other county claims. If the court is approving the claims, we would take exception if the claims were not published.

Question 35: Can a County get a report at end of year before annual report is due to see federal amounts received to County to make sure all information is received to Auditor for SEFA Report.

Answer 35: The county could request a report from the grantor agency on payments remitted to the county. The county should be tracking all of their grants and that is the information posted to the grant schedule from which the SEFA is generated.

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Question 36: Is all public information on Gateway available to the public for download, printing, etc.?

Answer 36: Yes, all public information can be viewed and printed out from the Gateway website. There is information that is entered on Gateway that is not public information.

Question 37: Does the new law regarding contracts require all contracts for every department over \$50,000, including Grants to be uploaded to Gateway?

Answer 37: Yes, all contracts in excess of \$50,000 no matter what fund they will be paid from.

Question 38: Regarding Uniform Compliance on Federal Grants – Will there or are there resources training made available on subrecipient risk assessment and the pass-through entities monitoring responsibilities?

Answer 38: This should be contained in the grant agreement which is the responsibility of the County. We can include this as a topic for future training.

Question 39: Community Corrections is receiving another state grant. They think since their regular state grant fund doesn't need appropriation that the new one does either. Is that true?

Answer 39: All of the Community Crossing grants require appropriation per statute. IC 11-12-2-2(f) states:
"The county executive and county fiscal body shall provide necessary assistance and appropriations to the community corrections advisory board established for that county. Appropriations required under this subsection are limited to amounts received from the following sources:
(1) Department grants.
(2) User fees.
(3) Other funds as contained within an approved plan.
Additional funds may be appropriated as determined by the county executive and county fiscal body.

Question 40: At settlement which entities keep the late payment penalty:
1) Week Cutting;
2) Sewer Liens;
3) Stormwater Liens;
4) Demolition of buildings;
5) Conservancy's;
6) Special benefit assessments. Will this change in the future?

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Answer 40: Penalties assessed when the tax bill is paid late (the 5% or 10% penalty) would include the amount of the assessments and liens. The penalties are collected and allocated during settlement to the taxing districts. The amount certified to the county auditor that is collected would be remitted to the unit that made the certification, however, penalties would be collected and distributed during settlement to the taxing districts in the same way that all penalties collected are disbursed. We have told Marion County, that for a Storm Water District that does not have a tax levy and so would not receive a portion of the property taxes and penalties collected, we would not take audit exception if they disbursed the late penalties from storm water assessments to the storm water district.

A Solid Waste District may contract with the county to collect fees for the district under IC 13-21-3-22 which allows for a collection charge to be paid to the county. I do not find any similar language for any of the other assessments.

For the ineligible homestead, IC 6-1.1-3-17 states that the adjustment in tax and any interest and penalty on that amount should be placed in the non-reverting fund or the general fund if the amount collected exceeds the amount that may be deposited into the non-reverting fund. Once the amount is placed on the tax duplicate, it is collected as other in the same manner as other property taxes and the penalty would be collected and distributed to the taxing units during settlement.

Question 41: **HB 1622 – Is this bill requiring these boards to do roll call? Currently roll call vote happens only on controversial agenda items.**

Answer 41: No, this bill does not require roll call votes. It requires certain counties which meet the stated criteria to post the roll call votes, if and when they do roll call votes, on their internet website within a certain time period and to maintain the roll call vote information on the website for four years.

Question 42: **Has there been a change as to the use of TIF funds? Specifically using TIF funds for ongoing maintenance of a park built with TIF funds.**

Answer 42: The allocation fund may not be used for operating expenses of the (redevelopment) commission."

Indiana Code 36-7-14-39(b)(3) states in part:

"Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivisions (1) and (2) shall be allocated to the redevelopment district and, when collected, paid into an allocation fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:

- (A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds which are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.
- (B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.
- (C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 27 of this chapter.
- (D) Pay the principal of and interest on bonds issued by the unit to pay for local public improvements that are physically located in or physically connected to that allocation area.
- (E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.

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Answer 42: (Continued)

- (F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 25.2 of this chapter.
- (G) Reimburse the unit for expenditures made by it for local public improvements (which include buildings, parking facilities, and other items described in section 25.1(a) of this chapter) that are physically located in or physically connected to that allocation area.
- (H) Reimburse the unit for rentals paid by it for a building or parking facility that is physically located in or physically connected to that allocation area under any lease entered into under IC 36-1-10.
- (I) For property taxes first due and payable before January 1, 2009, pay all or a part of a property tax replacement credit to taxpayers in an allocation area as determined by the redevelopment commission. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area: . . .
- (J) Pay expenses incurred by the redevelopment commission for local public improvements that are in the allocation area or serving the allocation area. Public improvements include buildings, parking facilities, and other items described in section 25.1(a) of this chapter.
- (K) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:
 - i. in the allocation area; and
 - ii. on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.
- (L) Pay the costs of carrying out an eligible efficiency project (as defined in IC 36-9-41-1.5) within the unit that established the redevelopment commission. However, property tax proceeds may be used under this clause to pay the costs of carrying out an eligible efficiency project only if those property tax proceeds exceed the amount necessary to do the following: . . .

The allocation fund may not be used for operating expenses of the commission."

Once a park has been completed, it becomes the asset of the county or city/town where it is located. The maintenance of the park would be the responsibility of the county or city/town, not the Redevelopment Commission.

Question 43: The new law from HB 1031 puts needed enforcement on actions when someone refuses to make needed changes, but where is the accountability of the SBOA to conduct yearly audits?

Answer 43: The State Board of Accounts is working to catch up on the back log of audits. Under IC 5-11-1-25, the examinations are scheduled based on a risk based criteria and annual audits may not be required for each unit.

Question 44: The IT department is replacing many office computers. Can they be donated to the public school or library or must they go through the public auction process.

Answer 44: The county needs to declare the property surplus. The property can be exchanged with any other governmental unit for any agreed upon exchange amount. IC 5-22-22-10 and IC 36-1-11-9

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Question 45: Is Wheel Tax money received that same as excise. Do we distribute the wheel tax monies at settlement time? Do we create a fund for the wheel tax monies? What should the fund number be?

Answer 45: No Wheel tax and motor vehicle excise surtax are not the same as license excise tax although all are collected by BMV. Surtax may be found in IC 6-3.5-4 and Wheel Tax in IC-6-3.5-5. The Wheel tax and motor vehicle excise surtax money received by the county from BMV is to be distributed monthly. We have historically directed the county to post the tax to the MVH fund, but we would not take exception to establishing a separate fund

Question 46: Form 22's County Auditor's Certificate of Tax Distribution – do we need to make hard copies for our files or is an electronic copy sufficient.

Answer 46: For audit purposes, you may maintain the documents in electronic form, as long as the forms are available for audit. Which means that you should have adequate backup and be able to retrieve them and provide them for audit in a readable form.

Question 47: Bidder's Form 115 – are we still required to maintain this record?

Answer 47: This is a prescribed form and must be maintained. Unless you have an alternative form to replace the form and that alternative form has been approved. See chapter 1-1 for information on prescribed forms and approved forms.

Question 48: Please tell me what the commissary fund may be used for? Seems the Sheriff used that for items that he can't pay for out of the County General fund.

Answer 48: *The commissary fund may be used for the following per Indiana Code 36-8-10-21(d) The commissary fund should be used to supplement but not replace the costs paid from the county general fund. Although it is possible that the commissary fund may be reimbursed by County General for expenses that should have been paid out of County General, this should not be a routine occurrence.*

IC 36-8-10-21

(d) The sheriff, or the sheriff's designee, at the sheriff's or the sheriff's designee's discretion and without appropriation by the county fiscal body, may disburse money from the fund for:

- (1) merchandise for resale to inmates through the commissary;
- (2) expenses of operating the commissary, including, but not limited to, facilities and personnel;
- (3) special training in law enforcement for employees of the sheriff's department;
- (4) equipment installed in the county jail;
- (5) equipment, including vehicles and computers, computer software, communication devices, office machinery and furnishings, cameras and photographic equipment, animals, animal training, holding and feeding equipment and supplies, or attire used by an employee of the sheriff's department in the course of the employee's official duties;
- (6) an activity provided to maintain order and discipline among the inmates of the county jail;

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Answer 48: (Continued)

- (7) an activity or program of the sheriff's department intended to reduce or prevent occurrences of criminal activity, including the following:
 - (A) Substance abuse.
 - (B) Child abuse.
 - (C) Domestic violence.
 - (D) Drinking and driving.
 - (E) Juvenile delinquency;
- (8) expenses related to the establishment, operation, or maintenance of the sex and violent offender registry web site under IC 36-2-13-5.5; or
- (9) any other purpose that benefits the sheriff's department that is mutually agreed upon by the county fiscal body and the county sheriff.

Money disbursed from the fund under this subsection must be supplemental or in addition to, rather than a replacement for, regular appropriations made to carry out the purposes listed in subdivisions through (8)

Question 49: Please address the Sales Disclosure Fund – can salaries be paid out of that fund?

- Answer 49:** Per IC 6-1.1-5.5-4.5 on the uses of the fund
- Sec. 4.5. (a) The fiscal body of each county shall establish a sales disclosure fund. The county auditor shall deposit into the fund the money received under section 4 of this chapter. Money in the sales disclosure fund may be expended only for:
- (1) administration of this chapter;
 - (2) verification of the information contained on a sales disclosure form;
 - (3) training of assessing officials; or
 - (4) purchasing computer software or hardware for a property record system.
- (b) The county fiscal body shall appropriate the money in the sales disclosure fund for the purposes stated in subsection (a) based on requests by assessing officials in the county.

Question 50: We have \$250 in our Child Advocacy Fund 1115 and it has been dormant since 2011. What can I do with this money?

- Answer 50:** When the child abuse prevention fee was established originally, it was distributed 50% to the State and 50% was retained by the county in the Child Advocacy Fund. Per IC 12-17-17-2, which has been repealed, "A county child advocacy fund is established in each county for the purpose of assisting the county in developing interdisciplinary responses to child abuse and neglect situations". At the time the statute was repealed the fee collected was remitted 100% to the State. If a county had a balance in that fund, they were directed to disburse if for any ongoing projects that it had been funding under the purpose of IC 12-17-17-2. There was no direction to remit the unused balance to the state.

The fund is now dormant for your county and should be closed out to the county general or rainy day fund.

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Question 51: The County is a member of the local chamber of commerce. The chamber hosts monthly luncheon meetings which cost \$10. A few people turn this in for reimbursement. Isn't this a personal expense?

Answer 51: During an audit any disbursement would have to have documentation to support that the expense was incurred as part of county business. The county should have a policy regarding meals, such as is found in a travel policy on meal reimbursement. Normally meals would be considered a personal expense, however if there is a county business purpose for the meal, it could be reimbursed.

JUDICIAL CIRCUIT CLASSES

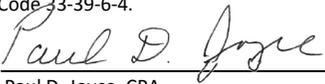
According to Indiana Code 33-39-6-4, the State Board of Accounts is responsible for establishing and certifying to each county the judicial circuit classes. Judicial circuit classes are calculated by using the population and gross assessed values for each county as provided by the Department of Local Government and Finance (DLGF). The classes were established using the gross assessed values certified to the State in March of this year. Judicial classes have been established as noted below.

County			County		
<u>No.</u>	<u>County Name</u>	<u>Judicial Circuit Class</u>	<u>No.</u>	<u>County Name</u>	<u>Judicial Circuit Class</u>
1	Adams	7	47	Lawrence	6
2	Allen	2	48	Madison	3
3	Bartholomew	3	49	Marion	1
4	Benton	9	50	Marshall	5
5	Blackford	9	51	Martin	9
6	Boone	4	52	Miami	8
7	Brown	9	53	Monroe	3
8	Carroll	9	54	Montgomery	6
9	Cass	7	55	Morgan	4
10	Clark	3	56	Newton	9
11	Clay	8	57	Noble	5
12	Clinton	7	58	Ohio - Dearborn*	5
13	Crawford	9	59	Orange	9
14	Daviess	8	60	Owen	9
15	Dearborn - Ohio *	5	61	Parke	9
16	Decatur	8	62	Perry	9
17	Dekalb	6	63	Pike	9
18	Delaware	3	64	Porter	2
19	Dubois	6	65	Posey	8
20	Elkhart	2	66	Pulaski	9
21	Fayette	9	67	Putnam	7
22	Floyd	4	68	Randolph	8
23	Fountain	9	69	Ripley	8
24	Franklin	9	70	Rush	9
25	Fulton	9	71	St. Joseph	2
26	Gibson	6	72	Scott	9
27	Grant	4	73	Shelby	5
28	Greene	8	74	Spencer	8
29	Hamilton	2	75	Starke	9
30	Hancock	4	76	Steuben	6
31	Harrison	7	77	Sullivan	9
32	Hendricks	2	78	Switzerland	9
33	Henry	6	79	Tippecanoe	2
34	Howard	4	80	Tipton	9
35	Huntington	7	81	Union	9
36	Jackson	6	82	Vanderburgh	2
37	Jasper	6	83	Vermillion	9
38	Jay	9	84	Vigo	3
39	Jefferson	8	85	Wabash	8
40	Jennings	8	86	Warren	9
41	Johnson	3	87	Warrick	4
42	Knox	6	88	Washington	8
43	Kosciusko	3	89	Wayne	4
44	Lagrange	6	90	Wells	8
45	Lake	2	91	White	8
46	LaPorte	3	92	Whitley	7

* - Dearborn and Ohio share a judicial circuit, so they were combined for the class determination

I, Paul D. Joyce, CPA, State Examiner of the State Board of Accounts, do hereby certify that the judicial circuit classes set forth above were established by the State Board of Accounts pursuant to Indiana Code 33-39-6-4.

Dates this 20th day of June, 2017


 Paul D. Joyce, CPA
 State Examiner



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AN EQUAL OPPORTUNITY EMPLOYER

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MEMORANDUM

TO: County Auditors, City Controllers, and Clerk-Treasurers

FROM: Paul D. Joyce, CPA 
State Examiner

RE: Stay of the Implementation of MVH Forms and Procedures pursuant to Public Law 218-2017
(HEA 1002)

DATE: June 29, 2017

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The implementation of HEA 1002 has raised many questions regarding the uses of MVH distributions as well as the accounting and reporting of the fund. Until these issues can be resolved properly, the State Board of Accounts is staying the implementation of the forms and procedures outlined in the memorandum dated June 12, 2017 regarding "Use of MVH Fund pursuant to Public Law 218-2017 (HEA 1002)."

Statutory Definitions

Many questions revolve around the types of expenditures which may be considered as construction, reconstruction, and maintenance. For example, we have been asked whether snow removal, street lighting, street sweeping, painting curbs, utility costs, supervisor salaries, sidewalks, and tree trimming fall into these categories. Further research is needed so that these questions may be uniformly addressed among all units.

Annual Operational Report and Prescribed Forms

Concerns have been stated with the information required in the Annual Operational Report in light of HEA 1002. This report is required of all counties and of all cities and towns with a population of greater than 20,000. We will be working with INDOT, LTAP and the various associations to revise and update the report for information required by HEA 1002. Once the Annual Operational Report has been updated, all MVH prescribed forms will be revised to directly support the information required in the report.

Accounting for the 50% Restricted Portion of MVH

It has come to our attention that some cities and towns have established a separate Home Rule fund to account for the 50% restricted portion of the MVH Fund. Each unit should maintain all of the MVH distributions in the MVH Fund at this time. If, in the future, the statutory definitions are clarified and a separate fund is necessary, the established fund will be a statutory fund with an assigned number on the chart of accounts. No separate fund is necessary at this time.

Cost Allocation and Supporting Documentation

We do encourage all units to allocate costs to various projects and by various type within their established system. Supporting documentation for all costs from the MVH fund is required.

Conclusion

Until the statutory definitions can be clarified and the Annual Operational Report and prescribed forms are updated, the State Board of Accounts is staying the implementation of the MVH forms and procedures outlined in the memorandum dated June 12, 2017. The State Board of Accounts cannot delay the effective date of a statute. House Enrolled Act 1002 with the 50% limitation on MVH uses to construction, reconstruction, and maintenance is still effective on July 1, 2017. During this stay, we will not take audit exception to a properly authorized and documented disbursement from the MVH fund that is for an allowable use of the fund.



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TO: County Auditors, City Controllers, and Clerk-Treasurers

FROM: Paul D. Joyce, CPA, State Examiner

RE: Local Match for the Local Road and Bridge Matching Grant Fund

DATE: May 19, 2017

This memorandum addresses two amendments to the statutes regarding the local match for the Community Crossings Grant through Indiana Department of Transportation (INDOT). First, the legislature amended the sources for the local match in IC 8-23-30-3, retroactive to March 23, 2016. Second, the legislature amended the amount of the local match required in IC 8-23-30-6, effective July 1, 2017. Answers to commonly-asked questions and the names of persons to contact for additional information are included at the end of this memorandum.

This memorandum supersedes information regarding, "Issue #1: Use of Existing Road Funds for Matching Grants," contained in the June 9, 2016 memorandum from the State Board of Accounts (SBOA), Department of Local Government Finance (DLGF), Department of Transportation (INDOT), and Bureau of Motor Vehicles (BMV). Also, this supersedes all other previous instruction from the SBOA related to the use of existing road funds for matching grants.

1. Sources and Uses of Local Match for Community Crossings Grant

Retroactive to March 23, 2016, the legislature amended IC 8-23-30-3 to allow local units of government to use "any money the unit is authorized to use for a local road or bridge project" as the local match for the Community Crossings Grant as well as money received as a special LIT distribution and money in the rainy day fund. IC 8-23-30-3, as amended, states:

"A local unit may apply to the department for a grant from the fund for an eligible project if the local unit: (1) uses a transportation asset management plan approved by the department; and (2) commits to a local match by using one (1) or more of the following:

- (A) Any money the unit is authorized to use for a local road or bridge project.
- (B) Money received by the local unit as a special distribution of local income taxes under IC 6-3.6-9-17.
- (C) Money in the local unit's rainy day fund under IC 36-1-8-5.1.

The application must be in the form and manner prescribed by the department."

For Counties, the restricted portion of the special distribution of local income taxes under IC 6-3.6-9-17 should be accounted for in Fund Number 1229. For Cities and Towns, the restricted portion of the special distribution of local income taxes under IC 6-3.6-9-17 should be accounted for in Fund Number 257.

The grant itself should be treated as any other grant by setting up a separate state grant fund entitled Local Road and Bridge Matching Grant Fund. Any matches to the grant should be transferred to this fund.

2. Amount of Local Match Required for Community Crossings Grant

Effective July 1, 2017, Indiana Code 8-23-30-6 is amended to read as follows:

"If the department approves a grant to a local unit under this chapter, the required local matching amount by the local unit is equal to the following applicable percentage of the total cost of the eligible project:

(1) For a county applicant, the following:

(A) Fifty percent (50%), if the county has a population greater than or equal to fifty thousand (50,000).

(B) Twenty-five percent (25%), if the county has a population of less than fifty thousand (50,000).

(2) For a city or town applicant, the following:

(A) Fifty percent (50%), if the city or town has a population greater than or equal to ten thousand (10,000).

(B) Twenty-five percent (25%), if the city or town has a population of less than ten thousand (10,000)."

3. Commonly-Asked Questions

Question: Is it still necessary to transfer funds to the Rainy Day Fund or a Restricted Rainy Day Fund in order for those funds to be considered as match for the Community Crossings Grant?

It is the position of the SBOA that it is no longer necessary to transfer committed match money into the Rainy Day Fund or a Rainy Day Restricted fund. Committed match may be transferred directly into the Local Road and Bridge Matching Grant Fund.

Question: What happens to the balances in the Restricted Rainy Day Funds established as a result of the June 9, 2016 memorandum?

Based on the previous language of the statute and the June 9, 2016 memorandum, many local units of government established Rainy Day Restricted funds to account for transfers from LRS, Wheel and Surtax Funds, MVH, and Major Moves.

As previously stated, it is no longer necessary to transfer committed match money into the Rainy Day Restricted funds. Under the current statutory language, any money the unit is authorized to use for a local road or bridge project may be transferred directly into the Local Road and Bridge Matching Grant Fund.

Any balance remaining in a Restricted Rainy Day Fund should be -

1. Transferred to the Local Road and Bridge Matching Grant Fund for use as match; or
2. Returned to the originating fund.

Question: Is it still necessary to transfer committed match funds to the Local Road and Bridge Matching Fund?

Yes, the grant from INDOT should be treated as any other grant by setting up a separate state grant fund entitled Local Road and Bridge Matching Grant Fund. Any matches to the grant should be transferred to this fund.

Question: Can the Rainy Day Fund provide a temporary loan to the Wheel and Surtax Fund (or any other fund) to provide match for the Community Crossings Grant?

The SBOA will not take audit exception to a temporary loan from the Rainy Day Fund to the Wheel and Surtax Fund (or any other applicable fund) as long as the requirements of IC 36-1-8-4 are followed.

IC 36-1-8-4 states:

" (a) 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.
- (b) 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."

Question: If the project costs exceed the total amount of the grant award plus committed match, may the additional costs be paid from other funds of the unit?

It is the audit position of the SBOA that costs incurred which exceed the grant award plus committed match may be paid from other appropriated funds of the unit that may be used for local roads and bridges.

Question: Can a local unit of government borrow money from outside sources to provide a match?

The SBOA will not take audit exception to the use of borrowed funds as match as long as the funds were borrowed in accordance with applicable statutory requirements and are appropriated for such a purpose.

Question: Can Cumulative Bridge Fund money be used as match and transferred to the Local Road and Bridge Matching Fund?

IC 8-23-30-3, as amended, allows local units of government to use "any money the unit is authorized to use for a local road or bridge project" as the local match for the Community Crossings Grant, which includes money in the Cumulative Bridge Fund. Cumulative Bridge funds are statutorily restricted to certain uses, namely the cost of construction, maintenance, and repair of bridges, approaches, and grade separations as well as bridge inspection and safety ratings. To ensure that these monies remain restricted and identifiable to the statutory uses of the cumulative bridge fund, a higher level of tracking will be necessary. Documentation must be available to support that the cumulative bridge funds were used for the purposes set forth in IC 8-16-3 or returned to the cumulative bridge fund.

Question: Must the entire amount of committed match be transferred to the Local Road and Bridge Matching Grant Fund at the time the award is received from INDOT, or may the committed match be transferred to the Local Road and Bridge Matching Fund as invoices become due?

The SBOA will not take audit exception to the timing of the transfer of committed match to the Local Road and Bridge Matching Grant Fund as long as the requirements of the grant are satisfied.

Question: When is an appropriation required?

An appropriation is required for all disbursements from the Local Road and Bridge Matching Grant Fund. This appropriation must be approved by DLGF. The SBOA will not take audit exception to a transfer of funds to the Local Road and Bridge Matching Grant Fund without appropriation. Contact DLGF for the required appropriation procedures.

Question: Is an ordinance or resolution required to make a transfer to the Local Road and Bridge Matching Fund?

Any transfer of funds to the Local Road and Bridge Matching Fund should be made after the passage of an ordinance or a resolution by the legislative body specifying the amount of the transfer, the funds involved, the date of the transfer, and the purpose of the transfer.

4. Contact Information

If you have any questions regarding the accounting for the funds specific to counties, please contact SBOA Directors Lori Rogers or Shannon Lopez at (317) 232-2512 or Counties@sboa.in.gov. If you have any questions regarding accounting for funds specific to cities and towns, please contact SBOA Directors Todd Caldwell or Susan Gordon at (317) 232-2513 or Cities.Towns@sboa.in.gov. If you have any questions regarding accounting for these funds as part of a local unit's budget, please contact Dan Jones at DLGF at (317) 232-0651 or djones@dlgf.in.gov.