

# THE COUNTY BULLETIN

## ISSUED BY STATE BOARD OF ACCOUNTS

Vol. No. 445

March 2025

### REMINDER OF ORDER OF BUSINESS

#### April

- 1 On or before April 1 is the last regular day for filing applications for tax exemption by Churches, Educational and Charitable organizations. (IC 6-1.1-11-3)
- On or before April 1, of each even numbered year, the County Auditor shall provide to the County Assessor a list by taxing district of property for which a tax exemption was in effect for the immediately preceding year. (IC 6-1.1-11-5)
- 18 Good Friday – Legal Holiday (IC 1-1-9-1)
- 22 & 24 State Board of Accounts called meeting for County Recorders - Indianapolis
- 30 Last day to file quarterly report of federal withholding tax with Director of Internal Revenue Service.

#### May

- 1 Prepare report of school funds to Auditor of State and make payment of principal and interest due to Treasurer of State on the Common and Permanent Endowment Funds, and pay the Treasurer of State all fines and forfeitures on hand April 30, 2014, as shown in this report. (IC 20-42-1-6)
- State Board of Accounts called meeting for County Auditors – Virtual Quad Meeting Day 1
- 7 State Board of Accounts called meeting for County Auditors – Quad Meeting Day 2 - Lawrenceburg
- 8 State Board of Accounts called meeting for County Auditors – Quad Meeting Day 2 – Vincennes
- 12 First installment of property taxes due. (IC 6-1.1-22-9)
- 14 State Board of Accounts called meeting for County Auditors – Quad Meeting Day 2 – Fishers
- 15 Due date for personal property tax returns and filing for exemption. (IC 6-1.1-3-1.5)  
(IC 6-1.1-3-7)
- State Board of Accounts called meeting for County Auditors – Quad Meeting Day 2 - Plymouth
- 26 Memorial Day – Legal Holiday (IC 1-1-9-1)

#### June

- 1 Last date for filing County Highway Annual Operational Report with the State Board of Accounts and other governmental agencies. (IC 8-17-4.1-7)
- On or before this date the County Treasurer shall search the records to ascertain if person so certified is delinquent in payment of Property Taxes and certify to Auditor of State and state agencies the names of state employees owing delinquent taxes. (IC 6-1.1-22-14) (IC 6-1.1-22-16)
- County Treasurer to prepare a list of persons owing delinquent taxes and believed to have money due from Auditor of State, Indiana Department of Transportation or any state institution or state school and furnish the list to those agencies on or before June 1. (IC 6-1.1-22-16)

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## **REMINDER OF ORDER OF BUSINESS** **(Continued)**

### **June (Continued)**

- 15 Before June 16 of each even numbered year the County Assessor is to give notice to tax exempt organizations which failed to file an application for exemption of property tax for which an exemption was effective for the previous year, if application must be filed for the exemption under IC 6-1.1-11-3.5. (IC 6-1.1-11-5)
- 17 & 18 State Board of Accounts called meeting for Clerk of the Circuit Courts – Indianapolis
- 20 On or before June 20th and December 20th of each year, the county auditor and the county treasurer shall meet in the office of the county auditor. Before each semi-annual meeting, the county auditor shall complete an audit of the county treasurer's monthly reports required under IC 36-2-10-16. In addition, the county auditor shall: (1) prepare a certificate of settlement on the form prescribed by the state board of accounts; and (2) deliver the certificate of settlement to the county treasurer at least two (2) days before each semi-annual meeting. (IC 6-1.1-27-1(a))
- 30 Immediately after each semi-annual settlement, the county auditor shall send a copy of the certificate of settlement and a statement of the distribution of the taxes collected to the state auditor. On or before June 30th and December 31st of each year, the county treasurer shall pay to the state treasurer the money due the state as shown by the certificate of settlement. (IC 6-1.1-27-3)
- On or after January 1 of each calendar year in which a tax sale will be held in a county and not later than fifty-one (51) days after the first tax payment due date in that calendar year, the County Treasurer shall certify to the county auditor a list of real property eligible for tax sale. (IC 6-1.1-24-1(a))

## **ELECTRONIC FUNDS TRANSFER FOR TRANSACTION OF COUNTY BUSINESS**

IC 5-13-5-5 states: "(a) The fiscal body of any political subdivision (County Council) may by ordinance or resolution authorize the proper legal officers of the political subdivision to transact the political subdivision's business with a financial institution or a public pension or retirement fund administered by the Indiana public retirement system through the use of electronic funds transfer.

(b) The ordinance or resolution must:

- (1) specify the types of transactions that may be conducted by electronic funds transfer; and
- (2) require the proper officers to maintain adequate documentation of the transactions so that they may be audited as provided by law."

We would suggest the minimum documentation from the bank to record the transaction could be in the form of a letter, deposit slip, fax etc...and must contain at a minimum:

1. the date of the transaction
2. a description to identify the type of transaction, and
3. the amount of the transaction

## **APPLICATION TO PAY**

Payment of any money to the county, other than taxes, comes into the county treasury in the following manner: Mr. A. comes to the Auditor's office and states his intention to pay a certain amount for a certain purpose. The Auditor writes the "Quietus" and "Application to Pay" and gives the "Application to Pay" to Mr. A., who takes the same and his check or money to the Treasurer's office. [Some Auditor's have found it advantageous to walk Mr. A. to the Treasurer's office to be sure the transaction is completed within the same day and all parties have their correct copy.] The Treasurer writes his "Receipt" to Mr. A. and keeps the application to pay and Mr. A. returns to the Auditor's office and surrenders the Treasurer's Receipt for the Auditor's "Quietus."

The Auditor and Treasurer must be in agreement with respect to "Application to Pay" and Receipts." The application to pay must be written on the same day, immediately upon receipt of the money and turned over to the Treasurer at once. If the Auditor dates his "Application to Pay" on a given day and it is not presented to the Treasurer on the same date it is impossible for the Treasurer to balance with the Auditor that day.

The statute must be followed in this matter. Bear in mind that no transaction is complete until all the required steps are taken and properly recorded. At the close of each month the balance sheets of the Auditor and Treasurer should be compared in detail in order to avoid any irregularities arising from an improper or omitted posting.

## **OLD OUTSTANDING WARRANTS (IC 5-11-10.5)**

All warrants outstanding and unpaid for a period of two or more years, as of the last day of December of each year are void. This law further provides that the treasurer, not later than March 1, shall prepare a list in triplicate of all such warrants, showing the date of issue of each warrant, the fund upon which it was drawn, the name of the payee, the amount of the warrant, and the total amount of the warrants for each fund. The original copy of such list shall be filed with the county board of finance, the duplicate with the county auditor and the triplicate copy retained by the treasurer. Upon receipt of such list, the county auditor shall issue an application to pay, receipt and quietus for such warrants, in the same manner as for any other receipt, and the warrants shall be removed by the treasurer from the outstanding list.

## **3% ADMINISTRATIVE FEE ON PROBATION USER'S FEE COLLECTIONS**

IC 35-38-2-1 states, "If a clerk of a court collects a probation user's fee, the clerk: (1) may keep not more than 3% of the fee to defray the administrative costs of collecting the fee and shall deposit any fee kept in the clerk's record perpetuation fund."

In our opinion, if probation user fees are withheld from bonds that the clerk is entitled to the 3% just as well as if they had come directly to your office to pay.

## **CRIMINAL HISTORY INFORMATION**

Local law enforcement agencies may, on request for release or inspection of a limited criminal history, do the following:

- (1) Require a form, provided by them, to be completed. The form shall be maintained for a period of two (2) years and shall be available to the record subject upon request.
- (2) Collect a three dollar (\$3) fee to defray the cost of processing a request for inspection.
- (3) Collect a seven dollar (\$7) fee to defray the cost of processing a request for release. However, law enforcement agencies may not charge a fee for requests received from the parent locator service of the child support bureau of the division of family and children.

Local law enforcement agencies shall edit information so that the only information released or inspected is information which has been requested and is limited criminal history information.  
(IC 10-13-3-30)

A local home rule ordinance would be required to enable a county law enforcement agency to collect such fees. All monies should be deposited in the county's general fund unless otherwise stated in the ordinance.

## **FINANCING PUBLIC WORKS PROJECTS OF NOT MORE THAN TWO MILLION DOLLARS (\$2,000,000)**

IC 36-9-41 allows counties to borrow the money necessary to finance a public work project under two million dollars (\$2,000,000) from a financial institution in Indiana by executing a negotiable note under IC 36-9-41-4. A county shall provide notice of its determination to issue the note under IC 5-3-1. Money borrowed is chargeable against the county's constitutional debt limitation.

A county borrowing money under IC 36-9-41-3 shall execute and deliver to the financial institution the negotiable note of the county for the sum borrowed. The note must bear interest, with both principal and interest payable in equal or approximately equal installments on January 1 and July 1 each year over a period not exceeding ten (10) years.

The first installment of principal and interest on a note is due on the next January 1 or July 1 following the first tax collection for which it is possible for the county town to levy a tax.

The county shall appropriate an amount for and levy a tax each year sufficient to pay the obligation under the note according to its terms.

An obligation of a county or town under the note is a valid and binding obligation of the county notwithstanding any tax limitation, debt limitation, bonding limitation, borrowing limitation, or other statute to the contrary.

IC 36-9-41-6 through IC 36-9-41-8 set out the provisions for taxpayers to file a petition against the issuance of such note.

## **SALES TAX REIMBURSEMENT FOR LODGING**

Lodging for individuals in hotels and motels is not exempt from state sales tax. Therefore, reimbursements for lodging in travel stats will include state sales tax. We will not take an audit exception to employees being reimbursed for sales tax on lodging.

## **PAYROLL ISSUES**

For both elected officials and employees, payroll should be processed in accordance with the salary and wage ordinance and the county's written policy of compensation and benefits. The county council should, at its annual budget meeting, adopt a salary ordinance fixing the salaries of county officers, deputies, assistances and employees. This ordinance is separate from the budget ordinance. The Form 144 completed as part of the budget process is not the salary ordinance. The salary ordinance is a separate and distinct ordinance and should in no way be combined with the ordinance for appropriations.

During an audit of payroll, we are looking to see that the payment amount that an official or employee received is in accordance with what has been authorized on the salary ordinance. Each salary or wage payment should be clearly tied to the period of service for which the payment is being made. If questions arise concerning the payment for service, there should be sufficient documentation to ascertain the periods of service performed and the corresponding payment for that period of time. Any paid time off should be granted in compliance with the county's policy and adequately documented.

Elected officials do not have to track their hours worked. IC 36-2-5-13(b) states that "An elected county officer is not required to report hours worked and may not be compensated based on the number of hours worked." However, this applies only to elected officers. First Deputies and other salaried employees, who are not elected officers, would have to report hours/days worked.

IC 36-2-8-5 states that, "Compensation of deputies and employees of county officers shall be paid by warrants that are payable to the respective deputies and employees after (1) filing of itemized and verified claims as prescribed by IC 36-2-6 and (2) allowance of the claims by the county executive." Payroll claims must be submitted for all employees, even if it is a salaried position.

Statute also states that payment may not be made in advance of the services provided. As an example, if a newly elected officer or a newly hired employee begins work on January 1, they should not receive a payment for a full bi-weekly pay period during the first week of January after working only a few days. If such a payment is issued and the employee leaves employment before the full service is performed, we would expect to see a reimbursement to the county by that employee.

It is a county decision as to how often compensation is paid. IC 36-2-8-2 states that "the county auditor and county treasurer may pay salaries and wages to county officers and employees monthly, twice each month, every two (2) weeks, or weekly." IC 36-2-8-4 states: "A county officer or a deputy or employee of a county office is entitled to payment for services only after the officer, deputy or employee has rendered those services". There is no statute that requires an elected officer's annual pay be completely paid by year end or that the W-2 and salary ordinance of an elected official must match exactly.

We would not take audit exception to payments made in arrears or encumbrances of those payments in arrears. Based on that position, we also would not take audit exception if an elected officials' annual salary is not completely paid within a calendar year. We recommend that salary ordinances for salaries be set at bi-weekly or weekly amount, if an annual salary amount is set, and the amount is divided into 26 biweekly or 52 weekly pays. The county should have a policy in place on how to process uneven payment amounts to match the total annual salary that was approved and how to process payroll in years with 27 biweekly pays.

## **STATE REVOLVING FUNDS (SRF)**

The Indiana Finance Authority (IFA) receives Capitalization grants from the Environmental Protection Agency (EPA). This grant funding is receipted to the State's SRF account. The SRF account also receives State matching payments and loan repayments from participants in the SRF program. The SRF account is used by the State to provide low interest loans to Indiana communities for projects that improve the wastewater and drinking water infrastructure.

Because a portion of the funding the State uses for these projects is federally funded, the federal portion of the SRF funding must be included on the Schedule of Expenditures of Federal Awards (SEFA) that is part of the annual financial report. The IFA will notify each unit that receives SRF funding the amount of the funding that is federal and needs to be included on the SEFA. As part of the contract with the IFA for the SRF project, the County will have to establish accounts with the Bank of New York as trust accounts for the construction account (proceeds from the SRF funding) and the debt service accounts for the repayment of the loan. Although the IFA retains control, the County must account for these trust accounts on the County records. In the Fall Auditor's conference we had informed you that the funds did not need to be included on the annual financial report, however that information was incorrect. The construction accounts and debt service accounts do need to be included on the annual financial report. In addition, the County needs to be sure the debt is included on the debt schedule.

The County Auditor may keep a separate ledger to account for the construction funds and the debt service funds. The ledgers should be reconciled to the monthly trust statements from the Bank of New York. The ledgers can then be used at year end to complete the SEFA and to complete a Supplemental Annual Financial Report. The information on the Supplemental Annual Financial Report will be added to the Annual Financial Report completed on Gateway.

## **COUNTY POLICIES, HANDBOOKS, AND TIME RECORDS AND PAYROLL CLAIMS**

As of late we have had a lot of county auditors, commissioners, and judges reaching out regarding county policies and handbooks which additionally leads to the conversation of time records and payroll claims.

### **Policies and Handbooks**

Pursuant to IC 5-10-6-1(b), the county commissioners have authority to enact an ordinance establishing vacation, sick leave, paid holidays, and other similar benefits. IC 36-2-2-24 gives the commissioners the authority to establish and maintain the courthouse and several other public offices. For some county offices, the statute identifies when an office shall be open, an example of this can be found in the auditors' statute below:

IC 36-2-9-3 "The auditor shall keep the auditor's office in a building provided at the county seat by the county executive. The auditor shall keep the auditor's office open for business during regular business hours on every day of the year except Sundays and legal holidays. However, the auditor may close the auditor's office on days specified by the county executive according to the custom and practice of the county."

The "regular business hours" during which the auditor's office must be open and be set by the commissioners. However, this is not the case for the courts and prosecutors. Courts are a separate branch of government, and so while they are funded by the county (except for salaries for judges and prosecutors), the courts are not part of county government. Court employees are paid by the county but considered employees of the court. In which the courts can set their own hours, see IC 33-38-5-9.

## **COUNTY POLICIES, HANDBOOKS, AND TIME RECORDS AND PAYROLL CLAIMS (Continued)**

Our audit position on court employees and the courts having their own employee handbook is described in the March 2019 County Bulletin (Volume 413, page 8):

“We received many questions from both county officers and court officials on the independence of the court from county control. It is our audit position that if the court has established personnel policies for the court employees, we would audit compliance with those policies. However, if the court has determined to rely on the county personnel policies, then we would audit compliance for court employees against the county’s personnel policies.”

### **Time Records and Payroll Claim**

IC 5-11-9-4 and our Uniform Compliance Guidelines provide that time records be maintained showing which hours county officers and employees worked. Per IC 36-2-5-13(b), elected officials are not required to maintain time records. At the county’s discretion, either the county auditor and/or each individual county office may serve as the records custodian charged with preserving time records for the duration of their retention period.

Like any other claim, a payroll voucher must be completed and submitted to the county auditor in order for a payroll claim to be paid. The auditor is charged with reviewing the payroll claim to determine that the form (1) has been filled out completely, (2) that the claim was signed by the approving officer or department head, and (3) to ensure that the claim is in compliance with the salary ordinance.

Our audit position on court employees’ time records is also described in the March 2019 County Bulletin (Volume 413, page 8):

“With respect to the time-keeping issue, it is our audit position that although a county judge cannot be required to use the time reporting system utilized by county employees, the judge must require his employees to document their time worked and he must allow the payroll claims for the court employees as required by Indiana Code 5-11-10-1.6(c)(5).”

## **DUTIES OF COUNTY GOVERNANCE: COUNTY COUNCIL AND BOARD OF COMMISSIONERS**

Duties of county governance are segregated between two bodies, County Council (Council) and the Board of Commissioners. Statute specifically segregates the duties of the Council and those of the Commissioners, some main duties will be identified and discussed below.

Statutorily the Council is designated as the fiscal body (IC 36-1-2-6) and in some counties they are designated as the legislative body (IC 36-1-2-9) of the County, this is only applicable to a couple counties, see IC 36-2-3.5 for populations. The Council is statutorily tasked with many duties to help ensure the fiscal health of the county, some of which are included below:

- Fixing the rate of taxation for taxes in the county (IC 36-2-5-10)
- Setting appropriations for the County (IC 36-2-5-10)
- Establishing the budget for the County (IC 36-2-5-11)
- Fixing compensation of officers, deputies, and other employees of the county (IC 36-2-5-3)
- Approving additional appropriations (IC 6-1.1-18-5)

## **DUTIES OF COUNTY GOVERNANCE: COUNTY COUNCIL AND BOARD OF COMMISSIONERS (Continued)**

Statutorily the Commissioners are designated as the county executive (IC 36-2-2-2) and serve as the executive (IC 36-1-2-5) body and the legislative body of the County. The Commissioners are statutorily tasked with many duties to use the resources made available to better county services, some of which are included below:

- Approving County claims (IC 5-11-10-1.6)
- Serving as the Board of Finance (IC 5-13-7-1)
- Reviewing the investment policy of the County (IC 5-13-7-7)
- Contracting authority of the County (IC 36-2-2.8, unless the Commissioners delegate authority to a County Officer under (IC 36-2-2.9)
- Establishing the County business hours (IC 36-2-2-10)
- Make orders concerning county property (IC 36-2-2-20)

The duties and responsibilities of county governance listed above is not all inclusive but shows the importance of collaboration between the two boards. For example, a county wanting to grant additional riverboat money to other local entities would require such collaboration. The council would determine the amount to spend by setting the appropriations while the commissioners would determine which entities would receive money and enter into agreements with these entities.

Statute clearly designates responsibilities for governance to ensure that not one board has all-encompassing power over county assets. These boards need to work together and communicate to ensure statutory and local compliance.





Paul D. Joyce, CPA  
State Examiner

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**To:** County Elected Officials

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

**RE:** Meal Prices per Indiana Code 36-8-10-7

**Date:** March 12, 2025

As required by Indiana Code 36-8-10-7, the State Examiner is required to fix the exact amount per meal which the sheriff of each county receives for feeding prisoners, including federal prisoners in the sheriff's custody, for a period of one year. Amounts received by the sheriff from the federal government for board and care of federal prisoners shall be paid into the County General Fund.

In determining and fixing the amount per meal, the use of wholesome food in quantities and varieties necessary for the preservation of the health of the prisoners is contemplated. All expenses related to preparing and serving meals, except for the costs of food, shall be borne by the county.

The amounts fixed are for meals served such prisoners during each respective month. Not more than three meals at county expense are to be served to any one prisoner in any one day.

The term "month" shall mean a period of time beginning April 15, 2025, and thereafter ending on the fourteenth (14<sup>th</sup>) day of each succeeding month. Claims for meals for the month beginning December 15 will be paid from the appropriation for the succeeding year.

The allowance for meals is set at \$2.00 per person per meal except for those applicable counties that meet the requirements under Indiana Code 36-8-10-7(b).

Paul D. Joyce, CPA  
State Examiner