

# CITIES AND TOWNS BULLETIN

AND UNIFORM COMPLIANCE GUIDELINES  
ISSUED BY STATE BOARD OF ACCOUNTS

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June 2021

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## UPCOMING TRAINING OPPORTUNITIES

**June Monthly Meeting:** The SBOA June Monthly Meeting will be on **June 23** at 9:00 a.m. (EST) and will discuss new legislation, American Rescue Plan updates, and time for questions and answers.

**July Monthly Meeting:** **\*\* PLEASE NOTE DATE CHANGE \*\*** – the July meeting, originally scheduled for July 21, 2021, has been rescheduled for July 14, 2021.

### Upcoming SBOA Training:

- August 27, 2021 ILMCT District Meeting
- September 22, 2021 Monthly SBOA Webinar
- November 8, 2021 ILMCT Annual Conference
- December 15, 2021 Monthly SBOA Webinar

**Central Indiana Association of Governmental Accountants (AGA) Training:** We wanted to take this opportunity to pass along information from our colleagues at the AGA.

The AGA has partnered with Crowe, LLP to provide a virtual governmental training series on Generally Accepted Accounting Principles (GAAP). This is a good opportunity for both entities who report their financial statements on a GAAP basis, as well as those entities who present their financial statements on the Regulatory (cash) Basis, to better understand what GAAP is and how it can be implemented if necessary or desired.

### **UPCOMING TRAINING OPPORTUNITIES (continued)**

Governmental units not currently required by statute to present GAAP financial statements are not being required to switch to GAAP reporting, but the training will provide information as to what GAAP is and how (if a non-GAAP unit wanted to convert to GAAP accounting) making such a switch could be accomplished.

These sessions are **free** of charge for all Indiana government employees and provide Continuing Professional Education (CPE) credits. Please see this link to the AGA's event calendar page for more information - <https://www.agacgfm.org/Chapters/Central-Indiana-Chapter/Training-Events/Event-Calendar.aspx>

#### Sessions:

- Governmental GAAP – What is it? June 28, 2021; 1:00 to 2:30.
- Governmental GAAP – How to Implement July 13, 2021; 1:00 to 3:00.
- Governmental GAAP – Expert Panelist Discussion July 20, 2021; 1:00 to 2:30.

### **AMERICAN RESCUE PLAN ACT - CORONAVIRUS STATE & LOCAL FISCAL RECOVERY FUND**

The U.S. Treasury has issued information concerning pre-award requirements for and Metropolitan Cities which will receive direct payment under the American Rescue Plan's State and Local Fiscal Recovery Fund. Please visit the Department of Treasury website at [Coronavirus State and Local Fiscal Recovery Fund | U.S. Department of the Treasury](#)

Only Metropolitan Cities will be receiving the distribution directly from the federal government. Cities and towns not classified as a Metropolitan City are considered non-entitlement units of government which will receive the distribution from the State of Indiana.

#### **INFORMATION FOR METROPOLITAN CITIES**

As soon as possible, each metropolitan city should take the steps below.

1. **Ensure the entity has a valid DUNS number.** A DUNS number is a unique nine-character number used to identify an organization and is issued by Dun & Bradstreet. The federal government uses the DUNS number to track how federal money is allocated. A DUNS number is required prior to registering with the SAM database, which is outlined below. Registering for a DUNS number is free of charge. If an entity does not have a valid DUNS number, please visit <https://fedgov.dnb.com/webform/> or call 1-866-705-5711 to begin the registration process.
2. **Ensure the entity has an active SAM registration.** SAM is the official government-wide database to register with in order to do business with the U.S. government. All Federal financial assistance recipients must register on SAM.gov and renew their SAM registration annually to maintain an active status to be eligible to receive Federal financial assistance. There is no charge to register or maintain your entity SAM registration. If an entity does not have an active SAM registration, please visit, [SAM.gov](#) to begin the entity registration or renewal process. Please note that SAM registration can take up to three weeks; delay in registering in SAM could impact timely payment of funds. [Click here for a quick overview for SAM registration](#)
3. **Gather the entity's payment information**, including:
  - Entity Identification Number (EIN), name, and contact information
  - Name and title of an authorized representative of the entity
  - Financial institution information (e.g., routing and account number, financial institution name and contact information)

**AMERICAN RESCUE PLAN ACT - CORONAVIRUS STATE & LOCAL FISCAL RECOVERY FUND**  
**(continued)**

**INFORMATION FOR CITIES & TOWNS NOT CLASSIFIED AS A METROPOLITAN CITY**

As soon as possible, each city and town not classified as a Metropolitan City should **ensure it has a valid DUNS number**. Your city or town must have a valid DUNS number to meet reporting the requirements under the program. If your city or town does not have a valid DUNS number, please visit <https://fedgov.dnb.com/webform/> or call 1-866-705-5711 to begin the registration process.

**FUTURE UPDATES**

Program guidance for the Coronavirus State and Local Fiscal Recovery Fund will be released in the coming weeks. Please continue to check this website for further updates: [Coronavirus State and Local Fiscal Recovery Fund | U.S. Department of the Treasury](#)

**2021 LAWS AFFECTING CITIES AND TOWNS**

The following list of laws enacted by the General Assembly is related to cities, towns, and municipally owned utilities. This is not intended to be an expression of a legal opinion nor is it intended to provide a complete summary of every addition or amendment contained in the public law. If you have any questions regarding legal interpretation, please consult your city or town attorney.

We have listed the laws in public law order sequence. Additional information regarding the 2021 public laws may be found on the General Assembly website at [www.iga.in.gov](http://www.iga.in.gov). The “Session” tab contains a Table of Citations for all Indiana Code citations affected by new legislation, a complete Digest of Enactments summarizing each new public law, an Enrolled Act Summary showing the effective dates of each public law section, and other cross references between public law number and bill number. The “Legislation” tab contains each new public law.

**House Enrolled Act 1001 – Public Law 165**  
**State Budget**

Appropriates money for capital expenditures, the operation of the state, K-12 and higher education, the delivery of Medicaid and other services, and various other distributions and purposes. Specifies that the deadline for adjourning sine die for the 2021 session of the general assembly is November 15, 2021, and that the current deadline of April 29 remains in place for future long sessions. Provides that the regular technical session statute does not apply in calendar year 2021. Specifies the deadlines for signing enrolled acts and presenting them to the governor for bills passed after April 19, 2021, and before May 1, 2021. Specifies the following: (1) That the 2021 interim is the period beginning May 1, 2021 and ending November 15, 2021. (2) That for 2021, the prohibited period concerning fundraising activities is through April 29, 2021, rather than the date on which the general assembly adjourns sine die. (3) That the budget committee is required to meet at least once between April 30, 2021, and July 1, 2021. (Current law requires the budget committee to meet at least once in the two months following the general assembly adjournment sine die.) Provides that a redistricting commission is established to determine congressional districts if the general assembly adjourns sine die before November 15, 2021, without having enacted a law establishing congressional districts. (Current law refers to the adjournment of the general assembly without specifying an adjournment sine die or a particular date.)

House Enrolled Act 1001 – Public Law 165  
State Budget (continued)

Provides provisions for opioid litigation and settlements, including opt out provisions for political subdivisions. Specifies distributions and uses of funds received from opioid litigation settlements that resolve existing state and political subdivision litigation lawsuits as of January 1, 2021.

Repeals the Indiana regional cities development fund. Establishes the regional economic acceleration and development initiative (READI) fund to provide grants and loans to support economic development and regional economic acceleration and development. Provides that the IEDC shall administer the fund. Requires the IEDC to establish a policy for the regional economic acceleration and development initiative.

Provides that the IEDC may only certify a fund as a qualified fund if the fund meets the definition of a venture capital fund under federal regulations and the fund makes investments according to specified policy requirements and priorities.

Increases the special purpose local income tax rate that may be imposed in a county that is a member of a regional development authority. Imposes an excise tax, known as the electronic cigarette tax, on the retail sale of vapor products and consumable material in Indiana (does not include closed system cartridges). Imposes a tax on the distribution of closed system cartridges.

Extends the expiration date of the Nashville food and beverage tax.

Provides that, beginning July 1, 2021, all aviation fuel excise tax revenue is transferred to the airport development grant fund. (Under current law, 50% of the aviation fuel excise tax revenue is transferred to the general fund and 50% is transferred to the airport development grant fund.)

Requires budget committee review before any money may be transferred from the local road and bridge matching grant fund.

Removes all fees for a license to carry a handgun and makes conforming amendments.

Provides that, in the case of an allocation area established by the redevelopment commission of a qualified city for the purpose of financing a mixed use development project, if the legislative body of the qualified city adopts a resolution to approve an independent analysis of the proposed development project that demonstrates the need for an allocation area that exceeds 25 years, the legislative body of the qualified city may adopt a resolution to renew the allocation area for an additional period of not more than 25 years. Defines "qualified city" and "mixed use development project" for purposes of these provisions.

Extends the judicial and legislative branch leave conversion pilot program through June 30, 2023.

Makes appropriations to the Indiana public retirement system and the treasurer of state for specified cost of living adjustments. Makes conforming changes.

House Enrolled Act 1065 – Public Law 14  
Fire Protection Territories

Provides that the procedure for adopting an ordinance or resolution to establish a fire protection territory (territory) applies to expanding an existing territory. Provides that an ordinance or resolution establishing or expanding a territory must include an agreement as to the disposition of the territory's property when a participating unit withdraws, or the territory is dissolved. Specifies that with regard to an ordinance or resolution to establish or expand a territory, the unit must hold three separate public hearings to hear public comment regarding the proposed territory before adoption of the ordinance or resolution, with the last public hearing held not later than 10 days before the ordinance or resolution is adopted. Establishes residency requirements for members of a joint executive board of a territory.

House Enrolled Act 1169 – Public Law 134  
Cybersecurity Incidents

Requires the office of technology to maintain a repository of cybersecurity incidents. Provides that a state agency and a political subdivision shall: (1) report any cybersecurity incident to the office without unreasonable delay and not later than two business days after discovery of the cybersecurity incident in a format prescribed by the chief information officer; and (2) provide the office with the name and contact information of any individual who will act as the primary reporter of a cybersecurity incident before September 1, 2021, and before September 1 of every year thereafter. Allows the office of technology to assist a state agency with certain issues concerning information technology. Provides that if requested by a political subdivision, the office may develop a list of third-party technology providers that work with the office. Makes conforming changes.

House Enrolled Act 1191 – Public Law 180  
Energy Matters

Provides that the legislative body of a city or town does not have the power to prohibit: (1) a public utility or department of public utilities from furnishing utility service to a utility customer; or (2) a customer of a public utility or department of public utilities from purchasing, using, or connecting or reconnecting to a utility service; based on the energy source of the utility service. Defines a "federal phaseout mandate" as any federal statutory or regulatory requirement that: (1) is established after April 20, 2021, by Congress, a federal agency, or a federal executive order; and (2) requires the phaseout or discontinuance of a particular type of electric generating facility, technology, or fuel source. Requires the utility regulatory commission to consider in the context of: (1) applications for certificates of public convenience and necessity for new generating facilities; and (2) integrated resource planning; the impact of federal phaseout mandates on the estimated useful life of certain generating facilities of an electric utility, including on depreciation expense associated with such facilities. Provides that, except for purposes of compliance with specified building and fire safety laws, a local unit does not have the power to: (1) require that a particular component, design, or type of material be used in the construction of a building because of the energy saving or energy producing qualities of the component, design, or material; (2) prohibit the use of a particular component, design, or type of material in the construction of a building because the component, design, or material does not meet an energy saving standard; (3) require that a building or structure be retrofitted with a particular device or type of material because of the energy saving or energy producing qualities of the device or material; (4) prohibit or restrict the purchase or use of vehicles based upon the type of energy used; or (5) prohibit the sale, installation, or use of: (A) natural gas powered: (i) home heating equipment; (ii) home appliances; or (iii) outdoor heating appliances, torches, lamps, or other decorative features; or (B) outdoor grills and stoves. Specifies that: (1) this prohibition does not apply with respect to requirements included in procurement documents used to procure goods and services, including the construction or design of buildings, to be owned or used by a local unit; and (2) a local unit may adopt bid specifications for a public works project that include energy savings or energy production provisions with respect to the components, design, or materials for the specific project.

House Bill 1231 – Public Law 19  
Lien Removal Process

Provides that a political subdivision is required to pay a \$25 fee to a county recorder for the recording of a release of a lien or liens held by the political subdivision on a parcel: (1) for which a certificate of sale is sold; or (2) that is disposed of by a political subdivision; regardless of the number of liens the political subdivision holds on the parcel. Provides that if a county containing a consolidated city has: (1) established a housing trust fund; and (2) adopted an ordinance authorizing a \$10 recording fee per document for deposit in the housing trust fund; the county recorder may charge the \$10 recording fee per document in addition to the \$25 fee for the recording of a release of a lien or liens held by a political subdivision. Provides how a county recorder must deposit fees collected for the recording of a release of a lien or liens held by a political subdivision.

House Enrolled Act 1271 – Public Law 38  
Department of Local Government Finance

Provides under multiple remonstrance provisions that the department of local government finance (DLGF) may either hold a hearing in the affected county or through electronic means. Defines the term "nonconforming" for certain property tax purposes. Provides that consent to receive notice of a personal property tax assessment via electronic mail remains in effect unless revoked during the preceding year.

Provides that the DLGF may amend certain public utility assessment administrative rules to reflect statutory changes. Provides that the fiscal officer of a political subdivision shall provide the DLGF with a report of any annexations that took place within the county during the preceding year. Provides that for certain actions taken by the DLGF on tax levies and budgets of a political subdivision, the DLGF shall certify its action to the: (1) state board of accounts; (2) auditor of state; and (3) department of state revenue; if the budget and levy of the political subdivision are being continued.

Provides that 25 taxpayers of a political subdivision must sign a written request for certain public hearings on budgets, tax rates, or tax levies. Provides that a political subdivision shall include an appropriation for bond proceeds in its budget for the ensuing year. Requires the county auditor of the county in which a political subdivision or school corporation proposes to impose property taxes to determine the: (1) estimated average percentage of property tax increase on a homestead to be paid to the political subdivision or school corporation; and (2) estimated average percentage of property tax increase on a business property to be paid to the political subdivision or school corporation. Provides a formula for making the estimated average percentage of property tax increase determinations. Provides that the DLGF may establish fair and reasonable fees for level three assessor-appraiser examinations and certifications. Provides that a parcel of land may not be included in more than one allocation area under several provisions going forward. Provides that a district that does not impose a levy under certain circumstances shall give notice of the hearing on the proposed budget and submit the adopted budget in the manner prescribed by the DLGF.

Provides that for cumulative fund tax levy procedure purposes, if a cumulative fund that has been established in a prior year is not reestablished and the tax rate is not properly certified, the political subdivision may not increase a tax rate for the cumulative fund for the ensuing year. Provides that a political subdivision that decides to establish a cumulative fund must give notice in the form required by the DLGF. Provides that the DLGF is not required to hold a cumulative fund tax levy public hearing unless the petition expressly alleges that the political subdivision failed to comply with certain procedural requirements. Provides that after a political subdivision complies with the cumulative fund tax levy procedural rules, a property tax may be levied annually at the rate adopted by the political subdivision and certified by the DLGF.

House Enrolled Act 1271 – Public Law 38  
Department of Local Government Finance (continued)

Provides that distributions from the financial institutions tax fund may be used for any legal purpose. Provides that a county's distribution of the commercial vehicle excise tax may be used for any legal purpose.

Provides that for education emergency loans and anticipatory warrants, a governing body may not increase the debt service fund levy to pay for the interest on the loans or warrants unless the loans or warrants have been issued, and the school corporation has received the proceeds from the loans or warrants.

Provides that a county auditor shall forward a list of disannexed lots or lands, as well as a copy of any annexation ordinance, to the DLGF not later than August 1.

Extends the sunset date for provisions that permit certain political subdivisions to sell bonds at a negotiated sale from July 1, 2021, to July 1, 2023, and includes all counties, townships, cities, towns, and school corporations under those provisions. Provides that if a remonstrance or objection is filed or raised by an aggrieved person and the: (1) lands of the aggrieved person do not abut any other public way other than the public way to which a vacation petition applies; or (2) vacation of the public way would cause the lands of the aggrieved person to become landlocked with no other convenient or reasonable means of ingress or egress via another public way; the appropriate legislative body shall deny the petition to vacate the public way.

Authorizes the town of Winfield and the town of LaGrange to petition the department of local government finance to increase its maximum permissible ad valorem property tax levy in 2022.

Provides that if a substantial amount of real and personal property in a township has been physically destroyed as a result of a disaster, the county assessor shall order a reassessment of the destroyed property if a petition for reassessment is filed. Provides that a sale of aviation fuel is exempt from the aviation fuel excise tax if the aviation fuel is dispensed into an aircraft owned by a certified aerial applicator performing agricultural operations.

Increases the amount that a political subdivision may transfer into its rainy day fund from 10% to 15% during calendar years 2021 through 2024.

Expands the authority of municipalities to annex noncontiguous territory to territory that is occupied by a solar electric generating facility that is or will be interconnected to an electric utility owned by the municipality. Amends the definition of "economic improvement project" under the economic improvement districts chapter. Adds a provision relating to allocation of tax distributions with regard to fire protection territories. Provides that a qualified taxpayer that files an exemption application before September 1, 2021, will be considered to have timely filed exemption applications for various prior years.

House Enrolled Act 1396 – Public Law 194  
Alcoholic beverages and tobacco

Provides that if any provision, or application of any provision, concerning the manufacture, importation, distribution, or retail sale of alcoholic beverages is deemed to be in conflict with federal law or unconstitutional, certain alcoholic beverage laws shall be construed to limit rather than expand the manufacture, importation, distribution, and retail sale of alcoholic beverages through a three-tier system. Provides a definition of "three-tier system". Defines the term "channel price". Allows a wholesaler to offer a channel price to a retailer if certain conditions are met. Amends the "entertainment complex" definition.

Requires the disclosure of the names of the officers of a corporation or other entity applying for a permit in a published notice or Internet web site. Adds requirements for a permit holder when making an initial request for deposit of a permit. Eliminates Indiana residency requirements for retailers, dealers, and brewers. Provides that residential delivery by a beer retailer, liquor retailer, or wine retailer may only be performed by the permit holder or an employee who holds an employee permit. Requires a permit holder to maintain a written record of each delivery for at least one year that shows the customer's name, location of delivery, and quantity sold. Provides for "grab and go stores" that are accessible only by ticketed event attendees and provide self-service sales of alcoholic beverages in addition to sales of food and nonalcoholic beverages. Provides that certain provisions of the food master hall permit section do not apply to a food hall that: (1) is located in a certified technology park; and (2) operates in a certain type of building or complex of buildings. With certain exceptions, requires a permit applicant to provide the name and address of each person or entity holding at least a 2% interest in the permit and business.

Removes the requirement that the department of local government finance consent to the continuation of a permittee's business by the permittee's heir. Requires a municipality to notify the chairman of the commission of any retailer or dealer premises annexed into the municipality, in order to ensure the correct distribution of excise funds.

Allows the holder of a food hall vendor's permit and a retailer's permit who also holds a permit for a small brewery, a farm winery, or an artisan distillery to sell certain carry out alcoholic beverages at the retailer's permit premises. Provides that a farm winery may place wine in bottles or other permissible containers. Allows a farm winery to sell wine by the can. Allows a farm winery to transfer wine from a storage facility or certain locations. Allows a farm winery to sell or transfer wine directly to a wine wholesaler. Provides that an artisan distiller may transfer liquor from a separate storage facility back to the artisan distiller. Allows an artisan distiller to sell or transfer liquor directly to a liquor wholesaler. Makes technical corrections and stylistic changes.

House Enrolled Act 1432 – Public Law 117  
Political Subdivision Risk Management

Requires the Indiana Public Employers' Plan, Inc. (IPEP), which was established as a domestic nonprofit corporation, to apply for a certificate of authority to transact business as a domestic tax exempt reciprocal insurance company. Provides that, when IPEP receives the certificate of authority and begins to transact business as a domestic tax-exempt reciprocal insurance company, all powers, duties, agreements, and liabilities that IPEP had as a domestic nonprofit corporation are transferred to the domestic tax exempt reciprocal insurance company as the successor entity. Repeals and strikes provisions under which mutual insurance associations and reciprocal associations formed and operating for the writing of worker's compensation insurance are exempt from certain laws.



House Enrolled Act 1437 – Public Law 88  
Electronic Meetings and Signatures

Allows a member of a governing body of a political subdivision to participate in a meeting electronically subject to the following: (1) Requires the governing body to adopt a written policy establishing procedures for electronic participation. (2) Requires the technology to permit simultaneous communication between members and the public to attend and observe the proceedings. (3) Requires at least 50% of the members to be physically present at the meeting site. (4) Allows a member participating electronically to be counted for quorum purposes. (5) Provides that a member participating electronically may participate in a final action taken by the governing body only if the member can be seen and heard. Provides that if a statute requires a manual signature for attesting or authenticating an obligation issued by certain state and local public entities, an electronic signature has the same force and effect as a manual signature. Adds provisions applicable to state and local public agencies when a state or local disaster emergency is declared. Makes stylistic changes.

House Bill 1439 – Public Law 89  
Broadband Development

Amends the statute governing the awarding of grants from the rural broadband fund. Establishes the Indiana broadband connectivity program (connectivity program), under which the office must establish a public broadband portal through which an individual may report that minimum broadband Internet (defined as a connection to the Internet at an actual speed of at least 25 megabits per second downstream and at least three megabits per second upstream) is unavailable at the individual's residential or business address. Requires the office to provide to the general assembly an annual report containing specified data regarding the connectivity program.

House Enrolled Act 1541 – Public Law 215  
Landlord-Tenant Relations

Eliminates the general restriction on the authority of a county, city, town, or township concerning regulation of landlord-tenant relationship matters not specifically described by state statute. Prohibits the waiver of laws regarding retaliatory acts by a landlord.

Senate Enrolled Act 188 – Public Law 141  
Revised Uniform Unclaimed Property Act

Repeals the unclaimed property act and replaces it with the revised unclaimed property act.

Senate Enrolled Act 332 – Public Law 152  
Publication of notice by political subdivision

Allows a political subdivision, when required by statute to publish a notice two or more times, to make the first publication of notice in a newspaper and any subsequent publications of the notice on the official web site of the political subdivision. Requires the political subdivision or contractor that maintains the political subdivision's official web site to provide proof of publication of the notice on the official web site. Provides that if, with regard to a sheriff's sale of real property to execute a judgment, the sheriff is not able to procure publication of the notice in a newspaper of general circulation within the county, the sheriff may publish the notice on the Internet web site of each county where the real estate is located (instead of dispensing with the publication of notice entirely).

Senate Enrolled Act 349 – Public Law 120  
Financing, Transfer, and Improvement of Utility Assets

Requires that the priority ranking system used by the Indiana finance authority in making loans or other financial assistance from: (1) the drinking water revolving loan fund; or (2) the wastewater revolving loan fund; must prioritize loans securing longer term benefits over shorter term projects, all other factors being equal.

Provides that not later than 60 days after the effective date of a change in the applicable federal or state income tax rate as a result of new legislation, a water or wastewater utility shall petition the utility regulatory commission (IURC) for a water or wastewater utility surcharge that adjusts the water or wastewater utility's rates and charges to provide recovery for the change in the federal or state income tax rate. Provides that a water or wastewater utility that serves fewer than 8,000 customers may, but is not required to, file a petition for such a surcharge. Provides that a surcharge shall be calculated to reflect the difference between: (1) the amount of federal or state income taxes that each existing rate or charge of the water or wastewater utility was designed to recover based on the income tax rate in effect at the time the rate or charge was approved; and (2) the amount of federal or state income taxes that would have been embedded in the given rate or charge had the new tax rate been in effect at the time of approval. Provides that a surcharge shall not include normalization of a water or wastewater utility's accumulated deferred income taxes.

Provides that the IURC shall approve a proposed surcharge if the IURC finds that: (1) the surcharge has been calculated correctly; and (2) the water or wastewater utility's proposal is just and reasonable. Provides that an approved surcharge shall operate on a prospective basis.

Amends the applicability language of the statute governing the transfer, acquisition, and improvement of utilities by municipalities to specify that the statute applies to a municipally owned electric, water, wastewater, or combined water and wastewater utility.

Senate Enrolled Act 383 – Public Law 159  
Various Tax Matters

Provides a sales tax exemption for public safety equipment and materials.

Requires a utility provider to maintain records sufficient to document each one to one meter change. Allows a person to request that the department reissue an exemption certificate with a new meter number in the event of a one to one meter change.

Removes duplicate provisions regarding electronic filing requirements for sales tax and withholding tax remittance. Removes certain unnecessary information currently required for employer withholding tax reporting forms. Specifies that the penalty provisions in current law for failure to make a payment by electronic funds transfer also apply to a failure to make a payment by any other electronic means.

Clarifies the penalty calculation for failure to make estimated tax payments, including estimated utility receipts tax and financial institutions tax payments.

Sets a floor on the periodic change in the gasoline tax and the special fuel tax rates each year of not less than the rates in the preceding year.

Makes a clarifying change to redevelopment tax credit provisions. Delays the expiration of provisions providing that a local income tax council for a county with a single voting bloc must vote as a whole in order to exercise its authority to increase (but not decrease) a local income tax rate in the county.

Senate Enrolled Act 396 – Public Law 103  
1977 Pension and Disability Fund

Amends the definition of "salary of a first class patrolman or first class firefighter" for the purpose of benefits paid from and contributions made to the 1977 police officers' and firefighters' pension and disability fund (fund). Establishes certain requirements if an employer certifies a new salary under IC 36-8-8-6.5. Changes the maximum age for an applicant to a police department from 35 to 39 years of age. Requires an employer that participates in the fund and provides longevity increases to pay an amount greater than or equal to the longevity increase paid in the previous year.

Requires employers to provide reports or records requested by the system board and permits the system board to fine the employer for each day that reports or records are late. Provides that an alleged failure of an employer to make required payments to the 1977 fund may be examined by the state board of accounts or by the Indiana public retirement system. Requires employers to submit, both annually and at the request of the system board, the salary of a first class patrolman or firefighter.

Senate Enrolled Act 398 – Public Law 109  
Various Elections Matters

Provides that a political subdivision that conducts or administers an election may not receive or expend funds received from a person (other than from the state or from the federal government) for preparing, administering, or conducting elections, including registering voters.

Requires certification by the county chairman of a candidate in a political party primary or town convention if the candidate cast a nonpartisan ballot at the most recent primary election in which the candidate voted. Requires that the notice of an election must include the dates, times, and locations of voting at the circuit court clerk's office and at satellite offices.

Provides that notices of elections must be published not later than 21 days before election day. (Under current law, these notices must be published at least 10 days before the date of the election.) Prohibits the printing of an independent or political party device on a ballot under specified circumstances. Specifies ballot placement of names when there are both at-large and district candidates in an election district. Specifies the manner in which a voter with print disabilities may request certain applications.

Requires the secretary of state to develop a system relating to on-line ballot applications that complies with the Web Content Guidelines for accessibility. Provides that a member of the Indiana National Guard deployed or on assignment inside Indiana is entitled to vote by mail. Specifies that absent uniformed services voters or overseas voters are entitled to vote by mail using a combined form. Requires counties to mail absentee ballots by non-forwardable mail.

Specifies the list of household family members who may assist an absentee voter. Prohibits counting a ballot that is deposited in a drop box or container that is not under the physical control and supervision of the county election board. Allows a county election board by unanimous vote to authorize an absentee voter board to visit a voter to complete an absentee ballot application and provide the voter with an absentee ballot. Permits absentee travel boards to use optical scan ballot card marking devices. Requires locations where absentee in person voting occurs to meet accessibility standards that apply to polling locations on election day.

Senate Enrolled Act 398 – Public Law 109  
Various Elections Matters (continued)

Prohibits a ballot label including a straight party ticket option in specified circumstances. Establishes standards for a marking device used in a voting system that contains features of both a ballot card voting system and an electronic voting system and produces a ballot card with the voter's choices. Establishes standards for voter verifiable paper audit trails. Establishes procedures for obtaining a replacement absentee ballot. Requires a county to compare signatures upon receipt of an absentee ballot and specifies the procedure. Sets forth a procedure if a county election board does not unanimously determine that an absentee ballot signature is genuine. Extends the time in which an absentee ballot must be received on election day from noon to 6 p.m. Allows all counties to open absentee ballot envelopes by machine (current law only allows for Marion County to use a machine to open ballots). Establishes procedures and forms for the curing of mismatched signatures involving an absentee ballot and unsigned absentee ballots. Allows an individual who is not a voter to serve as an absentee board member. States that the position of an absentee ballot counter or a provisional ballot counter is not a lucrative office for purposes of the Constitution of the State of Indiana. Allows a member of the Indiana state recount commission to appoint a proxy.

Provides for a Level 6 felony for inducing or procuring another person to vote or refrain from voting for or against a candidate or public question at: (1) a caucus; or (2) the appointment of a candidate by a political party chairman or central committee officer; by giving, offering, or promising a person money or other property.

Repeals language concerning absentee ballots (moving some language to central voting statutes). Makes technical corrections.

### **RANSOMWARE**

Ransomware is a type of malicious software designed to block access to a computer system until a sum of money is paid. The principle of ransomware is that the malware encrypts files on a system's hard drive using an unbreakable key, and this is decrypted by the attacker once a ransom is paid.

There have been increased instances of ransomware recently, both locally and nationally. Beware of unexpected or suspicious emails, especially those containing a link or requesting a reply. Most ransomware is delivered via email and the typical overall themes are shipping notices from delivery companies. Also, many attacks are delivered by mass random emails because the intention is to infect as many as possible to maximize the chances of getting a result.

Consider your city's or town's policies related to the protection of computer information. The most common advice to recover from an attack by ransomware relies largely on whether a good backup policy is employed. Backup expectations are discussed in the *Accounting and Uniform Compliance Guidelines for Cities and Towns*. Governmental entities also should keep their anti-virus software up-to-date and apply security patches in a timely manner.

If you become a victim of ransomware or any cybersecurity incidents, effective July 1, 2021, IC 4-13.1-2-9 will require you to report cybersecurity incidents to the Indiana Office of Technology (IOT) within 2 business days after discovery. The IOT will be developing a format by which such notifications will be made. We would also recommend contacting local law enforcement agencies, your software vendor, and the State Board of Accounts.

**PUBLIC PURCHASES – USE OF ANOTHER GOVERNMENT’S BID**

IC 36-1-7-12 authorizes governmental entities to make a purchase from any other governmental entity or under another governmental entity’s referenced written contract if there is compliance with the state purchasing law by the original purchasing unit. Two (2) or more governmental entities may procure together or with a nonprofit entity if the requirements of the public purchasing statutes are met.

**RECORD OF HOURS WORKED**

An employee who works for more than one (1) governmental unit should not be paid by more than one (1) governmental unit for the same period of time worked. Such employee should use his/her accumulated leave time from one (1) governmental unit while serving the other governmental unit when there is an overlap in a work schedule. For example, a city police officer, who is also a member of a school board, attends a school board meeting during his/her normal police work shift. The police officer would be expected to use his/her leave time accumulated at the city while attending such meeting. IC 5-11-9-4 requires such officers and employees to maintain records showing which hours were worked each day.

In cities and towns where timecards are not used, this requirement can be met by preparing an endorsement on the payroll claim form showing the general work schedule and listing the specific affected employees who worked hours different from that general work schedule. Each elected office or head of each department would be responsible for preparing such endorsement on the payroll claim for their office or department.

In cities and towns where timecards are used, each elected office or head of each department should be approving the time cards of each of the employees that they are responsible for.

**TRUST ITEMS – CITY AND TOWN COURTS**

All items that can be legally disbursed should be paid immediately to the person or persons entitled thereto. All fees and funds five (5) or more years old, including old outstanding checks, should be scheduled on forms provided by the Attorney General and paid over to the Attorney General as required by IC 32-34-1-20(c)(6). They should not be allowed to accumulate beyond the five (5) year anniversary date of issue.

### **OLD OUTSTANDING CHECKS NOT RETURNED – CITY AND TOWN COURTS**

In order to eliminate old outstanding checks from the records, the court should perform the following:

1. Issue a formal stop payment order to the bank upon which each check is drawn.
2. Enter the amount of each check as a receipt in the cash book. Post the respective amounts to the trust column of the cash book and enter each amount in the name of the payee in the register of trust funds.
3. Since the checks have never cleared the bank, the amount is still on deposit. Therefore, when all such checks are charged to the records and reinstated in the trust register, the original check numbers will be eliminated as outstanding in the next reconciliation with the bank.
4. If, at the time such checks are restored to the records, the original dates indicate the checks have been outstanding for five (5) or more years, they should be paid over to the Attorney General immediately. The original date should be shown in the register of trust. If the checks are not five (5) years old they should be held until the five (5) year period has elapsed.

The entry in the cash book should be:

“Old Outstanding Check No. \_\_\_\_\_ issued \_\_ (date) \_\_, to \_\_\_\_ (Name) \_\_\_\_\_”, and extend the amounts to the total and trust fund columns.

Since outstanding checks of a city or town court are not included within the meaning of IC 5-11-10.5, city and town courts are to follow the preceding steps in handling old outstanding checks.

### **PUBLIC FUNDS USED TO AID COMMUNITY PROGRAMS**

IC 36-10-2-4 allows a city or town to establish, aid, maintain and operate libraries and museums, cultural, historical and scientific facilities and programs and community service facilities and programs.

Further, IC 36-10-2-5 allows a city or town to establish, aid, maintain and operate neighborhood centers, community centers, civic centers, convention centers, auditoriums, arenas and stadiums.

If a city or town desires to fund one of the aforementioned programs or activities, a written contract documenting what services are to be provided to the city or town is required. We'd also recommend consulting an attorney

### **EXPENDITURES OF UTILITY FUNDS**

Expenses paid from utility funds should be directly related to the operation of the municipally owned utility. Expenditures for city and town operating costs should not be paid from utility funds. Furthermore, utility funds should not be used to pay for personal items. The cost of shared employees and equipment between a city or town and its utilities or between utilities should be prorated in a rational manner.

Establishment of a Cash Reserve Fund permits transfer of surplus utility funds to the city or town general fund. After appropriation, such transferred funds may then be used for any legal general fund purpose.



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**STATE EXAMINER DIRECTIVE 2021-2**

Date: May 6, 2021

Subject: GAAP AND ACFR Audits

Authority: IC 5-11-1; IC 5-11-1-30

Application: This Directive applies to all political subdivisions that choose to prepare a Comprehensive Annual Financial Report (ACFR) or GAAP financial statements for audit by the Indiana State Board of Accounts (SBOA)

From: Paul D. Joyce, CPA, State Examiner

This Directive supersedes Amended State Examiner Directive 2017-1, which was rescinded on May 6, 2021.

In support of the Government Finance Officers Association (GFOA) campaign to End the Acronym, the Indiana State Board of Accounts (SBOA) will refer to comprehensive annual financial reports by their full name or by annual comprehensive financial reports (ACFR). These reports are full GAAP financial statements with additional disclosures that are to be submitted to GFOA for consideration of their Certificate of Achievement for Excellence in Financial Reporting (COA). This policy also covers other auditees that provide us with GAAP financial statements for audit whether that is due to Indiana Code requirements or other reasons.

The purpose of this Directive is to establish procedures and a timeline for: the receipt of GAAP financial statements and supporting documentation; the GAAP pre-audit process; and the assignment of audit teams for ACFR and GAAP engagements, excluding the state audit.

To perform the audit and required reviews in sufficient time for an on time GFOA submission (6 months after fiscal year end), draft financial statements, including note disclosures, management's discussion and analysis (MD&A), required supplementary information (RSI), and supporting documentation must be submitted to the SBOA office on or before 90 days after fiscal year end. The GAAP financial statements and other information must be complete and reconciled. Submissions should contain the final complete financial statements and schedules that are ready for audit, not a draft. Exceptions may be made for discretely presented component unit information that will be available during the audit fieldwork. Supporting documentation needs to support the calculations made for each amount within the financial statements and other information and should agree to the entity's records. This documentation needs to be submitted via the Monthly and Annual Engagement Uploads application in Gateway.


Auditees seeking an audit of GAAP financial statements, which will not be submitted to GFOA for COA consideration, whether it is to meet a statutory requirement or voluntarily, should use the same process in Gateway for upload of all required elements of the GAAP financial statements and supporting documentation as described above. Submission should be within 5 months after fiscal year end.

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On-time submission does not guarantee the independent auditor's report by any particular date. It does mean that the SBOA will work with the auditee to plan and perform the audit in a manner that will result in timely completion barring unforeseen issues and circumstances outside of our control. There are circumstances, such as computer conversion or change in key personnel, that occasionally arise that prevent an on-time submission. The entity's management may discuss a later date for providing the draft financial statements, note disclosures, MD&A, RSI, and supporting documentation referenced above with Tammy White, Deputy State Examiner, in these cases. See contact information below.

Regardless of the planned submission date of the entity, a team will not be assigned to begin fieldwork until the required financial statements, schedules, and supporting documentation have gone through a pre-audit process and determination has been made that the entity's submission appears complete and reconciled.

Please contact Tammy White, Deputy State Examiner, at (317) 232-2514 or [twhite@sboa.IN.gov](mailto:twhite@sboa.IN.gov) with any questions or concerns you have regarding GAAP or ACFR audits.

  
Paul D. Joyce, CPA  
State Examiner





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**MEMORANDUM**

**TO:** Counties, Cities, and Towns  
**FROM:** Paul D. Joyce, CPA, State Examiner  
**RE:** Accounting Processes for ARPA Subtitle M-Coronavirus State and Local Fiscal Recovery Funds  
**DATE:** Original March 18, 2021; Updated May 12, 2021

This memorandum has been updated to reflect guidance provided by the U.S. Treasury Interim Final Rule, which may be found at this link: <https://home.treasury.gov/system/files/136/FRF-Interim-Final-Rule.pdf>. We recommend that every recipient of money under the American Rescue Plan Act read this document in its entirety. The U.S. Treasury has also provided a list of Frequently Asked Questions as of May 10, 2021 (FAQ) which may be found at this link: <https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf>.

The purpose of this memorandum is to provide guidance to recipients of funding available under Section 603 of the Social Security Act, as added by Section 9901 of the American Rescue Plan Act of 2021 (ARP). The ARPA established the Coronavirus Local Fiscal Recovery Fund (the Fund) and appropriated \$130,200,000,000 to remain available through December 31, 2024, for making payments to metropolitan cities, non-entitlement units of local government, and counties to mitigate the fiscal effects stemming from the public health emergency with respect to COVID-19.

The allocations for metropolitan cities, non-entitlement units, and counties may be found on our website at [in.gov/sboa](http://in.gov/sboa). Metropolitan cities and all counties will receive funding directly from the federal government. Cities and towns determined to be non-entitlement units will receive the allocation through the State of Indiana. The information on SBOA website about allocations also provides which cities are determined metropolitan and which cities and towns are designated as non-entitlement units.

The federal government will make the first payment from the Fund to the State of Indiana, the metropolitan cities, and Indiana Counties by May 11, 2021. The State of Indiana will distribute the first payment received from the Fund within 30 days based on the allocation provisions contained in the ARPA. A second payment will be received by the State of Indiana, the metropolitan cities, and the Indiana Counties not earlier than twelve months after the first payment. The State of Indiana will distribute the second payment received from the Fund within 30 days based on the allocation provisions contained in the ARPA.

It is important to follow the prescribed accounting system procedures and documentation requirements for the use of these funds. According to the ARPA, a detailed accounting for the uses of the funds is required. Any unit that fails to comply with the provisions of the ARPA shall be required to repay an amount equal to the amount of funds used in violation of the ARPA. The Secretary of the Treasury may issue additional regulations related to these funds.

**Ordinance and Plan.** The governing body must adopt an ordinance establishing a local ARP Coronavirus Local Fiscal Recovery Fund to receive the allocation in accordance with State Examiner Directive 2021-1 (Directive). For a county, the ARP Coronavirus Local Fiscal Recovery Fund must be established by ordinance of the County Commissioners. For a city or town, the ARP Coronavirus Local Fiscal Recovery Fund must be established by ordinance of the legislative body. The ordinance should specifically list the uses described in Section 603(c) that are applicable to the unit and that the unit envisions utilizing. The ordinance should reference a plan that will provide the details for the use of these funds. The plan should be laid out in a way that corresponds to the elements as laid out in Section 603 of the ARPA. The ordinance and plan may be amended as any other ordinance or plan as long as the amendment complies with Section 603.

**Appropriations and Disbursements.** As stated in the Directive, funds must be appropriated by the fiscal body before use in accordance with the Section 603, the ordinance, and the plan. Only local appropriation is required. All disbursements must go through the normal claims process in IC 5-11-10-1.6 and be supported with sufficient documentation. All disbursements must be made directly from the ARP Coronavirus Local Fiscal Recovery Fund. Money in the fund may not be transferred to another fund of the unit.

**Fund Uses.** The uses of the fund are specified in Section 603(c) as follows:

- "(1) USE OF FUNDS – Subject to paragraph (2), and except as provided in paragraphs (3) and (4), a metropolitan city, nonentitlement unit of local government, or county shall only use the funds provided under a payment made under this section to cover costs incurred by the metropolitan city, nonentitlement unit of local government, or county, by December 31, 2024
- (A) to respond to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19) or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
- (B) to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the metropolitan city, nonentitlement unit of local government, or county that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work;
- (C) for the provision of government services to the extent of the reduction in revenue of such metropolitan city, nonentitlement unit of local government, or county due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year of the metropolitan city, nonentitlement unit of local government, or county prior to the emergency; or
- (D) to make necessary investments in water, sewer, or broadband infrastructure."

Section 603(c)(1)(A). Grants and programs to respond to the public health emergency or its negative economic impacts under Section 603 (c)(1)(A) should be through written agreement with the recipient. Disbursements to grantees and program recipients must be documented and in compliance with the written agreement.

Section 603(c)(1)(B). Premium pay allowed for eligible workers of your unit under Section 601(c)(1)(B) is for work performed during the COVID-19 Public Health Emergency. Premium pay is defined in Section 602(g) as "an amount of up to \$13 per hour that is paid to an eligible worker, in addition to wages or remuneration the eligible worker otherwise receives, for all work performed by the eligible worker during the COVID-19 public health emergency. Such amount may not exceed \$25,000 with respect to any single eligible worker." This definition is expanded in the Interim Final Rule on page 134.

Eligible worker is defined in Section 603(g) as "those workers needed to maintain continuity of operations of essential critical infrastructure sectors and additional sectors as each chief executive officer of a metropolitan city, nonentitlement unit of local government, or county may designate as critical to protect the health and well-being of the residents of their metropolitan city, nonentitlement unit of local government, or county." This definition is expanded in the Interim Final Rule on page 131.

The Interim Final Rule defines essential work to mean work that "(1) Is not performed while teleworking from a residence; and (2) Involves: (i) Regular in-person interactions with patients, the public, or coworkers of the individual that is performing the work; or (ii) Regular physical handling of items that were handled by, or are to be handled by patients, the public, or coworkers of the individual that is performing the work." (Interim Final Rule page 132)

The Interim Final Rule clarifies and provides examples of essential critical infrastructure sectors and eligible workers. Please note that if premium pay increases a worker's total pay above 150% of the greater of the state and county average annual wage, written justification must be maintained to show how the premium pay responds to the needs of these workers. (Interim Final Rule page 49 and FAQ 28). Please see the Interim Final Rule for more information.

Grants to eligible employers under Section 603(c)(1)(B) should be through written agreement with the eligible employer. Disbursements to grantees must be documented and in compliance with the written agreement. The Interim Final Rule defines the terms eligible employer, eligible worker, and essential work starting on page 131. The Interim Final Rule imposes additional reporting requirements for grants to third-party employers, including the public disclosure of grants provided. (Interim Final Rule page 51)

Section 603(c)(1)(C). Section 603(c)(1)(C) allows the funds to be used for costs incurred for the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency. The revenues of the full calendar year of 2019 will be used as the base year to determine the reduction of revenue in the full calendar years of 2020, 2021, 2022, and 2023. Over the covered period, costs incurred for the provision of government services will be limited to the total amount of revenue reduction in these years.

Starting on page 51, the Interim Final Rule provides definitions and step-by-step instructions for the calculation of the reduction in revenue. Recipients are to calculate the extent of the reduction in revenue as of four points in time: December 31, 2020, December 31, 2021, December 31, 2022, and December 31, 2023. The four-step process to be used starts on page 58 of the Interim Final Rule.

Information to calculate the revenue reduction for the local income tax revenue may be obtained from the Local Tax Distribution Report available on the Department of Local Government website at [www.in.gov/dlgf](http://www.in.gov/dlgf). Information to calculate the revenue reduction for the MVH/LRS and other state distributions may be obtained from the Auditor of State website at [www.in.gov/aos](http://www.in.gov/aos). Information to calculate the revenue reduction for other funds should be obtained from your records. Documentation must be available to show all calculations.

Certain revenues may not be considered in the calculation for the reduction in revenues. According to the Interim Final Rule (page 133), "General revenue means money that is received from tax revenue, current charges, and miscellaneous general revenue, excluding refunds and other correcting transactions, proceeds from issuance of debt or the sale of investments, agency or private trust transactions, and inter-governmental transfers from the Federal government, including transfers made pursuant to section 9901 of the American Rescue Plan Act. General revenue does not include revenues from utilities." (our emphasis).

According to FAQ 18, "Recipients should classify revenue sources as they would if responding to the U.S. Census Bureau's Annual Survey of State and Local Government Finances. According to the Census Bureau's Government Finance and Employment Classification manual, the following is an example of current charges that would be included in a state or local government's general revenue from own sources: "Gross revenue of facilities operated by a government (swimming pools, recreational marinas and piers, golf courses, skating rinks, museums, zoos, etc.); auxiliary facilities in public recreation areas (camping areas, refreshment stands, gift shops, etc.); lease or use fees from stadiums, auditoriums, and community and convention centers; and rentals from concessions at such facilities."

Recipients are to calculate revenue on an entity-wide basis by summing across all revenue streams covered as general revenue. (Interim Final Rule page 54 and FAQ 17)

According to the Interim Final Rule on page 57, any diminution in actual revenue calculated using the prescribed formula would be presumed to have been due to the COVID 19 public health emergency.

The costs incurred for the provision of governmental services may not exceed the total amount of revenue reduction.

Section 603(C)(1)(D). Costs incurred to make investments in water, sewer, or broadband infrastructure under Section 603(c)(1)(D) must be documented and recorded on the capital asset ledger in accordance with the local capitalization policy. The Interim Final Rule clarifies eligible expenses for this category.

**Pension Funds.** Section 603(c)(2) specifically states the ARP grant fund may not be used to make a deposit into any pension fund. However, payments may be made into a pension fund as a normal part of the employee payroll benefits process if an employee's wages and salaries are an eligible use of Fiscal Recovery Funds. (Interim Final Rule page 80)

**Transfers to certain entities or the State.** Section 603(c)(3) allows money in the ARP fund to be transferred to a private nonprofit organization, public benefit corporation involved in the transportation of passengers or cargo, or a special-purpose unit of State or local government. The term "private nonprofit organization" is defined in 42 USC 11360(17) to mean an organization - "(A) no part of the net earnings of which inures to the benefit of any member, founder, contributor, or individual; (B) that has a voluntary board; (C) that has an accounting system, or has designated a fiscal agent in accordance with requirements established by the [Secretary](#); and (D) that practices nondiscrimination in the provision of assistance." If money is transferred under this section, documentation must exist to show that the nonprofit organization meets the required definition.

Section 603(c)(4) allows money in the ARP Coronavirus Local Fiscal Recovery Fund to be transferred to the State of Indiana.

**Prior Costs Incurred.** Permitted expenses incurred in the fund of a unit after the passage of ARP (March 3, 2021) but before the receipt of the ARPA funds may be shown as an expense from the ARP Coronavirus Local Fiscal Recovery Fund.

For example, if on March 12, 2021, a city incurred expenses in the amount of \$10,000 from the General Fund in response to the public health emergency, the city may transfer that expense to the ARP Coronavirus Local Fiscal Recovery Fund through a reversing entry. The city will first reverse the \$10,000 expense in the General Fund, which will reinstate the expense appropriation line item and the cash balance of the general fund. The city will then post the \$10,000 disbursement to the ARP Coronavirus Local Fiscal Recovery Fund with a link to the original claim and supporting documentation.

**Ineligible Costs.** The following items are not eligible uses of the ARP money per the FAQ document (FAQ 23, 24, 26, and 27): payment of interest or principal on outstanding long term or short-term debt; payment of fees or issuance costs associated with the issuance of new debt; contributions to the Rainy Day Fund or reserve funds; payment of settlements or judgments; non-federal match for other federal programs.

**Reporting Requirements.** The Interim Final Rule, starting on page 110, contains information on the required reports to the U.S. Treasury.

Metropolitan Cities and counties will be required to submit one interim report and thereafter quarterly Project and Expenditure reports. The interim report will include a recipient's expenditures by category at the summary level from the date of the award through July 31, 2021. The interim report will be due on August 31, 2021. The quarterly Project and Expenditure reports will include financial data, information on contracts and subawards over \$50,000, types of projects funded, and other information regarding a recipient's utilization of the award funds. The initial quarterly Project and Expenditure report will cover two calendar quarters from the date of award to September 30, 2021. The initial quarterly report is due by October 31, 2021. The subsequent quarterly reports will cover one calendar quarter and must be submitted to Treasury within 30 days after the end of each calendar quarter.

Non-entitlement units of local government will be required to submit annual Project and Expenditure reports. The initial annual Project and Expenditure report will be due on October 31, 2021. The Project and Expenditure reports will include financial data, information on contracts and subawards over \$50,000, types of projects funded, and other information regarding a recipient's utilization of the award funds. The initial annual Project and Expenditure report will cover activity from the date of award to September 30, 2021, and must be submitted to Treasury by October 31, 2021. The subsequent annual reports must be submitted to Treasury by October 31 each year.

Metropolitan Cities and counties with a population of greater than 250,000 will also be required to submit annual Recovery Plan Performance report. The initial report will be due August 31, 2021.


The U.S. Treasury will provide additional guidance and instructions on the reporting requirements at a later date.

**Internal Controls.** Internal controls must be designed, implemented, and documented to provide reasonable assurance that the ARPA funds will be safeguarded and used in accordance with the ARPA. Each of the five components of internal control is necessary to form a complete internal control process: Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities. For more information on the establishment of internal controls, see the *Uniform Internal Control Standards for Indiana Political Subdivisions* and the Best Practice Documents on our website at [www.in.gov/sboa](http://www.in.gov/sboa).

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This memorandum is considered to be part of the Uniform Compliance Guidelines of the State Board of Accounts and is intended to provide guidance that will promote transparency and accountability of funds received from the Coronavirus Local Fiscal Recovery Fund pursuant to the American Rescue Plan Act of 2021. This memorandum may be amended or rescinded at any time in writing by the State Examiner or Deputy State Examiner.

Respectfully,

  
Paul D. Joyce, CPA  
State Examiner

SG/DG