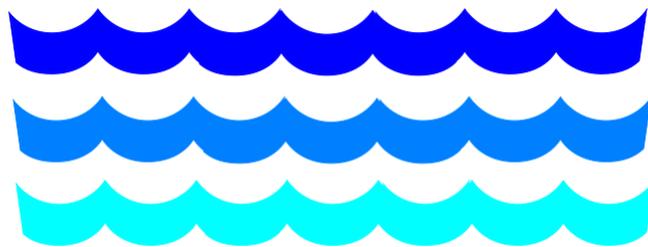


# DRAINS

AUDITORS FALL CONFERENCE  
2015

## INTRODUCTION



# PEOPLE

WHO DOES WHAT

# PEOPLE

- County Drainage Board
- County Surveyor
- County Auditor
- County Treasurer
- County Council
- County Commissioners

## COUNTY DRAINAGE BOARD

- The Drainage Board consists of 3 or 5 members, at least one of whom must be a member of the executive.
- The County Surveyor serves as ex officio, non-voting member of the Board.
- The Board organizes in January and elects officers. The County Surveyor can't serve as an officer.

## COUNTY DRAINAGE BOARD (cont.)

- The Drainage Board is entitled to mileage paid at the rate equal to the state employee rate.
- The county fiscal body may provide the members of the county executive who serve as board members a per diem.
- The county fiscal body may provide the freeholder board member a per diem.

## COUNTY DRAINAGE BOARD (cont.)

- Approve or modify classifications of drains provided by County Surveyor
- Prepare schedule of assessments, hold hearings, notify affected land owners
- Certify assessments to Auditor
- Designate any regulated drains for urban land as urban drains
- Issue Bonds for construction/reconstruction

## COUNTY SURVEYOR

- Technical authority on the construction, reconstruction and maintenance of regulated drains and proposed regulated drains.
  - Investigate, evaluate and survey all regulated drains
  - Prepare and make public standards of design, construction and maintenance
  - Supervise all construction, reconstruction and maintenance

## COUNTY SURVEYOR (cont.)

- Surveyor Duties continued:
  - Catalog and maintain a record of all survey notes, plans, profiles and specifications
  - Oversee urban drains under his jurisdiction
  - Classification of drains
    - Drains in need of reconstruction
    - Drains in need of periodic maintenance
    - Drains that should be vacated

## COUNTY SURVEYOR (cont.)

- Submit the classifications order or work priority to the Drainage Board.
- After adoption of the classifications, prepare a long range plan.
- Provide a surveyor's report of periodic maintenance and of reconstruction.
- Advise Drainage Board whenever a maintenance fund has a balance in excess of need.

## AUDITOR

- Set up ledgers and sub-ledgers for drainage funds.
  - Funds Ledger
    - General Drain Improvement and Maintenance
  - Control accounts
    - Maintenance and General Drain Improvement
  - Detail accounts
    - Each drain
      - Maintenance
      - Construction/reconstruction

## AUDITOR (cont.)

- Receive Certified Lists from Drainage Board
- Extend assessments upon the ditch duplicate
  - Books that make up the ditch duplicates should be divided into two sections, one for construction/reconstruction and one for maintenance.
- Provide the ditch duplicates to the treasurer
  - An assessment is not the personal obligation of the owner of the land affected by the assessment and only the land affected shall be sold.

## AUDITOR (CONT.)

- Process claims for expenses of Drainage Board
- Process claims for drain maintenance and construction/reconstruction including debt payments
- Add Bond Redemption fund and Cumulative Drain fund to the funds ledger if established
- Repay GDI fund from appropriate maintenance fund when assessments are received

## TREASURER

- Notify the owners of the land affected of assessments of reconstruction/construction.
- Collect all payments of assessments and note collections on the ditch duplicate.
- Prepare the Register of Ditch Assessments collected.
- Investment of Funds – IC 36-9-27-113

## COLLECTION OF ASSESSMENTS

- An annual assessment for periodic maintenance that is not more than \$25 shall be paid at the first time after the assessment when general property taxes are due.
- An assessment of less than \$5 is increased to \$5.
- An assessment for Construction/Reconstruction may be paid in installments of at least \$50 over 5 years.
- An urban drain may be paid in installments of \$100 over 10 years for construction/reconstruction.

## COLLECTION OF ASSESSMENTS

- Assessments are considered taxes within the meaning of IC 6-1.1 with the exceptions noted.
- The exemptions for property tax collections under the following statutes don't apply
  - IC 6-1.1-10-2 State property
  - IC 6-1.1-10-4 Political subdivision property
  - IC 6-1.1-10-5 Municipal property

## COMMISSIONERS

- The Commissioners appoint the Drainage Board and at least one commissioner must serve on the drainage board.
- The Commissioners approve the claims
- The Commissioners must recommend the Cumulative Drain fund be established

## COUNCIL

- Establish per diem rate for Board members.
- Appropriate as needed for General Drain Improvement and Cumulative Drain
- Can establish tax levy for General Drain Improvement fund and/or Cumulative Drain Fund.
- Approve/obtain a loan for Construction/Reconstruction projects.

# FUNDS

## SOURCES AND USES

# FUNDS

- General Fund
- General Drain Improvement Fund (1158)
- Drain Maintenance Fund (2700)
- Construction/Reconstruction-optional (2600)
- Cumulative Drain Fund (1141)
- Bond Redemption Fund (Debt Service)

## GENERAL - USES

- Appropriations to General Drain Improvement
- Operating expenses of the Drainage Board
  - Per diem
  - Attorney Compensation
  - Surveyor Compensation
  - Secretarial Compensation
  - Mileage
  - Postage
  - Advertising and cost of notices

## GENERAL

- Operating expenses of Drainage Board
  - Office telephone
  - Official records
  - Office supplies
  - Office equipment

## GENERAL DRAIN IMPROVEMENT

- IC 36-9-27-73
- Construction/Reconstruction
- Removing Obstructions
- Maintenance expenses of up to \$1,500 annually per drain. The total cost of maintenance from GDI is \$10 per mile of regulated drains in the County.
- Temporary Loans to Maintenance Funds

## GDI – SOURCES OF FUNDS

- Proceeds from the sale of bonds issued to pay for constructing/reconstruction a drain
- Money received from loans for construction/reconstruction projects
- Costs collected from petitioners in a drainage proceeding
- Appropriations made from General Fund or taxes levied by the county fiscal body for drainage purposes

## GDI – SOURCES OF FUNDS

- Money received from assessments for construction/reconstruction projects
- Interest and penalties received on collection of delinquent drain assessments and interest received for deferred payment of drain assessments
- Money repaid to the general drain improvement fund from a maintenance fund

## GENERAL DRAIN IMPROVEMENT

- Donations for construction/reconstruction
  - Must be used to reduce the costs assessed to affected owners
- Transfer to General Fund
  - If the drainage board determines the balance in the fund exceeds the amount necessary to meet the expenses of the fund
  - And the money in the fund was raised by taxation

## DRAIN MAINTENANCE

- IC 36-9-27-44
- Used for the necessary or proper repair, maintenance, study or evaluation of the drain or combination of drains
- Used to reimburse the GDI fund
- Transfer up to 75% of fund to a reconstruction fund when there is an excess.

## DRAIN MAINTENANCE -SOURCES

- Money received from annual assessments upon land benefited by the periodic maintenance
- Penalties received on collection of delinquent annual assessments made for the periodic maintenance
- Money received from any person as compensation for damages suffered to a drain

## CONSTRUCTION/RECONSTRUCTION

- Sub ledgers can be established in the GDI Fund
- Fund 2600 can also be used on the Funds ledger
- Used for the constructing/reconstruction of drain projects or removing of obstructions

## BOND REDEMPTION

- IC 36-9-27-97
- Established for each construction/reconstruction project for which the drainage board authorizes the sale of bonds.
- Assessments paid by the owners of land assessed as benefiting from the construction/reconstruction project

## CUMULATIVE DRAIN

- IC 36-9-27-99
- A county fiscal body – by resolution establish a cumulative drainage fund under IC 6-1.1-41 for the construction/reconstruction or maintenance of drains.
- Only established upon recommendation of the county executive
- Funded by tax levy

## FORMS

### ACCOUNTING FOR DRAINS

## FORMS

- Ditch duplicate
- Drainage Assessment Statement
- Notice of Drainage Assessment
- County Treasurer's Register of Ditch Assessments Collected
- Subsidiary Ledger – Drainage Maintenance
- Subsidiary Ledger – Const./Reconst.
- Treasurer's Certificate of Collections

## DITCH DUPLICATE

- Form 63
- Used to document assessments for construction/reconstruction and maintenance
- Upon receiving the certified schedule of assessments from the Drainage Board, the auditor will extend the assessments upon the ditch duplicate
- Within 30 days of receiving the schedule, the ditch duplicate is supplied to the treasurer.

## DRAINAGE ASSESSMENTS

- Forms 63N
- Form 63N is provided to landowner to notify the total assessment for reconstruction
- Mailed one time and informs that assessment can be paid at one time or deferred with 10% interest on unpaid balance.
- Mailed within 15 days by treasurer after receiving the ditch duplicates
- Can be used as a receipt if entire assessment is paid in first year

## DRAINAGE ASSESSMENTS

- Form 63A
- Used as the semi-annual statement of installments dues after the first year
- Used as notice for annual maintenance assessments
- Can be used as a receipt
- Permitted to add a statement to property taxes if assessments are separately identified

## REGISTER OF DRAINAGE ASSESSMENTS

- Form 63B
- Record of receipts for drainage assessments collected for each drain
- Must clearly identify collections for construction/reconstruction separate from maintenance.
- Must also separate principal and interest and penalty payments

## SUBSIDIARY LEDGERS - GDI

- Form 63C
- Use on sheet as control for construction/reconstruction combined on all drains
- Use separate sheets for each drain and one for general costs not associated with a drain
- Detail sheets should reconcile to control
- Keep the records of the construction/reconstruction separate from the records for maintenance on drains.

## SUBSIDIARY LEDGERS-Maintenance

- From 63M
- Use one sheet as control over all transaction on maintenance for all drains combined
- Use one sheet for each individual drain maintenance transactions
- Detail sheets should reconcile to control sheet
- Control sheet should reconcile to Funds ledger

## TREASURER'S CERTIFICATE OF COLLECTIONS

- From 49DC
- Used to make semiannual certifications of drainage collections by the treasurer to the auditor.
- Collections of Construction/Reconstruction should be reported separately
- Principal should be reported separately from interest and penalty.