

# THE COUNTY BULLETIN

ISSUED BY STATE BOARD OF ACCOUNTS

Vol. No. 441

June 2024

## REMINDER OF ORDER OF BUSINESS

### July

- 1 On or before this date or 51 days after the tax payment due date the county treasurer shall certify a list of real estate delinquencies for tax sale. [IC 6-1.1-24-1]  
  
On or before July 1 of each year, each county assessor shall certify to the county auditor the assessment value of the personal property in every taxing district. [IC 6-1.1-3-17]
- 2 On or before this date, the county auditor should receive County Form 144 (Statement of Salaries and Wages Proposed to be Paid Officers and Employees), from officers, boards, commissions and agencies [IC 36-2-5-4]. The county auditor shall present these forms to the county executive at its July meeting. The county executive shall review and make its recommendations. Before August 20 the county executive shall present County Form 144 and its recommendations to the county fiscal body.
- 4 Legal Holiday - Independence Day [IC 1-1-9-1]
- 8 Distribute congressional interest to school corporations - second Monday. [IC 20-42-2-7]
- 15 In those counties participating in Public Employee's Retirement Fund, last day to make pension report and payment for the second quarter of 2022 to the Public Employee's Retirement Fund.
- 20 Last day to report and make payment of balance of State and County Income Tax withheld in the month of June to Indiana Department of Revenue.
- 31 Last day to file quarterly contribution and wage reports with Indiana Department of Workforce Development.  
  
Last day for county treasurer to mail demand notices to delinquent personal property taxpayers. [IC 6-1.1-23-1]

### August

- 7 Last date for county officers and department heads to file the respective budget estimates with county auditor - Wednesday following first Monday in August. [IC 36-2-5-9]
- 7 & 8 State Board of Accounts called meeting for County Treasurer's - Evansville
- 19 Last date for board of commissioners to review "Statements for Salaries and Wages Proposed to be Paid Officers and Employees" and to make its recommendations to the county council. [IC 36-2-5-4(b)]
- 20 Last day to report and make payment of State and County Income Tax withheld in the month of July to Indiana Department of Revenue.

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

**September**

- 2 Legal Holiday - Labor Day. [IC 1-1-9-1]
- 20 Last day to report and make payment of State and County Income Tax withheld in the month of August to Indiana Department of Revenue.
- 23-26 Association of Indiana Counties Annual Conference – Florence (Switzerland County)
- 29-30 Last date to comply with provisions IC 36-2-5-11, "Each ordinance must be read on at least two (2) separate days before its final adoption."

**CORRECTIONS TO THE MOTOR VEHICLE HIGHWAY (MVH) FUND**

Due to changes in legislation in 2018, the State Examiner Directive 2018-2 was issued to create the MVH restricted sub fund (1173), which requires tracking 50% of the distribution for proper management of the restrictions added. Together, MVH (1176) and the MVH restricted (1173) constitute the total MVH fund and are budgeted that way as well. The MVH restricted fund should only include receipts that make up 50% of the distribution unless the unit has an ordinance or resolution allocating more than the 50%.

During the year, as claims and payroll are being charged against the fund, corrections may need to be made to allocate properly. These corrections should reduce the disbursements in one fund and increase disbursements in the other fund. Documentation should be retained to support this correction, including information on which claims are being moved. Making a transfer is not the proper procedure during the year as it overstates the receipts and disbursements.

It is important to remember the permissible uses of the MVH fund (1176) are outlined in IC 8-14-1-4, while the MVH restricted fund (1173) is to be used for construction, reconstruction, and preservation of the unit's highways. For definitions and examples of construction, reconstruction, and preservation use the following link: <https://www.in.gov/sboa/files/MVH-CRP-definitions-ver-V.pdf>. To view State Examiner Directive 2018-2, use the following link: [https://www.in.gov/sboa/files/Directive-2018-2-12\\_20\\_18-.pdf](https://www.in.gov/sboa/files/Directive-2018-2-12_20_18-.pdf).

**TECHNOLOGY & PRESCRIBED FORMS**

As technology advances and counties move away from a manual process, it is important to remember that the State Board of Accounts prescribes the forms for use to all local units of government. If your county is still using manual records, then those prescribed forms can be purchased from a public printer or other source.

If your county has switched from a manual process to a computerized process, then many computer software programs can create exact replicas of prescribed forms. Exact replicas may be used and are considered the equivalent of a prescribed form. If your county chooses to use a form other than a prescribed form or an exact replica, the new form must be approved during audit. The form approval process is detailed in Chapter 1 of the Uniform Compliance Guidelines for any new forms installed.

Prescribed forms are designed to ensure compliance with current laws and uniform compliance guidelines. When switching from a prescribed form to a new form, it should be considered as to whether the elements of the prescribed form are carried forward in the new form. For example, you are moving towards a fully electronic claim process where invoices are scanned in and the Form 17 – Accounts Payable Voucher is replaced by a computerized form, that form should still contain all the same pertinent information as the prescribed form. This would include a place where the officer or person receiving the goods and services certifies that they were received, and the fiscal officer certifies that the invoices are

## **TECHNOLOGY & PRESCRIBED FORMS (Continued)**

true and correct and itemized for the charges ordered and received, which is required in IC 5-11-10-1.6. It is also important to consider if the new form is functioning within the process in the prescribed manner. In our example, if the replacement for Form 17 is completed at the end of the process rather than being an integral part of the claims process, the form is not being used in the prescribed manner.

During the form approval process, any recommended changes should be communicated by the field examiner to the unit officials, so they can be implemented in a timely manner. You are always more than welcome when considering changing to a new form to reach out to the County Director's at [counties.in.gov](http://counties.in.gov), and we'd be more than willing to talk about possible concerns or things to consider.

## **TOURISM COMMISSIONS**

Tourism commissions are a department of the county and should be included in the audit of the county. There are 5 exceptions as Allen, Clark / Floyd, Marion and Lake County tourism are considered separate entities from the county. During the audit, the field examiners will need to determine whether the innkeeper tax is maintained through the county or if the tourism commission has a treasurer and maintains the records.

If the county maintains the records, then all financial information for the tourism commission is already included as part of the county's financial statements. If the tourism commission maintains the records, then a supplemental annual financial report (AFR) should have been submitted to the County Auditor for inclusion in the county's AFR. Additionally, a written request should have been submitted from the tourism commission to the County Auditor for each and every receipt of innkeepers, the commission acquires.

In either circumstance, the commission approves the claims for payment at their meetings, documentation is just held by different offices depending on how the county operates. The tourism commission may also contract with a not for profit to facilitate promotion of tourism activities. A contract should delineate the tourism commission responsibilities from the not for profits responsibilities and how the funds will be given. The contract is the authority the commission needs to give the not for profit innkeepers tax dollars.

Each county operates their collection of innkeepers tax a little differently, along with how their tourism commission operates. Most tourism commissions fall under the uniform statute of IC 6-9-18, but several have their own specific statutes with differences noted throughout. County's also keep their records differently, so it's important that all information is retained for audit and can be made available when requested.

## GET With GAAP

The GET with GAAP section of this Bulletin is provided to you by the GAAP Efficiency Team (GET) of the State Board of Accounts (SBOA). The guidance below applies only to those entities reporting on the GAAP, not regulatory, basis. If you have any questions about this information please contact Pam Barber ([PBarber@sboafe.IN.gov](mailto:PBarber@sboafe.IN.gov)) or Vicki Urbanik ([VUrbanikRandall@sboafe.IN.gov](mailto:VUrbanikRandall@sboafe.IN.gov))

### **Information Related to Previous LIT Guidance from SBOA Memorandum dated July 12, 2023**

We are issuing a change in guidance for preparation of your next GAAP financial statements. Complete SBOA guidance is below. Almost all of the July 12, 2023, Memorandum is unchanged by the information below. The only changes are contained within the text boxes. Therefore, if you are familiar with the Memorandum from last year regarding LIT reporting you will want to concentrate on the areas within the text boxes for the changes. These changes are minor and pertain to reporting LIT Receivable within the fund financial statements. Other reporting recommendations have not changed.

### **GAAP Reporting of Local Income Tax**

Unified Local Income Taxes (LIT) are derived tax revenues. Therefore, a receivable should be recognized in the period when the exchange transaction on which the tax is imposed occurs or when resources are received, whichever occurs first. Revenue net of estimated refunds and estimated uncollectible amounts, is recognized in the same period the receivable is recognized in accrual based financial statements (GASB Cod. N50.113). For modified accrual (governmental fund statements) revenue will be recognized when they become available and measurable. This means the Unified Local Income Taxes recognized as an asset and revenues in the current year are based on wages/income to the taxpayer from the current year.

The way the LIT statute is written and the GAAP standards that must be applied for asset and revenue recognition are difficult to align for this tax as the actual tax amount net of refunds and uncollectible amounts are not known at the time financial statements are prepared. As time passes, additional information about actual taxes imposed and collected continues to become available and can be used to adjust estimates. Therefore, it is important to determine what we know about the timing of state distributions to local governments for LIT as well as the estimated amounts of LIT.

One might think state distributions would be delayed until the tax imposed is collected and returns are processed by the State. However, that is not what is prescribed by Indiana Code. IC 6-3.6-3 requires the adopting body for LIT to adopt, increase, decrease, or rescind a tax or tax rate by ordinance. The timing of the ordinance passage determines the date of the imposition of the income tax and therefore, the date the asset and revenue should be included in the financial statements of the local government.

Based on IC 6-3.6-9-8, the State is distributing estimated LIT collections either current with the taxable transactions, when the effective date is January 1 of the following year, or within three months, when the effective date of the tax is October 1 of the current year. Per IC 6-3.6-9-16, the county shall allocate and distribute LIT to the appropriate entities upon receipt of each monthly distribution from the State. Therefore, other local governments are also receiving LIT current or within three months of imposition.

Each local government must use the information available to also determine the amount of assets and revenues appropriate to report as financial statements are prepared each year. The State provides much of the information you will find useful for calculating amounts for LIT journal entries and financial statement preparation.

**GAAP Reporting of Local Income Tax (Continued)**

We recommend the modified accrual statements recognize LIT revenue in the amount received during the year in monthly and supplemental distributions. Because of the language in GASB Cod. § N50.108, we believe the Asset recognition in the modified accrual statements would be the same as in the full accrual statement. Our recommendation for the calculation of the LIT Receivable amount is in the following paragraph and is the same for both the modified accrual and full accrual financial statements. Although the underlying derived tax transaction has occurred, revenue recognition in the modified accrual statements for the related LIT Receivable would only occur in these statements if the resources were also available, which we do not believe is the case with LIT. Therefore, the receivable would be posted as an asset with a corresponding deferred inflow of resources-unavailable revenue.

Our recommendation for the full accrual statements is for management to consider the supplemental distribution of LIT for the ensuing year. Because the supplemental distribution equals the amount of the unencumbered balance from two years prior that is determined to be in excess of 15% of the certified distribution minus any supplemental or special distributions that have not yet been accounted for in the last known balance of the county's trust account, you should also consider the amount that equals 15% of certified distributions in your estimations for booking the appropriate LIT receivable and additional revenue.

If you choose another methodology to estimate and book the LIT receivable, deferred inflows, and revenue in your financial statements, that methodology must have a reasonable basis and be supported by documentation that can be audited.

**Applicable Indiana Code**

IC 6-3.6-3-1 Adopting body; local income tax council; county fiscal body Sec. 1. (a) The following is the adopting body for a county: (1) The local income tax council in a county in which the county income tax council adopted either: (A) a county option income tax under IC 6-3.5-6 (repealed) that was in effect on January 1, 2015; or (B) a county economic development income tax for the county under IC 6-3.5-7 (repealed) that was in effect on January 1, 2015. (2) The county fiscal body in any other county. (3) The county fiscal body for purposes of adopting a rate dedicated to paying for a PSAP in the county as permitted by IC 6-3.6-6-2.5. (4) The county fiscal body for purposes of adopting a rate dedicated to paying for correctional facilities and rehabilitation facilities in the county as permitted by IC 6-3.6-6-2.7. (b) A local income tax council is established for each county. The membership of each county's local income tax council consists of the fiscal body of the county and the fiscal body of each city or town that lies either partially or entirely within that county. As added by P.L.243-2015, SEC.10. Amended by P.L.180-2016, SEC.15; P.L.184-2018, SEC.1.

IC 6-3.6-3-2 Actions by ordinance or resolution; uniform documents; hearing requirements and procedures Sec. 2. (a) An adopting body or, if authorized by this article, another governmental entity that is not an adopting body, may take an action under this article only by ordinance, unless this article permits the action to be taken by resolution. (b) The department of local government finance, in consultation with the department of state revenue, may make electronically available uniform notices, ordinances, and resolutions that an adopting body or other governmental entity may use to take an action under this article. An adopting body or other governmental entity may submit a proposed notice, ordinance, or resolution to the department of local government finance for review not later than thirty (30) days prior to the date that the adopting body or governing body intends to submit the notice, adopting ordinance or resolution, and vote results on an ordinance or resolution under subsection (d). If the adopting body or other governmental entity wishes to submit the proposed notice, ordinance, or resolution to the department of local government finance for review, the adopting body or other governmental entity shall submit the proposed notice, ordinance, or resolution to the department of local government finance on the prescribed forms. The department of local government finance shall provide to the submitting entity a determination of the appropriateness of the proposed notice, ordinance, or resolution, including

**GAAP Reporting of Local Income Tax (Continued)**

recommended modifications, within thirty (30) days of receiving the proposed notice, ordinance, or resolution. (c) An ordinance or resolution adopted under this article must comply with the notice and hearing requirements set forth in IC 5-3-1. (d) The department of local government finance shall prescribe the procedures to be used by the adopting body or governmental entity for submitting to the department the notice, the adopting ordinance or resolution, and the vote results on an ordinance or resolution. The department of local government finance shall notify the submitting entity within thirty (30) days after submission whether the department has received the necessary information required by the department. A final action taken by an adopting body or governmental entity under this article to impose a new tax or amend an existing tax is not effective until the department of local government finance notifies the adopting body or governmental entity that it has received the required information from the submitting entity. As added by P.L.243-2015, SEC.10. Amended by P.L.247-2017, SEC.8; P.L.257-2019, SEC.69; P.L.159-2020, SEC.54.

IC 6-3.6-3-3 Effective date of ordinance Sec. 3. (a) An ordinance adopted under this article takes effect as provided in this section. (b) An ordinance that adopts, increases, decreases, or rescinds a tax or a tax rate takes effect as follows: (1) An ordinance adopted after December 31 of the immediately preceding year and before September 1 of the current year takes effect on October 1 of the current year. (2) An ordinance adopted after August 31 and before November 1 of the current year takes effect on January 1 of the following year. (3) An ordinance adopted after October 31 of the current year and before January 1 of the following year takes effect on October 1 of the following year. (c) An ordinance that grants, increases, decreases, rescinds, or changes a credit against the property tax liability of a taxpayer takes effect as follows: (1) An ordinance adopted after December 31 of the immediately preceding year and before November 2 of the current year takes effect on January 1 of, and applies to property taxes first due and payable in, the year immediately following the year in which the ordinance is adopted. (2) An ordinance adopted after November 1 of the current year and before January 1 of the immediately succeeding year takes effect on January 1 of, and applies to property taxes first due and payable in, the year that follows the current year by two (2) years. (d) An ordinance that grants, increases, decreases, rescinds, or changes a distribution or allocation of taxes takes effect as follows: (1) An ordinance adopted after December 31 of the immediately preceding year and before November 2 of the current year takes effect January 1 of the year immediately following the year in which the ordinance is adopted. (2) An ordinance adopted after November 1 of the current year and before January 1 of the immediately succeeding year takes effect January 1 of the year that follows the current year by two (2) years. (e) An ordinance not described in subsections (b) through (d) takes effect as provided under IC 36 for other ordinances of the governmental entity adopting the ordinance. As added by P.L.243-2015, SEC.10. Amended by P.L.247-2017, SEC.9.

IC 6-3.6-9-1 Budget agency accounting for each county; undistributed amounts Sec. 1. (a) The budget agency shall maintain an accounting for each county imposing a tax based on annual returns filed by or for county taxpayers. Any undistributed amounts so accounted for shall be held in reserve for the respective counties separate from the state general fund. (b) Undistributed amounts shall be invested by the treasurer of state and the income earned shall be credited to the counties based on each county's undistributed amount. As added by P.L.243-2015, SEC.10. Amended by P.L.126-2016, SEC.1; P.L.165-2021, SEC.93.

IC 6-3.6-9-4 Distribution of revenue to a county; amount Sec. 4. Revenue derived from the imposition of the tax shall, in the manner prescribed by this chapter, be distributed to the county that imposed it. The amount that is to be distributed to a county during an ensuing calendar year equals the amount of tax revenue that the budget agency determines has been: (1) attributed to that county for a taxable year ending in a calendar year preceding the calendar year in which the determination is made; and (2) reported on an annual return or amended return filed by or for a county taxpayer and processed by the department in the state fiscal year ending before July 1, or for a federal income tax deadline set after July 1, a date set by the department for a period of not more than sixty (60) days beyond the federal deadline, of the calendar year in which the determination is made. As added by P.L.243-2015, SEC.10. Amended by P.L.165-2021, SEC.94; P.L.137-2022, SEC.54.

**GAAP Reporting of Local Income Tax (Continued)**

IC 6-3.6-9-8 Adjustment of certified distribution; tax; tax rate Sec. 8. This section applies to a county that imposes, increases, decreases, or rescinds a tax or tax rate under this article before November 1 in the same calendar year in which the budget agency makes a certification under this section. The budget agency shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The budget agency shall provide for a full transition to certification of distributions as provided in section 4(1) through 4(2) of this chapter in the manner provided in section 6 of this chapter. If the county imposes, increases, decreases, or rescinds a tax or tax rate under this article after the date for which a certification under section 5(b) of this chapter is based, the budget agency shall adjust the certified distribution of the county after October 1 and before December 1 of the calendar year. The adjustment must reflect any other adjustment required under sections 6 and 7 of this chapter. The adjusted certification shall be treated as the county's certified distribution for the immediately succeeding calendar year. The budget agency shall certify the adjusted certified distribution to the county auditor for the county and provide the county council with an informative summary of the calculations that revises the informative summary provided in section 9 of this chapter and reflects the changes made in the adjustment. As added by P.L.243-2015, SEC.10.

IC 6-3.6-9-16 Allocation and distribution of a county's monthly payment to the appropriate entities Sec. 16. Upon receipt, each monthly payment of a county's certified distribution or supplemental distribution shall be allocated and distributed to the appropriate entities in accordance with this article and the allocation ordinances adopted under this article. As added by P.L.243-2015, SEC.10.

**Additional Authoritative Literature*****Derived Tax Revenue Transactions******Asset Reporting Full Accrual and Modified Accrual***

GASB Cod. § N50.108: "All standards in this section apply whether the accrual basis or the modified accrual basis of accounting is required, except for the revenue recognition standards. (When the modified accrual basis of accounting is used for governmental funds in the fund financial statements, the requirements of this section for the recognition of *expenses* should be interpreted as requirements for the recognition of *expenditures*.) For revenue recognition, the standards in paragraphs [.113–.125](#) apply when the accrual basis of accounting is required and the standards in paragraphs [.126 and .127](#) apply when the modified accrual basis of accounting is required. On either basis of accounting, recognition of nonexchange transactions in the financial statements is required unless the transactions are not *measurable* (reasonably estimable) or are not *probable* <sup>6</sup> of *collection*. Transactions that are not recognizable because they are not measurable should be disclosed. [GASBS 33, ¶11, as amended by GASBS 35, ¶5; GASBS 34, ¶79]"

***Full accrual basis***

GASB Cod. § N50.113: "Governments should recognize *assets* from derived tax revenue transactions in the period when the exchange transaction on which the tax is imposed occurs or when the resources are received, whichever occurs first. *Revenues* should be recognized, net of estimated refunds and estimated uncollectible amounts, in the same period that the *assets* are recognized, provided that the underlying exchange transaction has occurred. Resources received in advance should be reported as liabilities until the period of the exchange. Derived tax revenues generally do not have time requirements. However, if they apply, asset and revenue recognition should be consistent with the requirements for imposed nonexchange revenue transactions. [GASBS 33, ¶16, as amended by GASBS 65, ¶31; GASBS 33, fn8]"

**GAAP Reporting of Local Income Tax (Continued)**

*Modified accrual basis*

GASB Cod. § N50.127(a): "When the modified accrual basis of accounting is used, revenues resulting from nonexchange transactions should be recognized as follows:

a. *Derived tax revenues.* Recipients should recognize revenues in the period when the underlying exchange transaction has occurred *and* the resources are available."

GASB 65 Paragraph 30: "[Paragraph 62](#) of NCGA Statement 1 provides that revenues and other governmental fund financial resources should be recognized in the accounting period in which they become both measurable and available. When an asset is recorded in governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available."

**QUESTIONS AND ANSWERS FROM COUNTY RECORDERS CONFERENCE**

Question 1: Identification Security Fund may be used to "Maintain Redacting Technology. Can this be used to pay for Laredo Subscriptions invoices? (used for public searching)

Answer 1: IC 36-2-7.5-11(d) states: "A county recorder may use money in the fund only to purchase, upgrade, implement, or maintain redacting technology, or to secure protection measures used in the office of the county recorder." So, unless Laredo redacts ("redacting technology" is defined in IC 36-2-7.5-2) social security numbers then no.

Question 2: Can Identification Security Fund money be transferred to RPF through a transfer approved by the Council or does there need to be an Ordinance? Would the Ordinance need to be yearly?

Answer 2: See IC 36-2-7.5-11. Council is appropriating the fund for use and should approve a transfer of additional funds to RPF. The fund should contain enough money to operate its intended use. Probably a resolution would work.

Question 3: Do our records have to be made into microfilm?

Answer 3: No but the records must be preserved. This would be an area where Indiana Archives and Record Administration should be involved. The County Recorder Retention Schedule has instructions on the first page that addresses maintaining records.

Question 4: We have to balance out each month on the last day of the month. With Simplifile and other deposits coming in it is impossible to do this and do it correctly. Either our check is bounced or we are late turning it into the auditor office. What is the best procedure to do this?

Answer 4: Reconciling normally doesn't occur on the last day of the month, due to several factors. Good practice would be to reconcile what you can for the end of the month starting on the first business day of the next month. Report of collections with the accompanying check are not due until the 10<sup>th</sup> of the month. The bank and ledger should be reconciled first before creating the report of collections or cutting the check. With every service the county has a reconciliation would need to be done and there are timing differences that occur.

Question 5: Finding Indiana Codes that have been rewritten, I'm looking for Code 34-4-32-4. What code is it now? How do I find it? Our attorney has it referenced from a previous ordinance "Any violation of this ordinance shall be a Class A infraction as currently declared under (that code above).



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## **QUESTIONS AND ANSWERS FROM COUNTY RECORDERS CONFERENCE (Continued)**

Answer 5: Looks like IC 34-4-32-4 was repealed in 1998 when it was no longer considered a criminal offense. Those statutes are now contained in IC 34-28-5. The wording may have changed depending on what specifically you are wanting to know, but this is the section to look for that information in.

Question 6: Are we to charge government entities for Recordings or copies? Is there a Code for this?

Answer 6: Yes, you should charge units. However, we will not take audit exception if the county has a policy not to charge for county documents. See IC 36-2-7-10 section (b), (c), and (i).

Question 7: Do you charge \$55.00 because it reads as a Mortgage or \$25.00 because it is an Amendment to a referenced Mortgage which would be a miscellaneous fee (kind of like a Modification of Mortgage)? I reached out to some surrounding counties, and it was 50/50 on the fee being charged. I called First Source Bank (they are the only ones doing these documents) and asked what they charge the customer and they said, "whatever the Recorder charges us".

Answer 7: We had our legal team review and helped us determine our audit position on this. Because Mortgage modification and mortgage assignment are specifically excluded from the term "mortgage" (see IC 36-2-7-10(a)(2) for the definition of "mortgage") our position is the fee for these would be \$25, which is in IC 36-2-7-10(c)(1).

Question 8: Should the Legislative Committee think about changing the definition of "bulk" copies to say "any category or a certain document type". This way if someone is asking for a copy of deeds only, or mortgages only we can sell them those in bulk instead of them purchasing all documents (except Military of course). What was the purpose of "all" recorded documents. Some counties do not have the survey images on their computer program that they record documents on.

Answer 8: This would be a decision made by the association and their legislative committee

Question 9: How would I obtain any past Ordinances for my office if they were not recorded? For example: Bulk User Ordinance and Bulk User Agreement

Answer 9: Any ordinances adopted by the county should be maintained on record. Normally these are kept with the minutes. You could try reaching out to the Auditor or Commissioners Administrative Assistant, if applicable.

Question 10: My deputies have a daily starting cash balance of 30.00. Is this set by SBOA? Is this for all offices or do I have the authority to change the amount and if so, how would I do that? We struggle with not having change in the office.

Answer 10: SBOA does not approve cash change funds. That would be a local decision based on the needs of the county. Yes, it can be increased. A claim should be filed by the officer or employee designated by the fiscal body. The claim should contain a statement regarding the necessity for such a fund together with the statutory reference (IC 36-1-8-2) authorizing its establishment. We do caution officials the amount advanced should not be greater than seems reasonably needed by the officer or employee.

Question 11: Do salaries using recorder's perpetuation have to be on salary ordinance? Why? Circumstances where they do not?

Answer 11: Yes. All salaries are required to be on the salary ordinance, there are no exceptions, see IC 36-2-5-3.

**QUESTIONS AND ANSWERS FROM COUNTY RECORDERS CONFERENCE (Continued)**

Question 12: Can Council dictate/allocate exactly how much you are allowed to pay hourly, etc., with regard to wages from recorder's perpetuation.

Answer 12: Yes, see IC 36-2-5-3.

Question 13: What if you have a records customer (monthly customer) that does not pay their monthly bill? How should we collect? I think it's a fly-by-night and now out of business.

Answer 13: A/R billing should not be done as IC 36-2-7-10(b) states in part "The recorder shall charge and collect fees ...for services the recorder renders."

Question 14: Wondering if a document comes into the office without the affirmation statement and prepared by do we reject?

Answer 14: Is the affirmation statement required for it to be recorded? If not, as long as it is meeting the recording requirements should be recorded, see IC 36-2-11-10 for recording requirements.

Question 15: If we have a document come in and is handwritten and is not legible, can we reject?

Answer 15: See IC 36-2-11-10 for recording requirements.

Question 16: If the auditor's office files a lien (homestead lien) in the recorder's office, do we charge the county the recording fee?

Answer 16: There needs to be a county policy on this. We would not take exception to the county not charging itself a fee.

Question 17: We closed out prepaid accounts for businesses that are now closed and retired attorneys. I made phone contact with customers that would receive a check in the mail except one local attorney that I was not able to find a number for. The check was mailed to his home address. It was for \$1.00. He has not deposited the check yet, and I'm sure he will not, due to it only being \$1.00, even if I am able to ever make contact with him.

\*Question...How long do we have to carry that forward in our bank reconciliation? [Must be carried until either cashed by individual or submitted to Indiana Unclaimed.](#)

\*Is there a minimum dollar amount to turn over to Indiana Unclaimed so we can clear that from our records? [There is no minimum dollar amount.](#)

\* Is there a time frame for that process? [IC 32-34-1.5-4\(10\) Presumption of Abandonment would be 1 year. Due diligence should be done for up to one year.](#)

The check was written and mailed to him June 15, 2023.

NOTE.... I still submit a copy of the outstanding check with my bank reconciliation monthly for this check!

Answer 17: See [blue](#) text above

Question 18: If you must do a police report for a fraudulent check from a closed account that was used to pay for a document that was recorded does the State board of accounts need to see a copy of that report in with the Report of Collections for that month.

Answer 18: Documentation should be maintained and may be asked for during the audit.

Question 19: Maybe you could touch on our training requirements as set by IC 36-2-11-2.5

Answer 19: Training requirements are detailed out in IC 36-2-11-2.5 for the County Recorder.

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## **QUESTIONS AND ANSWERS FROM COUNTY RECORDERS CONFERENCE (Continued)**

Question 20: What happens if you fall beneath the educational training requirements?

Answer 20: There is no statutory consequence to not doing the training even though it is required, in IC 36-2-11-2.5. This seems to become more of an issue during election time when opponents like to point things like this out.

Question 21: If a searcher wants to upload documents from our files onto a zip drive can we charge them for copies?

Answer 21: No. The statute that allows for copy fees states furnishing copies on paper not larger than 11" x 17" and paper larger than 11" x 17".

## **QUESTIONS AND ANSWERS FROM COUNTY AUDITORS SPRING CONFERENCE**

Question 1: Would it be possible to provide an overview of everything that should be uploaded in Gateway by the county auditor throughout the year?

Answer 1: Each month the **county auditor** is required to upload the following:

- **Approved Board Minutes** - See above for more information.
- **Funds Ledger** - See above for more information.
- **Documentation of Reconciliation of Form 61 between Auditor and Treasurer** – This should show the monthly comparison, notation of variances, and reconciliation of each fund between the auditor's ledger and the treasurer's ledger. This requirement is described in Chapter 7, page 42 of the Auditor's Manual

Each year the **county auditor** is required to upload the following:

- **Excel Data Capture (Data Dump)** - See above for more information.
- **Detail of Receipts by fund and account (if Data Capture not available)** - See above for more information.
- **Detail of Disbursements by fund and account (if Data Capture not available)** - See above for more information.
- **Current Year Salary Ordinance** - See above for more information.
- **Annual Vendor History Report** - See above for more information.
- **Annual Funds Ledger** - See above for more information.
- **Annual Payroll History Report (without social security numbers)** - See above for more information.
- **Accounts Payable/Receivable Schedule Support**- See above for more information.
- **Direct Federal Grant Agreements/Award Letters and Amendments initiated during year**- See above for more information.
- **Agreements for Sub-awards made to Subrecipients for all Federal Grants initiated during year** - See above for more information.
- **Personnel Policy** - See above for more information.

Question 2: When checking Homestead deductions, it is almost impossible to determine if someone files Indiana State tax. Is there a website to see if they are a filer?

Answer 2: No. This information would be confidential for the state. The citizen should provide any necessary information.

Question 3: I would like to hear more about HB 1328 – stipend for Auditor. At the conference, if possible. Or I could always talk to other counties about what they are doing with that? How does one get it? What criteria, etc.

# THE COUNTY BULLETIN

Volume 441, Page 12

June 2024

## **QUESTIONS AND ANSWERS FROM COUNTY AUDITORS SPRING CONFERENCE (Continued)**

Answer 3: Effective 7/1/2024 IC 36-2-5-3.7(d) is the statute you should reference for HEA 1328.

Question 4: I would like clarification on what the county's role is with the Soil and Water Conservation District. We employ one full-time employee but they answer to the SWCD board. In our county there is turmoil, three board members stepped down, we don't know who or when replacements will be put in place and meanwhile we can't really direct our employee. HELP!

Answer 4: The Soil and Water Conservation Districts are separate legal entities; you should look at IC 14-32-4-18(b).

Question 5: Who is eligible to claim city & town court costs? How do you determine how much they get if eligible?

Answer 5: See the County Bulletin, volume 424 pages 7 & 8 for the calculation of distribution to each eligible city or town. To be eligible, the city or town must have enforced 50% of their ordinance violations in the county courts. If the city or town had no ordinance violations enforced in the county courts, they would not be eligible to receive a portion of the city/town court costs. If they enforce at least one violation in the county courts, they will have to document that the number of ordinance violation cases enforced in the county was at least 50% of the total enforced through their own city/town court or ordinance violations bureau. If not, distribution is made from the City/Town Court Costs funds, the balance rolls forward to the next possible distribution date.

Question 6: Are we supposed to distribute congressional school int & principal to each school in the county? If so, how do we determine how much each school receives?

Answer 6: The principal was created from the sale of land from each congressional township in 1816. The principal must be held perpetually in trust. From the interest earned, the county is to distribute semiannually to each school based on an enumeration of students that has not been updated since 1932. The county would only have amended the amount based on school consolidations. The interest from the congressional school fund is annual based on a rate established by statute (4%). If the fund does not earn that much interest, any deficit would have to be made up from County funds. This is a good reason to turn the funds over to the State. See IC 20-42-2.

Question 7: Are we required to stamp Transfer on Death deeds starting July 1st? Do we also collect a transfer fee?

Answer 7: Yes. SEA 18 amended IC 32-17-14-11 by requiring an endorsement on a transfer of death property. The Auditor can collect the endorsement fee.

Question 8: According to HB1158 we are to upload all contracts? Is there a monetary limit on that? Now it is anything over \$50,000, does this change. How I understand it is, all contracts no matter the amount should be uploaded.

Answer 8: Uploading of contracts IC 5-14-3.8-3.5 was amended in HB 1328 (which was the DLGF bill). The requirement to upload contracts for anything over \$50,000 did not change. The change was **all** contracts related to fire services or emergency medical services and/or contracts entered into with another unit that provides fire services or emergency medical services. (no threshold for these contracts all must be uploaded)

Question 9: HEA 1090 - Transportation Matters legislation will take effect 7-1-2024. Our Recorder has been told that means any conveyance to the state will not need a sales disclosure. Would you explain this legislation for more clarification?

**QUESTIONS AND ANSWERS FROM COUNTY AUDITORS SPRING CONFERENCE (Continued)**

Answer 9: HEA 1090 removed conveyance to the state from the definition of a conveyance document. Due to this change a sales disclosure form is no longer required and no fee can be charged.

Question 10: Our Sheriff's Department has a Commissary Credit Card that they use to make purchases, instead of getting a "County" credit card. Then after paying for the item(s)/service(s) they turn in a claim to our office to "Reimburse" the Commissary Fund. This causes a tracking nightmare because we are paying the Commissary Fund instead of the actual vendor. Are they supposed to be making these purchases from the Commissary and then asking us to reimburse them with County funds?

Answer 10: For the sheriff to pay electronically they require approval from county council, see IC 36-1-8-11.5. The commissary fund should be used to supplement the sheriff's budget and while there is instance when purchases may need to be made and then reimbursed by the county but the Sheriff should not be using the commissary to bypass the county's claims process. Reimbursement for commissary should be few and far between and infrequent.

Question 11: If HR is separate from the Auditor's office, is it the responsibility of payroll to track FMLA time off? If the timecard reflects benefit time and we know an individual has been approved for FMLA, can the auditor question if the time off was for FMLA purposes?

Answer 11: This would be dependent on your county process and where the responsibilities lie. So, the question would be who is tracking time off? Is this split between the HR and the Auditor or does one does it all?

Question 12: If a reimbursable grant ends and we return excess receipts the following year, is to be reported on the SEFA?

Answer 12: No, you would not return reimbursement grants, because you'd have to expend the funds first to receive reimbursement. The only grant fund you could return would be advance grants.

Question 13: How are Transfer on Death deeds handled now and in the future by the Auditor's office? There is a rumor that they may have to be handled by part of the Auditor's office in the future?

Answer 13: The Auditor will be required to endorse the transfer of death deed starting 7-1-24 and then it would be recorded with the Recorder.

Question 14: Can ARPA money be used to pay for the annual audit for ARPA?

Answer 14: Yes, ARPA can be used to pay for the annual audit of ARPA. It is considered an administrative cost of the grant.

Question 15: Can Police Professional/Liability insurance be paid out of the Public Safety LIT fund?

Answer15: LIT Public Safety can be spent on anything defined as public safety in IC 6-3.6-2-14.

Question 16: One Council member is also contracted as the JDAI (Juvenile Detention Alternative Initiative) director. Can he vote as a council member for his budget for JDAI? Can he approve his contract for JDAI as a council member? Also this council member has a wife that is employed in the county.

Answer 16: Is the JDAI director truly an independent contractor - using his own supplies, equipment? Does this fall under the new law that a council member can't be an employee?

Question 17: Another Council member has a son employed in the county that is a dependent and special needs. Can he approve the salary ordinance for his son?

**QUESTIONS AND ANSWERS FROM COUNTY AUDITORS SPRING CONFERENCE (Continued)**

Answer 17: Council member would want to disclose that his son is an employee; but as long as the son was not in the direct supervision of the father, the salary / budget could be approved.

Question 18: A department head asked about how to report suspected fraud by a department head. The county attorney, council and auditor are all aware of the possible fraud by a well-known department head.

Answer 18: Show our SBOA website where to report the fraud and reiterated that by statute, the county is required to submit suspected fraud.

Question 19: Multiple Questions:

\* Can an Auditor reject a claim from them if it is not in proper form? [Not sure what is meant by proper form. As auditor you are required to audit the claim for IC 5-11-1-10.6 \(c\)](#)

\* If they set their own time off policy, are they required to file that with the Auditor?  
[As auditor you are required to have all the information to audit the claim.](#)

\* Can they sign contracts obligating the County without the commissioners' signature?  
[Contracting authority is the responsibility of the executive board \(commissioners\).](#)

Answer 19: \*See answers above in [blue](#)

Question 20: A new law takes effect 7/1/2024 allowing auditors to charge \$10 per parcel on transfer on death deeds. Do we need to go before the county council for approval for the new fee? Do we need to change our ordinance? She is not sure if the county has an ordinance addressing these fees but noted that the Commissioners typically adopt ordinances setting fees.

Answer 20: See IC 36-2-9-18(e).

Question 21: Questions on the Annual Uploads -- What kind of support is needed for the Accounts Payable and Accounts Receivable reports and what is required for the Excel Data upload?

Answer 21: Documentation would support the amounts entered into the schedule and should include the methodology used for the determination. The excel data capture upload would include receipts including receipt numbers, date received, amount of receipt, fund posted to, and who it was received from. This should also include disbursements including check numbers, date disbursed, amount of disbursement, fund posted to, and vendor/payee names. This would replace the detail of receipts and detail of disbursements uploads.

Question 22: Does non-perpetuation funds always get interest if they have a cash balance?

Answer 22: No. Statute dictates that all interest is to go to general fund unless the investment policy created by the board of finance states differently. Interest on fund investment would go back to that fund invested separately as well.

Question 23: Can the council request or require the Auditor to direct interest into the general fund?

Answer 23: No. The board of finance decides where the interest goes.

Question 24: On the transfer on death deed will we stamp the deed as "Duly entered for taxation" or "Filed"?

Answer 24: See IC 36-2-11-14.

**QUESTIONS AND ANSWERS FROM COUNTY AUDITORS SPRING CONFERENCE (Continued)**

Question 25: In upload contracts does this include grant agreements?

Answer 25: Taxing unit contracts are in IC 5-14-3.8-3.5. The categories available for contracts are capital outlay, debt service, personal services, services and charges, supplies and township assistance. Grants are not listed. We will continue to research this.

Question 26: Is there a deadline whereby the treasurer has to certify collections to the Auditor? Why not?

Answer 26: See IC 6-1.1-27-2

Question 27: Solid waste mgt districts, building corporations, redevelopment authorities, jail bond corporations, economic development corporations.... Which of these appear on the county's AFR?

Answer 27: Each of these should be a separate entity which means they should be submitting their own AFR.

**QUESTIONS AND ANSWERS FROM COUNTY CLERKS CONFERENCE**

Question 1: What do you do when a recent prior Clerk moved money from the perpetuation fund (via a court order from our judge) and did not get the monies appropriated by Council? (our council knew nothing about these monies). Do I need to self-report?

Answer 1: It is not clear where the money was moved to. A transfer to another fund would not require an appropriation but would require authority to make the transfer, which could possibly be the court order. Hard to say without seeing the order.

Question 2: Are out-of-state government agencies required to pay for Sheriff Service in Indiana if they are trying to serve a litigant in their case who lives in Indiana?

Answer 2: Yes. Indiana State government and political subdivisions do not have to pay fees per IC 33-37-3-1, but this does not include other states. IC 33-37-5-15 on service of process does not show any exceptions for other states.

Question 3: Are we allowed to earn interest on our Odyssey banking account and do any Clerk's get charged a stop payment fee if they have to place a stop payment on that account? If so what account does that stop payment fee come from?

Answer 3: This should be the trust bank account and it can earn interest which would follow IC 5-13-9-6. Bank fees would be paid from the Clerk's budget. However, if there is something unique about with Odyssey.

Question 4: Per our HR Dept, they said there is an 20/80 rule for payroll. If employee's time does not drop below 86.67 hours you don't need to subtract from their pay? Is this something new? Can you explain more in depth?

Answer 4: The only information I could find on a 20/80 rule for payroll was for workers who receive tips and how much time should be spent on non-customer duties. Or that 20% of your work hours are the most productive. I don't see anything on lost time or reducing salaried pay. Per FSLA, for first responders (police) they are entitled to overtime after 86 hours worked in a 14 day period. But I don't see how that relates to a reduction of pay for less than 86.67 and I don't know how that relates to the clerks.

**QUESTIONS AND ANSWERS FROM COUNTY CLERKS CONFERENCE (Continued)**

Question 5: Some candidates have not turned in their CFA4 reports. What is the clerk's responsibility to follow-up on that.

Answer 5: You can view the 2024 Indiana Campaign Finance Manual linked here: <https://www.in.gov/sos/elections/files/2024-Campaign-Finance-Manual.FINAL-with-Appendix-Docs.pdf> IC 3-9-4 deals with administration by Election Division and County Election Board That responsibility for tracking and following up falls to the County Election Board which the clerk is a member of. Penalties for noncompliance IC 3-9-4-17.

Question 6: Adding cash change funds so that deputies can have more drawers. Where does that come from?

Answer 6: IC 36-1-8-2 is for cash change fund. This would be a local policy and determined at the county level.

Question 7: Prior clerk had repeat findings but did not file a CAP, what do I need to do?

Answer 7: You should have or most likely will be receiving an email address for filing a CAP or asking questions regarding CAPs from the following email: [CAP@sboa.in.gov](mailto:CAP@sboa.in.gov). We would suggest reaching out to the email and inquiring about the status of the CAP and any additional procedures required.

Question 8: How long do we have to keep criminal cash bonds where no case has ever been filed. Also same for surety bonds, no case filed when can paperwork be returned to agency.

Answer 8: This is more of a county attorney question, so unfortunately, we cannot assist.

Question 9: What do we do with unidentifiable payments being held in trust. Ex Clerk claims funds from attorney general, but no case number to match to case. Can funds go to the county general fund?

Answer 9: You must figure out what the money is, this is most likely not the county's money, it's someone else's, so it can't just go to general fund. If you cannot figure out what the money is that is being held in trust, then you would need to turn it back over to the Attorney General and it should not have been claimed without knowing what it is.

Question 10: Any reason why all child support isn't enforced?

Answer 10: The enforcement would be at the parent level, if you are talking about why payments are not being made.

Question 11: How do you get the Sheriff's Department to send over bond checks timely? I realize IC 35-33-8-3.2 states the Sheriff is to submit money the next business day, but this has NEVER happened. I have not received bond money from the jail since April 11, 2024. As of today, I am waiting on 35 bond checks. I have contacted the sheriff directly on 4 separate occasions concerning the lateness of getting bond checks. To my surprise, I received the money the next day or on one occasion the same day. I decided to stop "bothering" another elected official and this is the result, no bond checks for 2 months! I am frustrated and do not feel like I should be responsible to track down bond money, I will; however, if SBOA directs me to do so.

Answer 11: We discuss this with the Sheriff offices every chance we get. Clerk could collect all bail money but the Sheriff gives them flexibility of overnight deposit. IC 35-33-8-3.2 ... (e) With the approval of the clerk of the court, the county sheriff may collect the bail posted under this section. The county sheriff shall remit the bail to the clerk of the court by the following business day and remit monthly the five dollar (\$5) special death benefit fee to the county auditor.



**QUESTIONS AND ANSWERS FROM COUNTY CLERKS CONFERENCE (Continued)**

Question 12: If we need to send an Alias summons, is the Clerk allowed to charge the sending party either an additional sheriff service fee or certified mail fee based on how they want it served? Is this different for an attorney verses a Pro Se individual?

Answer 12: You may be able to charge a certified mail fee based on the cost of the mailing for Alias Summons. There should be a local policy allowing the fee to be charged.

Question 13: Judge is ordering a criminal fine and fee to be reduced to a civil judgment, is this possible? If so, how would this be done.

Answer 13: if the judge orders this with a court order, then you should follow the court order. It could be done.

Question 14: Where is the \$2,500 auditors per diem in statute?

Answer 14: See IC 36-2-5-3.7, which is effective 7-1-24.



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**JUDICIAL CIRCUIT CLASSES**

As required by Indiana Code 33-38-5-5 and Indiana Code 33-41-2-10, the Indiana State Board of Accounts is responsible for establishing and certifying to each county the judicial circuit classes. Judicial circuit classes are calculated by using the population and gross assessed values for each county as provided by the Department of Local Government and Finance (DLGF). The classes were established using the gross assessed values certified to the State in March of this year. Judicial classes have been established as noted below.

County			County		
<u>No.</u>	<u>County Name</u>	<u>Judicial Circuit Class</u>	<u>No.</u>	<u>County Name</u>	<u>Judicial Circuit Class</u>
1	Adams	8	47	Lawrence	7
2	Allen	2	48	Madison	3
3	Bartholomew	3	49	Marion	1
4	Benton	9	50	Marshall	5
5	Blackford	9	51	Martin	9
6	Boone	3	52	Miami	8
7	Brown	9	53	Monroe	3
8	Carroll	9	54	Montgomery	7
9	Cass	8	55	Morgan	4
10	Clark	3	56	Newton	9
11	Clay	9	57	Noble**	6
12	Clinton	8	58	Ohio - Dearborn*	5
13	Crawford	9	59	Orange	9
14	Daviess	8	60	Owen	9
15	Dearborn - Ohio*	5	61	Parke	9
16	Decatur	8	62	Perry	9
17	Dekalb**	6	63	Pike	9
18	Delaware	3	64	Porter	2
19	Dubois	6	65	Posey	8
20	Elkhart	2	66	Pulaski	9
21	Fayette	9	67	Putnam	8
22	Floyd	4	68	Randolph	8
23	Fountain	9	69	Ripley	8

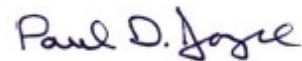
24	Franklin	9	70	Rush	9
25	Fulton	9	71	St. Joseph**	3
26	Gibson**	7	72	Scott**	8
27	Grant	5	73	Shelby	8
28	Greene	8	74	Spencer**	3
29	Hamilton	2	75	Starke	9
30	Hancock	3	76	Steuben	6
31	Harrison	7	77	Sullivan	9
32	Hendricks	2	78	Switzerland	9
33	Henry	7	79	Tippecanoe	2
34	Howard	4	80	Tipton	9
35	Huntington	7	81	Union	9
36	Jackson	6	82	Vanderburgh	2
37	Jasper	7	83	Vermillion	9
38	Jay	9	84	Vigo	3
39	Jefferson	8	85	Wabash	8
40	Jennings	9	86	Warren	9
41	Johnson	2	87	Warrick	4
42	Knox	7	88	Washington	9
43	Kosciusko	3	89	Wayne**	5
44	Lagrange	6	90	Wells	8
45	Lake	2	91	White	8
46	LaPorte	3	92	Whitley	7

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

\*\*Note changes in Judicial Circuit Class for 2024

I, Paul D. Joyce, CPA, State Examiner of the Indiana State Board of Accounts, do hereby certify that the judicial circuit classes set forth above were established by the Indiana State Board of Accounts pursuant to Indiana Code 33-38-5-5 and Indiana Code 33-41-2-10.

Dated this 14<sup>th</sup> day of June 2024




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Paul D. Joyce, CPA  
State Examiner