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State Examiner

TOWNSHIP BULLETIN

ISSUED BY THE STATE BOARD OF ACCOUNTS

ITEMS TO REMEMBER

OCTOBER

October	1:	Prove all ledgers for the prior month
October	13:	Columbus Day – Legal Holiday [IC 1-1-9-1]
October	14:	Last day to post notice to taxpayers of proposed 2026 budgets and net tax levies and a public hearing (Budget Form 3) to Gateway. (Notice must be posted at least 10 days before the public hearing, which must occur at least 10 days before the adoption.) [IC 6-1.1-17-3]
October	15:	Deadline to upload monthly bank reconcilements, bank statements, outstanding check lists, approved board minutes, and funds ledger, summarizing total receipts, disbursements, and balances by fund for August 2025 to Gateway. [State Examiner Directive 2018-1 (Amended April 2025)]
October	20:	If your monthly average tax withheld is more than $1,000, the 20th is the last day to report and make payment for the balance of State and County Income Tax withheld in the prior month to Indiana Department of Revenue.
October	24:	Last possible day for Townships to hold a public hearing on their 2026 budgets. Public hearing must be held at least 10 days before budget is adopted. [IC 6-1.1-17-5]
October	30:	If your monthly average tax withheld is $1,000 or less, the 30th is the last day to report and make payment for the balance of State and County Income Tax withheld in the prior month to Indiana Department of Revenue.
October	31:	IRS Form 941 (Employer's Quarterly Federal Tax Return) due
		All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories. [IC 5-13-6-1(e)]

NOVEMBER (CONTINUED)

November 1: Prove all ledgers for the prior month.

November 3: Deadline for all Townships to adopt 2026 budgets, tax rates, and tax levies. [IC 6-1.1-17- 5(a)]

November 10: Last day for Townships to submit their 2026 budgets, tax rates, and tax levies to the DLGF through Gateway

November 11: Veteran's Day – Legal Holiday [IC 1-1-9-1]

November 15: Deadline to upload monthly bank reconcilements, bank statements, outstanding check lists, approved board minutes, and funds ledger, summarizing total receipts, disbursements, and balances by fund for September 2025 to Gateway. [State Examiner Directive 2018-1 (Amended April 2025)]

November 20: If your monthly average tax withheld is more than $1,000, the 20th is the last day to report and make payment for the balance of State and County Income Tax withheld in the prior month to Indiana Department of Revenue.

November 27: Thanksgiving Day – Legal Holiday [IC 1-1-9-1]

November 30: If your monthly average tax withheld is $1,000 or less, the 30th is the last day to report and make payment for the balance of State and County Income Tax withheld in the prior month to Indiana Department of Revenue.

All local investment officers shall reconcile at least monthly the balance of public funds as disclosed by the records of the local officers, with the balance statements provided by the respective depositories. [IC 5-13-6-1(e)]

DECEMBER

December 1: Prove all ledgers for the prior month.

On or before June 1 and December 1 of each year (or more frequently if the County Legislative Body adopts an ordinance requiring additional certifications) the Township shall certify a list of the names and addresses of each person who has money due from the Township to the County Treasurer. [IC 6-1.1-22-14]

December 15: Deadline to upload monthly bank reconcilements, bank statements, outstanding check lists, approved board minutes, and funds ledger, summarizing total receipts, disbursements, and balances by fund for October 2025 to Gateway. [State Examiner Directive 2018-1 (Amended April 2025)]

December 25: Legal Holiday - Christmas Day. [IC 1-1-9-1]

December 31: All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories. [IC 5-13-6-1(e)]

Last day for the Department of Local Government Finance to accept additional appropriation requests for the 2025 budget year from units. [IC 6-1.1-18-5]

RESOLUTION ESTABLISHING SALARIES OF TOWNSHIP OFFICERS AND EMPLOYEES (FORM 17)

IC 36-6-6-10 requires the Township board to fix the salaries; wages; rates of hourly pay; and remuneration other than statutory allowances of all Township officials and employees, except assessing officials and employees. We want to remind townships that the township board should record the salaries so fixed in the township board minutes. Township Form No. 17 has been prescribed to fulfill the requirements of IC 36-6-6-10. A type of format for recording these salaries should be the existing format of Township Form No. 17. Salaries established for any one position should not have multiple classifications (i.e., a clerk position should not be annual and hourly and weekly, etc.). We also recommend the board set the salaries of Township officials and employees, in conjunction with the preparation and completion of the Township budget.

STATE MILEAGE REIMBURSEMENT RATE

IC 36-6-8-3(b) states: “The township executive is entitled to a sum for mileage in the performance of official duties equal to the sum per mile paid to state officers and employees. However, this subsection does not apply when the township executive uses a township vehicle in the performance of official duties.”

The Indiana Department of Administration establishes the state mileage rate. The most recent update was through a memo issued on June 15th, 2022, changing the mileage reimbursement rate to $.49 per mile.

A copy of this memo can be found on the Indiana Department of Administration’s website using this link: https://www.in.gov/idoa/files/Mileage_Rate_-_June_2022.pdf.pdf.

CVET AND FIT DISTRIBUTIONS

Recent legislative changes allow a taxing unit to deposit distributions of Financial Institutions Tax (FIT) and Commercial Vehicle Excise Tax (CVET) in “any fund maintained by the taxing unit,” and the distributions may be used for any purpose allowed by law. [IC 6-5.5-8-2(c); IC 6-6-5.5-20(h)]. While this broad language benefits taxing units by allowing them to receipt the funds where they will be most effectual, if a unit does not take steps to ensure the distribution is adequately tracked, critical audit findings may result.

During audit, it is imperative that SBOA be able to identify into which fund the distributions are receipted. Therefore, if a unit receipts FIT and CVET distributions into any fund other than the Township fund (General), the legislative body of the unit must identify into which fund the distributions will be receipted. The fund identification must be made prior to the distribution and may be done through ordinance, resolution, or vote (memorialized in meeting minutes). If the distributions are receipted into the Township fund (General), the unit need not adopt an ordinance, resolution, or vote.

ENGAGEMENT COSTS

As economic conditions fluctuate and budgets tighten, political subdivisions face growing pressure to manage costs with precision and plan audits more strategically. This article takes a closer look at how the Statement of Engagement Costs can serve as a vital tool for forecasting expenses for future audit costs.

Rates

If necessary, our rates are amended annually and submitted to the audit committee for review to ensure the cost of performing an audit does not exceed an amount equal to eighty percent (80%) of the market rate cost. Our rates are not changing for the upcoming fiscal year and can be found on our website: https://www.in.gov/sboa/about-us/our-rates/.

Statement of Engagement Costs

At the end of an audit engagement, the State Board of Accounts sends a Statement of Engagement Costs to each political subdivision, including the County. This statement details a summary of the engagement, including the number of days spent on the audit, the daily/hourly rate, and any report processing fees. This statement is not an invoice that is to be paid by the entities.

The process for the county to pay the examination fees is outlined in statute:

> "The state examiner shall certify to the auditor of each county the amount chargeable to each taxing unit within the county for the expense of its examinations as provided in this chapter. Immediately upon receipt of the certified statement, the county auditor shall issue a warrant on the county treasurer payable to the treasurer of state out of the general fund of the county for the amount stated in the certificate. The county auditor shall reimburse the county general fund, except for the expense of examination and investigation of county offices, out of the money due the taxing units at the next semiannual settlement of the collection of taxes."
>
> [IC 5-11-4-3(b)].

The statute does not specifically restrict the use of any of the funds taken from settlement and a distribution is not viewed the same as a disbursement from the fund so we will not take exception to taking a distribution from a fund other than general. We do however recommend avoiding taking from the debt funds without discussing with the unit first as these funds are levied for the exact amount needed to cover a political subdivisions debt.

If the county knows or reasonably believes that it does not have on hand or will not have collected enough taxes by the next distribution date for a taxing unit included on the examination of records billing, the county auditor will send the certified statement to the taxing unit for payment of costs. The taxing unit should contact the State Board of Accounts to arrange for payment of examination costs directly to the State Board of Accounts. The cost must be paid prior to the next audit. If the audit costs due to the State Board of Accounts are not paid prior to the next audit, the independence of the State Board of Accounts is impaired and future audits are delayed.

ENGAGEMENT COSTS (Continued)

When the taxing unit is required to pay audit costs directly, these costs may be allowed to be paid from funds other than Township fund (General). For example, Rainy Day funds could be used if your Rainy Day Resolution allows for the payment of audit costs. Payment of audit costs does not require an appropriation per IC 5-11-4-4, which states:

> "All disbursing officers be and they are hereby authorized to make all disbursements or payments required to be made under the provisions of this chapter without any appropriation being made therefor."

Planning for Future Audits

For political subdivisions, planning for audit costs is a strategic exercise that ensures transparency, compliance, and fiscal responsibility. Whether preparing for a routine financial audit or a more complex single audit of federal programs, understanding the drivers of audit costs can help entities plan effectively and avoid surprises.

There are a number of key factors to consider when planning for audit costs:

- **Amount of federal assistance disbursed during the audit period** - If you have expended $1,000,000 or more of federal awards (whether the award is direct or passed through another entity) in a year, the taxing unit is required to have a single audit conducted in accordance with the Federal Office of Management and Budget's Uniform Guidance. Single audits require an annual audit. If your unit does not need a Single Audit, there may be a longer time between your examinations.
    - **Tip** – Review your Schedule of Expenditures of Federal Awards (SEFA) to identify the amount of federal assistance disbursed over the threshold.
    - **Tip**– If you will not need a single audit, the anticipated audit costs will be less than audit costs for a year that needs a single audit.
    - **Tip** – Review the grant agreement for any large federal grant to determine whether grant funds may be used to pay a portion of the audit costs.
- **Number of years in the audit period** - Multi-year audits or audits covering extended periods require an increased number of audit days and staff hours needed for the engagement.
    - **Tip** – During the entrance conference, confirm the number of years the audit period covers.
- **Prior period audit costs** – Past audit costs offer a benchmark for estimating future costs. The prior Statements of Engagement Costs outline the number of years included in the audit, hourly rates, number of days, and fees which calculate the total cost.
    - **Tip** - Review prior statements of engagement costs to form a baseline for future engagement costs. Current rates and fees are included on our website: https://www.in.gov/sboa/about-us/our-rates/.

ENGAGEMENT COSTS (Continued)

- **Entrance and exit conference documentation** – Field examiners are required to provide estimates of audit costs at the entrance and exit conference of each engagement. These forms give insight into the estimated time spent on the audit.
    - **Tip** - Use entrance and exit forms to calculate an estimated total cost of the audit. Multiply the number of hours spent by the current daily rate to estimate future costs, plus fees for processing and technology costs. If a federal audit is performed, you will also have to add the number of federal programs audited: multiply the number of hours for each federal program by the full direct cost rate.
- **Complexity and Readiness of Financial Records** – Well-organized records reduce audit time; disorganized or incomplete records increase it. The more issues and difficulty encountered during the audit increase the length of the engagement.
    - **Tip - I**nvest in pre-audit preparation. Clean books and reconciled accounts can reduce audit hours and overall cost.
- **Prior period comments and follow-up** - Prior period audit comments can significantly impact future audit costs, especially if issues remain unresolved. These comments often lead to follow-up, the possibility of expanded testing, and increased documentation requirements, all of which increase audit time and costs. Addressing them proactively not only demonstrates a commitment to financial integrity but also reduces the risk profile of the engagement.
    - **Tip** – Prior period comments should be reviewed prior to the next audit and corrected. Clear documentation of corrective actions can streamline the audit process and help control costs.

Planning for audit costs isn't just about numbers—it's about understanding your entity's financial landscape and anticipating changes. By analyzing federal assistance, audit history, and examiner documentation, a political subdivision can plan ahead for realistic audit costs. Please reach out to the Directors if you want additional guidance on planning for audit costs.

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