

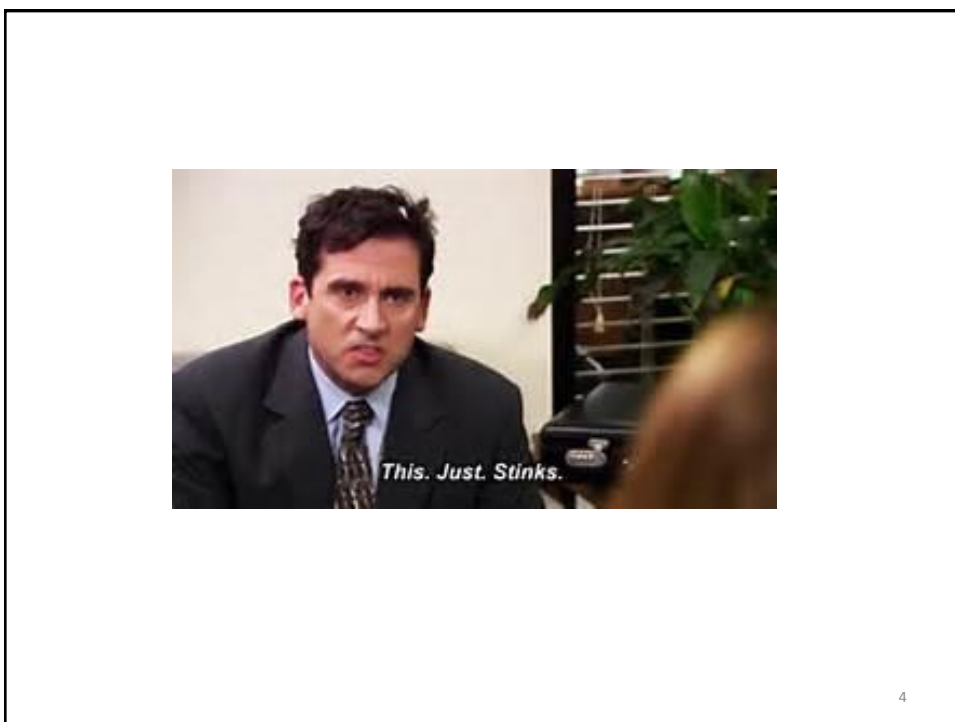
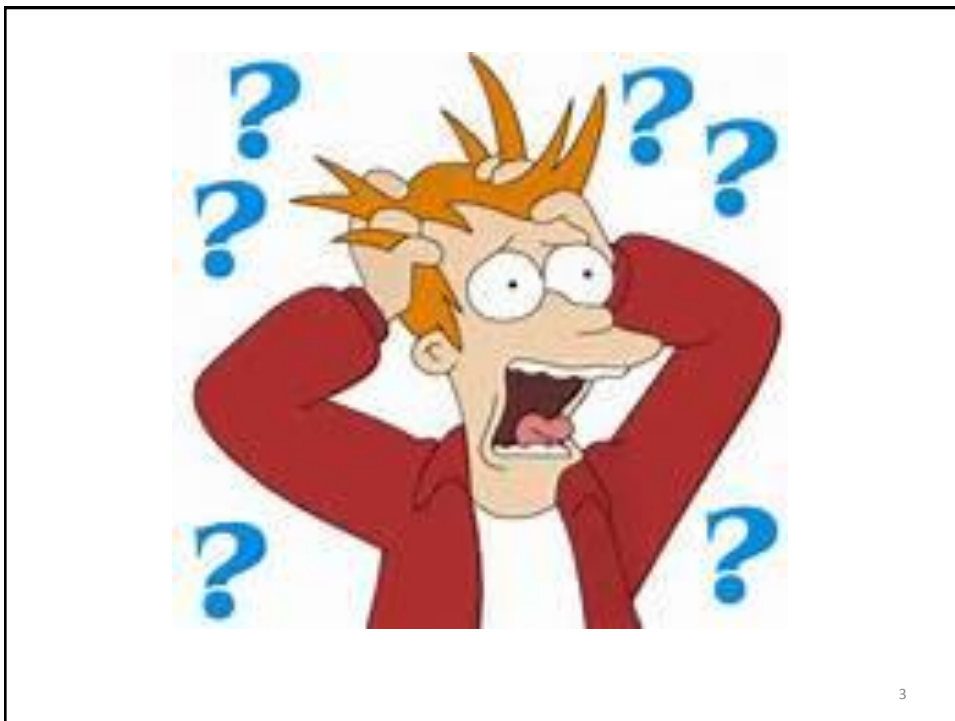
May 2016 Auditor's Conference

Fred Van Dorp
Settlement Director
Office of the Auditor of the State
May 27, 2016

New Faces



- Name: Duong Vu
- Pronounced: Zoo-ong
- Start Date: April 25, 2016
- Originally from Vietnam
- Graduated from IUPUI with a degree in Business law.
- Favorite Song: "Just want you to know" by the Backstreet Boys
- Email: DVu@auditor.in.gov
- Telephone: 317-234-1667



Abstract: Gateway Initiative

- The Gateway Initiative is a joint project between AOS and DLGF to overhaul how we think about the abstract.
- The goal is to transition the abstract completion, submission, review and approval process from a manual, spreadsheet based review to an online, digital review processed via Gateway.
- Gateway Abstract Module will be configured to recreate the existing review performed by AOS, and will be expanded to include other areas of interest not previously part of the review.

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Abstract: Gateway Initiative

1. Preabstract

Annually, Gateway will be loaded Preabstract review information like LOIT (LIT), December Settlement information, previous year abstract information, Phase in, MTE, TIF related, AV information, etc.

2. Abstract Submission*

Each county will upload a flat file from their software system into Gateway.

3. Abstract Review

The county will navigate through several review pages in Gateway to evaluate the submitted file.

4. Abstract Approval

Once the information is accepted, DLGF and AOS will be notified of preapproval and, if applicable, the CB rate file and CB abstract will be calculated and distributed to the county.

Note: There will be more on this flat file in a moment.

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Abstract: Gateway Initiative

Although we are well trained on the current process, there are many advantages that we are hoping to recognize by switching to Gateway.

- Limited data entry
- Reduced wait time before State review
- Consolidated DLGF, AOS, & LSA review efforts
- Advanced Abstract review metrics and reporting capabilities

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Abstract: Gateway Initiative

During the abstract review and approval process, a considerable amount of energy and resources are dedicated to data entry.

- The Abstract is used to evaluate the information in your software system prior to sending out the tax bills.
- In practice, the Abstract identifies as many data entry issues as problems with the SW system.
- The Initiative will reduce the amount of time with data entry, which should create more time for data review.

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Abstract: Gateway Initiative

AOS will always be a bottleneck for the abstract review process.

- During the 2016 abstract season, AOS averaged 1.5 days between first submission and preapproval.
- Gateway will perform a comparable review, but will accept submissions 24 hours a day.
- Gateway will reduce the amount of time between the time of submission and the beginning of the review process.

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Abstract: Gateway Initiative

The Initiative isn't content recreate the existing process in Gateway. Steps are being made to improve the State efficiency in the overall process.

- DLGF reviews AV related information in August/September.
 - Primary Review: Comparing previous year reports to current year values.
- AOS reviews taxing district level information in February/March.
 - Primary Review: Comparing previous year abstract to current year to identify potential issues
- LSA reviews Abstract level information compared to TAXDATA information in April/May.
 - Primary Review: Various reviews stages including some year to year comparison

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Flat File

Flat file will represent a change in the information that we will be using to build the abstract. Instead of using summary information from the software system, we will use the detail information from the software system.

1. The flat file will contain parcel level information from the software system.
2. Gateway will convert the file into a database format.
3. The database will summarize the parcels into taxing district level.

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Abstract: Gateway Initiative

The Abstract template is a masterpiece. By compartmentalizing the various sections of the abstract, a consistent template can be used across 92 very different counties. Unfortunately, the Abstract template facilitates data entry at the expense of reporting.

- The Initiative will use a database approach for evaluating the information, which is result in significantly expanded reporting capabilities.
- The Initiative will emphasize several different aspects of abstract reporting.
 - Although we will create a 'standard' abstract out of the information, the Initiative will place a significant amount of expand the abstract 'outputs' in the form of TIF, taxing district, county, State, and public reports.

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	A	B	AH
1			
2			
3	Adams 2015 Pay 2016		SECTION 1B
4			
5			32
6			APPROVED TAX RATE
7	TAXING DISTRICTS	DLGF TAXING DISTRICT CODES	
8	NORTH BLUE CREEK TOWNSHIP	001	1.4199

AH8 References Cell G1206

	A	B	AH
199	Adams 2015 Pay 2016		SECTION 5
200			
201			
202	TAX RATES CERTIFIED BY DLGF		GRAND TOTAL CURRENT TAXES DLGF CERTIFIED TAX RATE
203			
204	TAXING DISTRICTS	DLGF TAXING DISTRICT CODES	
205			
206	NORTH BLUE CREEK TOWNSHIP	001	1.4199

GI206 Sums Cells BS206, DE206, and GC206.

	A	B	AH
202	TAX RATES CERTIFIED BY DLGF		TOTAL CITY & TOWN, SPECIAL DISTRICT & TIF DLGF CERTIFIED TAX RATE
203			
204	TAXING DISTRICTS	DLGF TAXING DISTRICT CODES	
205			
206	NORTH BLUE CREEK TOWNSHIP	001	0.0445

GC206 sums Cells ER206, GA206, and GB206

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Abstract: Gateway Initiative

These are just a few of the early reports recommended.

1. Report: Abstract information summarized at FUND level
 2. Report: Abstract information summarized at CITY/TOWN and/or TOWNSHIP level
 3. Report: TIF impact on taxing districts
-
1. Comparison: CNAV and Abstract (Actual)
 2. Comparison: Abstract (Current Year) to Abstract (Previous Year)
 3. Comparison: Impact of Phase in Rates on rates and totals
 4. Comparison: Impact of CB adjustment on rates and totals
 5. Comparison: Impact of Fire Adjustments on rates and totals

Recap

- Eliminate as much data entry as possible
- Eliminate AOS bottleneck at beginning the review
- Eliminate AOS bottleneck for distributing abstract information
- Coordinate review steps and questions by consolidating reviews being performed by DLGF, LSA, and AOS.
- Expand Abstract Reporting capabilities for State, County, Taxing District, and Public.
- Transition to parcel level source material

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Abstract: Gateway Initiative

In April, AOS/DLGF held its initial meeting with representatives from the 25 counties.

- The feedback from the group was extremely beneficial. They help us to get a better understanding of county perspective of the process.

In May, AOS/DLGF had its initial teleconference with all four tax and billing software vendors.

- Follow up meetings will be scheduled in July.

In May, AOS/DLGF had its initial meeting with LSA.

- As users of abstract, they are very interested in any updates that we can make to the process.

Note: In June, AOS/DLGF will be meeting with SBOA.

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Abstract: Gateway Initiative

As expected, DLGF and AOS will design a process that will work for the State, but there are county specific customizations that will need to be added.

- **You will have extensive opportunities to test.**
- DLGF will be designing a testing environment for the counties and vendors.
 - The environment will not have the entire process.
 - Your opinions and feedback on form, format, and function will help us to design a better process.

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Abstract: Gateway Initiative

DLGF and AOS are projecting going live with the Gateway Abstract Review beginning next year.

Several follow up meetings with vendors and counties over the next few months.

Go Live Date: January 1, 2017

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Print: Abstracts and Form 105

For the second consecutive May, we are at conference, but AOS has not yet distributed hard copies of the Abstracts to the counties.

Last year, the Abstracts were sent out in July.

This year, AOS is planning a pivot. This year, we will not be printing hard copies of the abstract, coversheet, June 105s, or December 105s.

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Print: Abstracts and Form 105

In addition to serving as the official book end of abstract and settlement processes, the printed abstract served two additional purposes:

- 1.) The hard copy returned to the State included the signature from the county auditor certifying the figures were correct.
- 2.) The hard copy returned to the State was ultimately sent to the Indiana Archives and Records Administration (IARA).

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Print: Abstracts and Form 105

The use of electronic signature and digital signatures is becoming more prevalent in both the private and public sectors.

SBOA has posted guidelines, opinions, and concerns about electronic and digital signatures.

- <http://www.in.gov/sboa/3232.htm>

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Print: Abstracts and Form 105

- Digital Signature

- A Digital Signature means an electronic signature that transforms a message using an asymmetric cryptosystem such that a person having the initial message and the signer's public key can determine whether: The transformation was created using the signer's private key; and whether the initial message has been altered since the transformation
- **Not applicable.**

- Digitized Signature

- A written signature that has been read by a computer device, which has converted the signature into digital data,
- **Not applicable.**

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Print: Abstracts and Form 105

- **Electronic Signature (eSigs)**
 - An electronic signature means an electronic sound, symbol, or process attached to or logically associated with an electronic record and executed or adopted by a person with the intent to sign the electronic record. Examples of electronic signatures include, but are not limited to:
 - Click OK on a screen
 - PIN Number
 - Fingerprint Scan
 - Retina Scan

- **SBOA lists several of their concerns about using eSigs, one of those concerns is:**
 - Any certification language that the Official must attest to in the manual signature process must be part of the approval process before the electronic signature can be created.

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Print: Abstracts and Form 105

The language on the eSig is identical to the language previously included on the coversheets or in the center of Form 105:

By checking this box, I, [\[Enter Full Name\]](#) County Auditor of [\[Enter Name of County\]](#) County, Indiana, hereby certify this report to be a true abstract of the property, assessments, taxes, deductions and exemptions in each taxing district in the aforesaid county, and the aggregate of taxes charged thereon for each purpose. I further certify the statement of taxes and penalties unpaid at the time of the last settlement between the County Auditor and County Treasurer and the disposition thereof is true and correct.

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Print: Abstracts and Form 105

AOS has been working with the Indiana Archives and Records Administration (IARA) to update our records retention policy.

- IARA has a responsibility to ensure that there is redundancy in the record retention across the State with the goal was to mitigate the impact of a catastrophe on a single office.
- AOS will distribute the Abstract/Form 105 and coversheet to IARA meaning the file will exist in three separate locations.

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Print: Abstracts and Form 105

- This should not be interpreted as a reason to destroy any existing records. The county will need to adhere to any existing records retention scheduled provided by SBOA or IARA.
- The county may continue to print and maintain hardcopies of the abstract. This policy change focuses on the State printing the abstract.

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Print: Abstracts and Form 105

- AOS will be collecting eSigs for all 92 counties for the Pay 2016 abstract.
- Due to the late notice of this presentation, AOS will provide a hardcopy of the abstract to any county that requests it.
 - Following the conference, we will be sending out information to find out which counties are still requesting the hard copy.

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Electronic Payment Policy

The AOS has been able to receive electronic payment for the last several years.

Calendar Year	ACH	Check
2015	20%	80%
2016 (to date)	31%	69%

The policy was not previously been documented and was always presented as voluntary.

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Electronic Payment Policy

AOS Electronic Payment Policy

<http://www.in.gov/auditor/2589.htm>

This is the AOS remittance policy. Payments made to SBA, SBOA, or other State agencies are not subject to this requirement.

Beginning on July 1, 2016, the following remittances must be sent to the State electronically.

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Electronic Payment Policy

Type of Payment:	Indiana Code Section:	Funds Due:
Fines and Forfeitures	IC 20-49-3-16	On May 1 and November 1 each year.
Judges Supplemental Salaries	IC 33-38-5-6	On Feb. 1, May 1, Aug. 1, & Nov. 1 each year.
All Settlement Related monies reported on Certificate of Settlement (Form 105)	IC 6-1.1-27-3	By June 30 and December 31 each year.
INFRACTION JUDGEMENT	IC 34-28-5-5	By June 30 and December 31 each year.
OVERWEIGHT VEHICLE FINE	IC 9-20-4	By June 30 and December 31 each year.
SPECIAL DEATH BENEFIT	IC 35-33-8-3.2	By June 30 and December 31 each year.
SALE DISCLOSURE FEE	IC 6-1.1-5.5	By June 30 and December 31 each year.
CORONER'S CONTINUING ED. FEE	IC 16-37-1-9	By June 30 and December 31 each year.
ADULT & JUV. OFF. INTERS. COMP. FEE	IC 11-13-4.5-4	By June 30 and December 31 each year.
MORTGAGE RECORDING FEE	IC 24-9-9-1	By June 30 and December 31 each year.
CHILD RESTRAINT FINE	IC 9-19-11	By June 30 and December 31 each year.
CANINE RESEARCH AND ED. FUND	IC 6-9-39	By June 30 and December 31 each year.
SEX/VIOLENT OFFENDER REGIS. FEE	IC 36-2-13-5.6	By June 30 and December 31 each year.
DLGF HOMESTEAD PROP. DB FUND	IC 6-1.1-12-37(f)	By June 30 and December 31 each year.
VIOLENT CRIME VICTIMS COMP FUND	IC 11-10-8-6(a)	By June 30 and December 31 each year.

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Electronic Payment Policy

In the event a political subdivision or officer is unable to comply with the new policy, the political subdivision or officer must request the Auditor of State (AOS) grant a waiver of the requirement. The political subdivision or officer must state the reason for requesting the waiver, and sign and verify the waiver form.

All waiver requests will be evaluated by AOS.

Waiver Exceptions ---

- 1.) The political subdivision or officer does not currently have a savings or checking account and is unable to establish such an account within the geographic area of the political subdivision or officer's primary location without payment of a service fee.*
- 2.) The political subdivision or officer's primary location is too remote to have access to a financial institution where a direct deposit can be made.
- 3.) The political subdivision or officer's financial institution is unable to accept an electronic deposit or withdrawal. **

NOTE: The political subdivision or officer must submit with the waiver request a written statement by the political subdivision or officer's financial institution that the financial institution is unable to accept an electronic deposit or withdrawal.

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Electronic Payment Policy

1. What happened that to change this policy from voluntary?

This is something that AOS has wanted to do for several years, but the June Settlement 2015 showed us the importance of improving the remittance policy.

2. Why does the policy begin on July 1st?

Ideally, we would set the effective today, but July 1st represents the beginning of the fiscal and gives the county an opportunity to review, discuss, and implement the policy.

3. What happens if we send a check?

If the payment is not made in the manner prescribed by AOS, we reserve the right to return the check to your office. Then, AOS reserves the right to charge interest or damages for the delinquent remittance.

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Electronic Payment Policy

1. Has anyone told the State or County Treasurer about this new policy?

AOS has worked closely with the State Treasurer to develop the policy. We will give this portion of the presentation at the annual County Treasurer Conference this summer.

2. What happens next?

The new policy is posted on our website. Immediately following the end of Settlement, AOS will begin collecting the "EFT Agreement Forms."

3. I'm already remitting electronically do you still need an agreement?

Yes. We will need an electronically signed copy of the EFT Agreement form from all 92 counties for our records.

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Excise Distribution: Watercraft

Last Fall, AOS transitioned the distribution of Boat excise and Education plate to another State agency.

The transition has not been as seamless as hoped.

AOS will work with the agency to establish a more consistent time table or we will take the distribution responsibility back.

Distribution Date Range	Distribution Date (Actual)
September 2015 BOAT EXCISE TAX	11/13/2015
October 2015 BOAT EXCISE TAX	12/17/2015
November 2015 BOAT EXCISE TAX	01/10/2016
December 2015 BOAT EXCISE TAX	02/12/2016
January 2016 BOAT EXCISE TAX	03/01/2016
February 2016 BOAT EXCISE TAX	04/21/2016
March 2016 BOAT EXCISE TAX	05/19/2016
April 2016 BOAT EXCISE TAX	05/27/2016

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LOIT Fund Balance Survey

There are some exciting changes coming to the world of Local Option Income Tax. In 2017, virtually every document used during the Abstract and Settlement will be updated to reflect these LOIT changes.

DLGF Presentation:

[To 2017 and Beyond: Indiana Local Income Taxes](#)

More information about the changes in terminology, form, format, funds, etc. will be forthcoming. There will be a series of memos, policy documents, and presentations created as we get closer to January 1.

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LOIT Fund Balance Survey

- Fund numbers and names are taken directly from SBOA.
 - https://secure.in.gov/sbo/files/Fund_Descriptions_07_01_15.pdf
- On July 1st and Jan 1st, AOS can predict these fund balances using the county configuration, monthly activity, and Settlement activity.

7311 CAGIT
7312 CEDIT
7313 COIT
6005 LOIT PUBLIC SAFETY
6004 LOIT PROP TAX OPER LEVIES REPLACE
6006 LOIT STABILIZATION
6101 CEDIT HSC
6102 COIT HSC
6105 LOIT HSC
6201 LOIT PTRC
6202 LOIT RES PTRC

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LOIT Fund Balance Survey

The goal of the survey was to identify funds with unexpected activity, so that AOS could design a clean up process as we prepare the LOIT changes. The survey results for these 11 funds indicated any clean up process would be difficult to design.

Identified Issues

1. Fund number was correct, but fund name was changed.
2. Fund number and name were correct, but the fund was repurposed.
3. Home rule funds were used instead of the settlement or statutory funds.

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LOIT Fund Balance Survey

Beginning on July 1,

- AOS will be showing an increased interest in the county fund numbers and county fund names for funds used to remit to or receive from the State.
- This should not be considered an fund audit. This interest is designed to promote uniformity across all counties
 - The targeted funds will be based on SBOA's prescribed fund information.

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LOIT Fund Balance Survey

Before January 1,

- AOS will provide guidelines on how to handle all existing 2016 LOIT balances.
 - The guidelines will be based on SBOA fund numbers, names, and expected usage.

- AOS/SBOA/DLGF will provide specific instructions on which funds will be used and which purposes these funds will be used for the new LIT distributions.

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Distribution Factors

Annually, AOS updates the Population, Mileage, and Vehicle Registration information used in the factor based distributions using information from the US Census Bureau, INDOT, and BMV.

- The updated Factors are posted on the AOS website.
 - <http://www.in.gov/auditor/2523.htm>
- These factors will used to calculate the distribution amounts for the next twelve months.
- Please share this information with other interested parties within the county.

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Budget Revenue Estimates

At the end of the fiscal year, AOS posts the projected revenue amounts for MVH, MVH #1, MVH #2, ABC Gallonage, Cigarette Tax (General and CCIF), Local Road and Street, CVET, and FIT for the upcoming 18 months.

- Annual Estimates will be posted on the AOS website
 - <http://www.in.gov/auditor/2522.htm>
- Information distributed to County Auditors
 - Please forward the memo/link to other interested parties in the county.
- Information posted on either per capita basis or as percentage increase or decrease of previous year's actual distribution
- Our goal is to calculate, complete, and post the Budget Revenue estimates before June 10.

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Excise Imbalances: Follow Up

At the Fall Conference, AOS presented on the excise reconciliation spreadsheet, which is a required document submitted during both the June and December Settlement.

Quick Recap ---

- Excise collections and distributions should exist on a closed loop.
- Excise timing differences are unavoidable, and are reported on the Line 7 (Cell E27) on the excise reconciliation spreadsheet.
- Excise imbalances Line 10 (Cell E37) will require additional support and explanation to be provided.

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Excise Imbalances: Follow Up

In June 2015, there was more than \$1M in unreconciled differences reported at Settlement. These imbalances were noted, but did not prevent Pre or Final approval.

Settlement Period	Percentage of Counties Reporting Excise Imbalance
June 2015	15%

In December 2015, the total has fallen to 4% of counties reporting an imbalance and a total amount less than \$20,000 in unreconciled differences.

Settlement Period	Percentage of Counties Reporting Excise Imbalance
December 2015	4%

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Spring Settlement

The June Settlement Manual is posted.

<http://www.in.gov/auditor/2534.htm>

The June Settlement documents have been added the FTP site.

The Spring Settlement documents, review, submissions, methods, and standards are largely unchanged from June 2015.

Conceptually, AOS' review can be separated into two steps.

1. Document Validation
2. Distribution Validation

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Spring Settlement

As a State, we are less than 50 days away from the statutory end of the Spring Settlement. Before looking ahead to 2016, let's review how the State did collectively last year.

Primary Grading Metric	June 2015 Value
1 st Submission	6/7/2015
Preapproved Submission	6/8/2015
Final Approval	6/18/2015
Number of Submissions	217 (Average 2.36)
Counties w. One Submission	24
Settlement funds Collected after June 30	11,207,293.57 (11% of total)

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Spring Settlement

Below are the target figures that I would like the State to aim for during the June 2016 Settlement. The primary goal is for the "Settlement funds Collected after June 30" to fall to zero. Since June 30 marks the end of the statutory due date for Settlement and the end of the fiscal year, there is an increased emphasis on collecting these funds before we close the fiscal year.

Primary Grading Metric	June 2015 Value	June 2016 Goal
1 st Submission	6/7/2015	6/10/2016
Preapproved Submission	6/8/2015	6/8/2016
Final Approval	6/18/2015	All Counties prior to 6/30
Number of Submissions	217 (Average 2.36)	183 (Average 1.99)
Counties w. One Submission	24	46.5
Settlement funds Collected after June 30	\$11,207,293.57 (11% of total)	\$0.00

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Spring Settlement

Reminders:

1. The best tool to review the submission is the Settlement Checklist.
2. Prepare for questions about Section C.
3. AOS will gladly accept any additional explanations for Settlement related issues already identified by the county.
4. Confirm that all sheets are completely filled prior to submission.
5. Confirm that your submission contains all required files.
6. Although the Quietus Worksheet is one of the last files created, it needs to be submitted at the same time as your submission.
7. If your submission is not approved on its first submission, AOS will include a listing of all issues identified.
 - The process of correcting the submission may lead to new issues.
8. Please send all submissions to Settlements@auditor.in.gov.

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Presentation Recap

Topic	Takeaway
1. Gateway Initiative	Go live date of January 1, 2017
2. AOS Printing	Hard copy is optional.
3. Electronic Signature (eSig)	AOS to collect eSig for Pay 2017 Abstracts.
4. Electronic Remittance Policy	Effective July 1, 2017.
5. County Fund Usage	Additional questions about county funds
6. Fy 2017 Distribution Factors	Available online.
7. Fy 2017 Budget Revenue Estimates	Available by June 10.
8. Fy 2017 FIT Reports	Available by July 10.
9. Fy 2017 CVET Reports	Available online.
10. Settlement Manual	Available online.
11. Settlement Checklist	Available on FTP Site.
12. Settlement Files	Available on FTP Site.

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