

State Board of Accounts Session Two AIM Budget Workshop



We are dedicated to providing the citizens of the State of Indiana with complete confidence in the integrity and financial accountability of state and local government.

April 28, 2020

Indiana State Board of Accounts

Enhanced Regulatory Basis of Accounting

- Overview

Indiana State Board of Accounts

Enhanced Regulatory Basis 2019 Updates

- ✓ Long-term Debt
- ✓ Leases
- ✓ InterFund Transfers
- ✓ Deficit Fund Balances
- ✓ Significant Contingent Liabilities
- ✓ Significant Commitments
- ✓ Subsequent Events
- ✓ Pensions
- ✓ Capital Assets
- ✓ OPEB

Indiana State Board of Accounts

Enhanced Regulatory 2020 Updates

- Financial Statement - Fund Types
- Interfund Activity
- Capital Assets Note Disclosure (instead of supplementary schedule)
- Conduit Debt
- Short-term Debt
- Tax Abatements
- Landfill Closure and Postclosure Care
- Related-Party Transactions
- Joint Ventures

Postponed

Indiana State Board of Accounts

Pixabay.com

Capital Assets

- Update and maintain Capital Asset Ledger
- Supplementary Schedule (unaudited) for 2019 and 2020
- Compliance Testing
- Estimated Useful Lives of Assets – *Required on Form 369*
- Depreciation Calculation – **Postponed**

Indiana State Board of Accounts

Capital Assets – 2019 AFR Information

- Establish Capitalization Policy
- Maintain Capital Assets Ledger (prescribed form)
- Identify Capital Assets by Activity
- Identify Capital Assets by Major Class
- Confirm Beginning Balance for 2019
- Report Additions to Capital Assets
- Report Reductions in Capital Assets
- Compare Ending Balance to Capital Assets Ledger

Indiana State Board of Accounts

Capital Assets - Resources

You Tube Video – Accounting for Capital Assets

Cities and Towns Bulletin

Cities and Towns Manual

Presentations and Training Materials from 2019

www.in.gov/SBOA *on the cities or towns page*

Indiana State Board of Accounts

Chart of Accounts

Cities and Towns Manual Chapter 3

- Fund Types
 - General
 - Special Revenue
 - Capital Projects
 - Debt Service
 - Permanent Funds

Presentations and Training
Materials:
Clerk Treasurer's Meeting
Fall 2019

Indiana State Board of Accounts

Appropriations

- Cities - IC 36-4-8-2
- Towns - IC 36-5-4-2

Appropriations are required before money may be disbursed unless another statute provides otherwise.

We always recommend that you contact the Department of Local Government Finance for all appropriation or budget related questions!

Indiana State Board of Accounts

Expenditures not to exceed Appropriations

- IC 6-1.1-18-4

Except as otherwise provided in this chapter, the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article.

Indiana State Board of Accounts

When is an Appropriation Not Required?

- 1. Premiums on official bonds. (IC 5-4-5-3)
- 2. Purchased meals, lodging, and mileage for conferences called by the State Board of Accounts. (IC 5-11-14-1)
- 3. Federal and State grants, if advanced and not received as a reimbursement of expenditures.
- 4. Refund of money erroneously received. (IC 6-1.1-18-9)
- 5. Correction of errors in posting. (IC 6-1.1-18-9)
- 6. Investment of funds.
- 7. Repayment of temporary loans.
- 8. Transfer from a city or town user fee fund to a program fund listed in IC 33-37-8-3.
- 9. Establishment of a cash change fund. (IC 36-1-8-2)
- 10. Establishment of a petty cash fund. (IC 36-1-8-3)

Indiana State Board of Accounts

Transfers from One Major Budget Classification to Another

IC 6-1.1-18-6

Transfers from one major budget classification to another within the same department or office.

- Transfer is determined to be necessary
- Transfer will not require expenditure of more money than the total amount set out in the budget
- Ordinance or Resolution is approved at regular public meeting
- Notice or approval from DLGF not required

Indiana State Board of Accounts

Appropriation of Property Damage Money

IC 6-1.1-18-7

- insurance claim proceeds
- money received from a *person* if received as a result of damage to property

Fiscal officer may appropriate *if*

- funds are to be used to repair or replace the damaged property
- funds are expended within twelve months after received

Indiana State Board of Accounts

Advance Grants

- Received directly from federal government or through a state agency
- Separate Project Fund
- No appropriation of the federal funds is required

*Accounting and Uniform Compliance Guidelines Manual for Cities and Towns,
June 2015, part two*

Indiana State Board of Accounts

Reimbursement Grant

- IC 6-1.1-18-7.5
- Appropriated by Council
- Separate Fund is Recommended

Indiana State Board of Accounts

COVID-19 – Other Items

*Thank you
for serving your community through this unprecedented time
of
Public Health Emergency.
We Appreciate You!*

Indiana State Board of Accounts

CARES Provider Relief Fund

- Distributed to Cities or towns receiving medicare fee-for-service reimbursements in 2019
- Optum Bank “HHSPAYMENT”

Indiana State Board of Accounts

CARES Provider Relief Fund (continued)

- Attestation Portal – Terms and Conditions Document
 - Allowable and unallowable expenses
 - Reporting Requirements
- Appropriations
- Fund Number 264

Indiana State Board of Accounts

Emergency Procedures – IC 10-14-3-17(j)

• IC 10-14-3-17(j) “Each political subdivision may...
in the event of a national security emergency or disaster emergency as provided in section 12 of this chapter, waive procedures and formalities otherwise required by law pertaining to:

- (A) the performance of public work;
- (B) the entering into of contracts;
- (C) the incurring of obligations;
- (D) the employment of permanent and temporary workers;
- (E) the use of volunteer workers;
- (F) the rental of equipment;
- (G) the purchase and distribution of supplies, materials, and facilities; and
- (H) the appropriation and expenditure of public funds.”

Indiana State Board of Accounts

Disaster Relief Funds

Indiana State Board of Accounts

CARES Act PL 116-127-Mar 18, 2020

- Emergency Sick Leave
- Emergency Family Medical Leave
- Advice from IRS:
 - Subdivision G – Tax Credits for Paid Sick and Paid Family and Medical Leave not applicable to political subdivisions

***We recommend you contact
your attorney and the IRS
for advice on the implementation of these provisions!***

Indiana State Board of Accounts

Internal Controls during COVID-19

- Receipts
- Disbursements
- Payroll
- Bank Reconciliation

Indiana State Board of Accounts

Internal Controls – Best Practices

Best Practices ▼

[Annual Financial Report](#)

[Snapshot](#)

[Bank Account Reconcilements](#)

[Snapshot](#)

[Credit Card Purchases](#)

www.in.gov/sboa

Indiana State Board of Accounts

Internal Controls – Best Practices

- Annual Financial Report
- Bank Account Reconciliation
- Credit Card Purchases
- Disbursing Activities
- Payroll
- Receipting Activities
- Schedule of Expenditures of Federal Awards

Indiana State Board of Accounts

Best Practices – Internal Controls

Control Environment

The questions in this section are divided by questions that pertain to the governing board and management.

Governing Board:

	YES	NO
1) Does the governing board oversee the unit's internal control system over the preparation, review and submission of the AFR?	<input type="checkbox"/>	<input type="checkbox"/>
2) Are there written policies documenting internal control procedures over the preparation, review and submission of the AFR? If yes, do these written policies outline the authority and responsibility for the preparation, review and submission of the AFR within the unit?	<input type="checkbox"/>	<input type="checkbox"/>
3) Does the fiscal officer present the AFR to the governing board for review and approval at a regularly scheduled public meeting?	<input type="checkbox"/>	<input type="checkbox"/>

Management:

Indiana State Board of Accounts

How to Prepare for a Remote Audit

Indiana State Board of Accounts

Contact Information

**Todd Caldwell
&
Susan Gordon**

Cities.towns@sboa.in.gov

317-232-2513

www.in.gov/sboa

Pixabay.com

Indiana State Board of Accounts