



Enhanced Regulatory Reporting

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Contact Information



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Basis of Accounting



- GAAP Basis of Accounting and Reporting

- Generally Accepted Accounting Principles

- Regulatory Basis of Accounting and Reporting

- Prescribed by State Examiner

Enhanced Regulatory Reporting



- Purpose
 - Be proactive
 - To report similar to certain GAAP requirements
 - Satisfy legislators and bond rating companies
 - Legislation already passed requiring certain units to report financial statements in accordance with GAAP

Enhanced Regulatory - Delayed



- On March 28th, 2022 the decision to delay enhanced regulatory was made by the SBOA Board.
- There is not currently an implementation date set.
- We will re-evaluate once we start school audits in the fall to assess our staffing levels.

Fund Types:

Governmental Accounting Standards Board (GASB)
codification 1330.



- Governmental Funds

- General
- Special Revenue
- Debt Service
- Capital Projects
- Permanent

- Proprietary Funds

- Enterprise
- Internal Service

- Fiduciary Funds

- Pension (and other employee benefit) Trust
- Investment Trust
- Private Purpose
- Custodial

Fund Types



General Fund - *Defined as:*

- Accounts for and reports tax & other receipts not allocated to another fund.
- The Township Fund
 - There should only be ONE General Fund.

Fund Types



Special Revenue - *Defined as:*

- Accounts for and reports sources restricted or committed to **expenditures for specific purposes.**
- Examples:
 - Township Assistance
 - Firefighting
 - Parks and Recreation
 - Cemetery

Fund Types



Debt Service - *Defined as:*

- Accounts for and reports sources restricted, committed, or assigned for principal & interest.
- Should be used to report resources **if legally mandated.**
- Includes resources accumulated for both current & long-term principal and interest payments.
- Examples:
 - Debt Service Fund
 - Bond Debt Service

Fund Types



Capital Projects - *Defined as:*

- Accounts for and reports resources **restricted, committed, or assigned for capital outlay.**
- Includes acquisition & construction of capital facilities and capital assets.
- Excludes capital-related activities financed by proprietary funds.
- Examples:
 - Construction

Fund Types



Permanent Fund - *Defined as:*

- Accounts for and reports resources restricted to only earnings (**not principal**) used to support the township's programs.
- "...benefit of the government or its' citizenry."
- Examples:
 - Local donation w/ Unspendable principal balance.

Fund Types



Enterprise Fund - *Defined as:*

- Accounts for and reports on activities financed primarily by revenues generated by the activities themselves.
- Community center or community swimming pool.
 - Others if operated mostly by user fees.
- Examples:
 - Townships may not have many Enterprise Funds.

Fund Types



Internal Service Fund - *Defined as:*

- Accounts for and reports for the financing of goods or services provided by one fund, department, or agency to the other funds, departments, or agencies.
- **Cost-reimbursement basis**
- **Examples:**
 - IT services
 - Self-Insurance

Fund Types



Fiduciary Fund - *Defined as:*

- Types of Fiduciary Funds:

- 1. **Trusts** – Reports all assets held in a trustee or agency capacity for others and therefore can't be used to support the trustee.
- 2. **Custodial** – Reports fiduciary activities held by a township not required to be reported in trusts.

- Examples:

- Pension, Investment, or Private Purpose Trusts
- Judgements

Fund Types



Other Fund - *Defined as:*

- Account for and report financial activity of **funds that don't meet the criteria of the other fund types.**
- Examples:
 - Payroll
 - Payroll Clearing

Current Regulatory Basis - Financial Statements

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS For the Years Ended December 31, 2017 and 2018

Fund	Cash and Investments 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17	Receipts	Disbursements	Cash and Investments 12-31-18
Township Fund	\$ 315,344	\$ 1,312,896	\$ 1,256,105	\$ 372,135	\$ 1,192,750	\$ 1,117,768	\$ 447,117
Township Assistance Fund	339,947	578,537	610,006	308,478	583,577	526,832	365,223
Rainy Day Fund	564,188	-	-	564,188	-	-	564,188
Levy Excess Fund	26,727	11,717	11,717	26,727	-	-	26,727
Debt Service (Series A Bond)	11,197	24,200	16,181	19,216	16,482	18,538	17,160
Bond #2 (Series B Bond)	71,958	125,414	93,286	104,086	99,561	96,970	106,677
Small Claims Court Fees	52,421	962,966	1,001,551	13,836	868,063	862,375	19,524
Small Claims Court Trust	(21,122)	2,036,424	2,015,684	(382)	1,654,217	1,575,139	78,696
Payroll Deduction Fund	430	263,950	267,317	(2,937)	242,904	241,850	(1,883)
Bond Anticipation Note	1	-	-	1	-	-	1
Totals	\$ 1,361,091	\$ 5,316,104	\$ 5,271,847	\$ 1,405,348	\$ 4,657,554	\$ 4,439,472	\$ 1,623,430

The notes to the financial statement are an integral part of this statement.

STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 20XX

	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Enterprise Funds	Internal Service Funds	Fiduciary Funds	Other	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts										
Taxes	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-	-	-	-
Disbursements										
Personal services	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Operating expenses	-	-	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The notes to the financial statements are an integral part of this statement.

Enhanced Regulatory Reporting Changes



- Combining Schedule removed from: “Other Information – Unaudited”
- Debt: Long-Term and Leases
 - Beginning balance, additions, and reductions added
 - Debt Service Requirements to Maturity
- Transfers and Interfund Activity (Temporary Transfers IC 36-1-8-4)
- Deficit Fund Balances
- Pensions and OPEB

Enhanced Regulatory Reporting Changes



- Capital Assets
 - Added: Beginning balance, additions, and reductions
 - Depreciation
- Short Term Debt
- Joint Ventures
- Related Party Transactions
- Tax Abatements

	Beginning Balance 01-01-21	Additions	Reductions	Ending Balance 12-31-21
Governmental Activities:				
General Governmental Assets:				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Total capital assets not being depreciated	-	-	-	-
Capital assets being depreciated:				
Infrastructure	-	-	-	-
Buildings	-	-	-	-
Improvements other than Buildings	-	-	-	-
Machinery, Equipment, and Vehicles	-	-	-	-
Total capital assets being depreciated	-	-	-	-
Less: Accumulated depreciation				
Infrastructure	-	-	-	-
Buildings	-	-	-	-
Improvements other than Buildings	-	-	-	-
Machinery, Equipment, and Vehicles	-	-	-	-
Total accumulated depreciation	-	-	-	-
Total General Government Assets, net	\$ -	\$ -	\$ -	\$ -

Governmental Activities - Non-Depreciable Assets

Government or Enterprise	Beginning Balance as of January 1, 2021	Additions	Reductions	Ending Balance as of December 31, 2021
Land	\$0.00	\$0.00	\$0.00	\$0.00
Construction in Progress	\$0.00	\$0.00	\$0.00	\$0.00
Other Non-Depreciable Assets	\$0.00	\$0.00	\$0.00	\$0.00

Governmental Activities - Depreciable Assets

Government or Enterprise	Beginning Balance as of January 1, 2021	Additions	Reductions	Ending Balance as of December 31, 2021
Infrastructure	\$0.00	\$0.00	\$0.00	\$0.00
Buildings	\$0.00	\$0.00	\$0.00	\$0.00
Improvements Other Than Buildings	\$0.00	\$0.00	\$0.00	\$0.00
Machinery, Equipment, and Vehicles	\$0.00	\$0.00	\$0.00	\$0.00
Books and Other	\$0.00	\$0.00	\$0.00	\$0.00

Data Posted

Depreciation



- An accounting method of allocating the cost of a tangible or physical asset (Buildings, Equipment, Infrastructure, other) over the life of the asset
- Represents how much of an asset's value has been used up

Depreciation



- Asset Value (Historical Cost) – amount paid at the time asset was purchased
- Estimated Useful Life – Number of years asset is expected to be in service
- Yearly Amount of Depreciation - Calculated dollar amount the asset decreases in value per year
- Accumulated Depreciation – Total amount of decrease in value of the asset

Depreciation Calculation



$$\frac{\text{Asset value(Historical Cost)}}{\text{Estimated Useful Life}} = \text{Yearly Amount of Depreciation}$$

*****Accumulated Depreciation is the total depreciation to date**

Example



- Fire truck purchased in 2016 for \$200,000
- Estimated Useful Life - 20 years
- Unit's policy is to take full year of depreciation in year of purchase

Example - Depreciation Calculation



$$\frac{\$200,000}{20 \text{ years}} = \$10,000 \text{ Yearly Amount of Depreciation}$$

*****Accumulated Depreciation is the total depreciation to date**

Governmental Activities - Accumulated Depreciation

Government or Enterprise	Beginning Balance as of January 1, 2021	Additions	Reductions	Ending Balance as of December 31, 2021
Infrastructure	\$0.00	\$0.00	\$0.00	\$0.00
Buildings	\$0.00	\$0.00	\$0.00	\$0.00
Improvements Other Than Buildings	\$0.00	\$0.00	\$0.00	\$0.00
Machinery, Equipment, and Vehicles	\$50,000.00	\$10,000.00	\$0.00	\$60,000.00
Books and Other	\$0.00	\$0.00	\$0.00	\$0.00

Maintain Documentation



- Must maintain a documented basis for:
 - Asset Valuation
 - Estimated Useful Lives

Note 7. Long-term Debt**A. Changes in Long-term Debt**

Changes in long-term obligations for the year ended December 31, 2021, are as follows:

	Beginning Balance 01-01-21	Additions	Reductions	Ending Principal Balance 12-31-21	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -
Memorial Coliseum:					
Notes and Loans Payable	-	-	-	-	-
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

B. Debt Service Requirements to Maturity

Debt service requirements on long-term debt at December 31, 2021, as are follows:

Governmental Activities:

Year Ended December 31	Principal	Interest	Totals
2022	\$ -	\$ -	\$ -
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027-2031	-	-	-
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note 8. Leases

The City has entered into the following leases. The purpose, lease terms, and amounts due within one year as of December 31, 2021, are as follows:

<u>Lessor</u>	<u>Description or Purpose</u>	<u>Annual Lease Payment in Fiscal Year 2021</u>	<u>Lease Beginning Date MM/DD/YYYY</u>	<u>Lease End Date MM/DD/YY</u>
Governmental Activities:				
Example Lessor 1	Example Description	\$ -		
Total Governmental Activities		<u>-</u>		
Enterprises:				
Example Lessor 2	Example Description	-		
Total Enterprises		<u>-</u>		
Total		<u>\$ -</u>		

Lease requirements as of December 31, 2021, are as follows:

<u>Year Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2022	\$ -	\$ -	\$ -
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027-2031	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note 11. Deficit Fund Balances

The following funds have deficit fund balances at December 31, 2021:

Fund Name	\$	-
Fund Name		-
Fund Name		-
		<hr/>
Total deficit fund balances	\$	-
		<hr/> <hr/>

The reason for the deficit fund balances include _____.

Tax Abatements



17. Is your unit affected by tax abatements through direct or indirect agreements?

- An agreement between one or more governments and an individual or entity in which one or more governments promise to forgo tax revenues to which they are otherwise entitled and the individual or entity promises to take a specific action that contributes to economic development or benefits the government or citizens

Tax Abatements



- **Direct** – The governmental unit provides the tax abatement (Not applicable to Townships)
- **Indirect** – governmental unit is affected by the tax abatement given by another governmental unit

Example



- City A provided Business B with a tax abatement of \$35,000 for the year 2021.

- Certified Tax Rate is as follows:

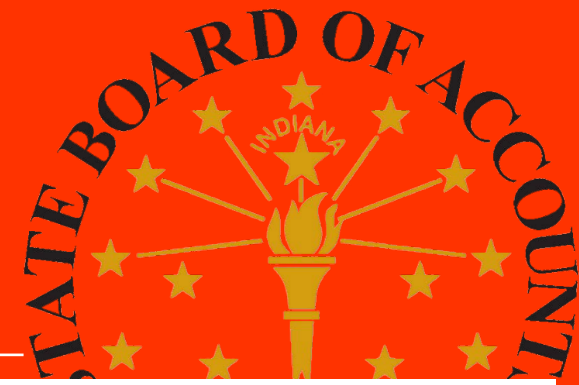
Township	.0970
Township Assistance	<u>.0200</u>
Total	.1170

Note: These amounts are a percentage.

To calculate Amount of tax revenue reduced as a result of Tax Abatement:

$$35,000 \times .001170 \text{ or } .1170\% = \$40.95$$

Tax Abatements



Add Row

Indirect Agreements

Agreements entered into by other governments and reduce the reporting government's tax revenues.

Delete	Government Name	Name of Abatement	The specific tax being abated	Amount of tax revenues reduced as a result of Tax Abatements	Amount receivable, if any, as a result of the Tax Abatements	
X	City A	Business B	Personal Property Tax	\$40.95	\$0.00	

Related Parties



- Question 16. “Are there related party transactions?”
- GASB Statement 62 para. 57:
 - A related party is one that either:
 - Can significantly influence the management or operating policies of the transacting parties (for example, through imposition of will)
 - Has an ownership interest in one of the transacting parties and can significantly influence the other to the extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests

Related Parties - Examples



- A **related party** can be:
 - A related organizations, joint venture or jointly governed organizations, (GASB 14)
 - **Elected and appointed officials** of the unit.
 - The **government's management**.
 - **Members of the immediate families** of elected or appointed officials.
 - **Other parties** if one party can significantly influence the management or operating policies of the other to the extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.
- Examples of related party transactions include:
 - Transactions between a related party with a **conflict of Interest**.
 - **Selling property at a price that differs significantly** from its appraised value.
 - **Exchanging property for similar property** in a nonmonetary transaction.

Related Parties



Note 14. Related Party Transactions

The (name of related party) is considered a related party. (description of the nature of related party transactions.)

Additional AFR Questions – Joint Ventures



- Question 15. “Do you participate in any joint ventures?”
- GASB Statement 14 para. 69:
 - A **joint venture** is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) **an ongoing financial interest** or (b) **an ongoing financial responsibility**. Generally, the purpose of a joint venture is to pool resources and share the costs, risks, and rewards of providing goods or services to the venture participants directly, or for the benefit of the general public or specific service recipients. Joint control means that no single participant has the ability to unilaterally control the financial or operating policies of the joint venture. If the organization is jointly controlled but the participants do not have an ongoing financial interest or ongoing financial responsibility, as defined in paragraphs 70 and 71, it is a jointly governed organization, rather than a joint venture.

Joint Venture Note



Note 15. Joint Venture

The City entered into a joint venture with (Joint venture member(s) to (description of the nature of the joint venture). The approximate cost of (description of the joint venture) is (\$). The City and (Joint venture member)'s audited financial statements can be accessed on the State Board of Accounts website at www.in.gov/sboa.

Note 16. Interfund Activity

Interfund transfer activity for the year ended December 31, 2021, is as follows:

Transfer From	Transfer to			Totals
	Fund Name	Fund Name	Fund Name	
Fund Name	\$ -	\$ -	\$ -	\$ -
Fund Name	-	-	-	-
Fund Name	-	-	-	-
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted receipts collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

For transfers that did not occur on a routine basis or were inconsistent with the activities of the fund, (general description of the principal purpose of the interfund transfer.)

The composition of due to/from funds as of December 31, 2021, is as follows:

Due From	Due To				Totals
	Fund Name	Fund Name	Fund Name	Fund Name	
Fund Name	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Name	-	-	-	-	-
Fund Name	-	-	-	-	-
Fund Name	-	-	-	-	-
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



THANK YOU!



- For filing the Annual Financial Report!
- If you still need assistance on any new sections, please let us know.

Future AFR Change - GASB 87 Leases



- With GASB 87 there is no **longer a distinction between capital and operating leases.**
 - Previously:
 - If a unit were going to **own the asset at the end of the lease** (capital lease), they should capitalize the asset.
 - If they would **not own the asset at the end of the lease** (operating lease), they would not capitalize the asset
- GASB 87 requires all leases over one year to be shown as an asset (right to use) and a liability (lease payments).
- Receiving from DLGF's Gateway submissions.
 - When reviewing financials before the audit you will be given a 'form 13' to sign.
Please review these notes carefully for accuracy.



Questions?