



# State Board of Accounts

## Indiana League of Municipal Clerks and Treasurers 2019 Annual Conference

Fort Wayne, Indiana

*Welcome!*



# State Board of Accounts



STATE BOARD OF ACCOUNTS  
302 West Washington Street  
Room E418  
INDIANAPOLIS, INDIANA 46204-2769

### Audit Reports

[Learn More](#)

## Mission Statement

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

[www.in.gov/sboa](http://www.in.gov/sboa)



## Overview

### GAAP Basis of Accounting and Reporting

- ▶ Generally Accepted Accounting Principles

### Regulatory Basis of Accounting and Reporting

- ▶ Prescribed by the State Examiner



## GAAP - Indiana Statutory Requirements

### IC 5-1-11.5-4 - GAAP Reporting Required

- Population greater than 75,000
- Bond Issuance after June 30, 2020

### IC 5-11-1-30 - Request for GAAP Audit

- Council Resolution
- SBOA Approval Process
- [Engagementstrategies@sboa.in.gov](mailto:Engagementstrategies@sboa.in.gov)



## Updates to the Regulatory Report Format

- Elements of GAAP Reporting
- Note Disclosures
- Financial Statement



## SBOA Website Information

Hot Topics ▾

2019 Gateway - Annual Financial Report (AFR)  
Changes

Local units should review these changes carefully as they will need to ensure they are collecting the information required for the updated AFR submission.

[Schedule of Regulatory Changes](#)

[www.in.gov/sboa](http://www.in.gov/sboa)



## Schedule of Regulatory Changes

Current Regulatory	Regulatory for 2019 Calendar Year Units	Regulatory for 2020 Calendar Year Units
<p><b>FINANCIAL STATEMENTS</b></p> <p>Statement of Receipts, Disbursements, and Cash and Investment Balances</p> <ul style="list-style-type: none"> <li>- Shows total receipts, disbursements, and ending balance for each fund</li> </ul>	<p><b>FINANCIAL STATEMENTS</b></p> <p>Statement of Receipts, Disbursements, and Cash and Investment Balances</p> <ul style="list-style-type: none"> <li>- The Combining Schedules from the supplementary information will be shown as the Statement of Receipts, Disbursements, and Cash and Investment Balances</li> <li>- Shows detailed, instead of total, receipts and disbursements for each fund and ending balance (i.e. receipts from taxes, charges for services, intergovernmental, etc.)</li> </ul>	<p><b>FINANCIAL STATEMENTS</b></p> <p>Statement of Receipts, Disbursements, and Cash and Investment Balances</p> <ul style="list-style-type: none"> <li>- Financial statement will show fund type classifications. The information submitted in Gateway will be aggregated and presented in the appropriate fund type classification.</li> <li>- Fund types shown will be as follows: General, Special Revenue, Capital Projects, Debt Service, Permanent, Enterprise, and Fiduciary</li> </ul>
<p><b>NOTES TO THE FINANCIAL STATEMENTS</b></p> <p>Summary of Significant Accounting Policies</p> <ul style="list-style-type: none"> <li>- Reporting entity</li> <li>- Basis of accounting</li> <li>- Cash and investments</li> </ul>	<p><b>NOTES TO THE FINANCIAL STATEMENTS</b></p> <p>Summary of Significant Accounting Policies</p> <ul style="list-style-type: none"> <li>- No changes to existing accounting policy notes</li> <li>- Added a section for capitalization thresholds to indicate what qualifies as a capital asset</li> </ul>	<p><b>NOTES TO THE FINANCIAL STATEMENTS</b></p> <p>Summary of Significant Accounting Policies</p> <ul style="list-style-type: none"> <li>- No changes</li> </ul>

Visit [www.in.gov/sboa](http://www.in.gov/sboa) to view the entire document



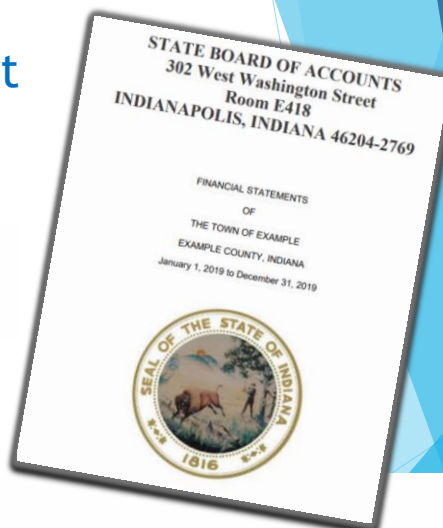
## Example Regulatory Report

City/Town - Regulatory Report

[www.in.gov/sboa](http://www.in.gov/sboa)

### Example Reports

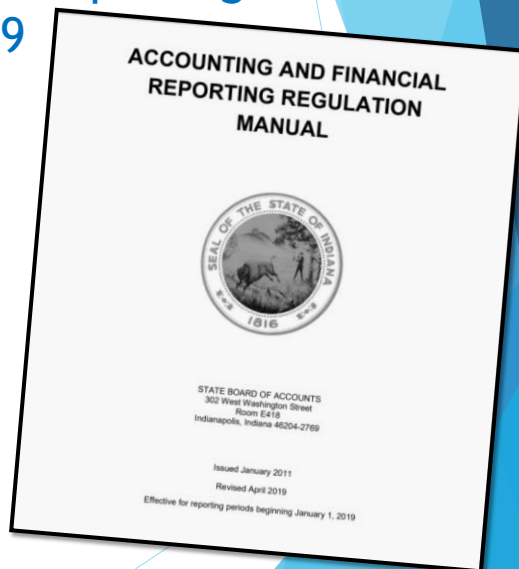
The financial information filed within the AFR is used in the units' financial reports that are audited by the State Board of Accounts. These example reports show the format of what the unit's financial statement will look like with these new changes. Local officials may want to compare these reports to their most recent audit report to obtain a better understanding of the changes.





## Accounting and Financial Reporting Regulation Manual - 2019

[www.in.gov/sboa](http://www.in.gov/sboa)



## Financial Statement Presentation

Statement of Receipts, Disbursements, and Cash and Investment Balances



# Annual Financial Report Information

## Financial Data by Fund ?

Save All Work Return to AFR Main Menu

Enter or change basic financial information for the year. This includes adding or deleting funds, entering beginning cash and investment balances, receipts and disbursements for each fund. **Beginning Balance Investments** and **Beginning Balance Cash** fields may be edited by clicking directly on the grid.

Make sure to press the ENTER key on the keyboard after entering a number to make sure it is saved!

### Governmental Activities (Add a fund to this grid)

Delete	Edit	Local Fund Name	Beginning Balance Investments	Ending Balance Investments	Beginning Balance Cash	Receipts	Disbursements	Ending Balance Cash
X		004 - CUMULATIVE CAPITAL IMP. 104049 Cumulative Capital Improvement	\$0.00	\$0.00	\$181,778.59	\$0.00 <a href="#">Add/Edit</a>	\$0.00 <a href="#">Add/Edit</a>	\$181,778.59
X		005 - CUMULATIVE SEWER 900005 CUMULATIVE SEWER	\$0.00	\$0.00	\$84,291.86	\$0.00 <a href="#">Add/Edit</a>	\$0.00 <a href="#">Add/Edit</a>	\$84,291.86
X		006 - LOCAL ROAD & STREET 102002 Local Road And Street	\$0.00	\$0.00	\$174,760.78	\$0.00 <a href="#">Add/Edit</a>	\$0.00 <a href="#">Add/Edit</a>	\$174,760.78
X		009 - CUMULATIVE FIRE 104026 Cumulative Fire	\$0.00	\$0.00	\$218,018.83	\$0.00 <a href="#">Add/Edit</a>	\$0.00 <a href="#">Add/Edit</a>	\$218,018.83
X		011 - OPO GRANT FUND (DUI)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00



# Annual Financial Report Information

## Taxes and Intergovernmental

Receipt Classification	Amount
General Property Taxes	
County Adjusted Gross Income Tax (CAGIT) Certified Shares	
County Adjusted Gross Income Tax (CAGIT) Property Tax Replacement Credit	
County Economic Development Income Tax (CEDIT)	
County Option Income Tax (COIT)	
Local Income Tax (LIT) for Levy Freeze	
Local Option Income Tax (LOIT) for Public Safety	
Food and Beverage Tax	
Innkeepers Tax	
Inheritance Tax	
ABC Excise Tax Distribution	
Casino/Riverboat Distribution	
Cigarette Tax Distribution	
Financial Institution Tax distribution	
Local Road and Street Distribution	
Vehicle/Aircraft Excise Tax Distribution	
Major Moves Distribution	
Motor Vehicle Highway Distribution	
Commercial Vehicle Excise Tax Distribution (CVET)	
ABC Gallonage Tax Distribution	
Wheel Tax/Surtax Distribution	

## Licenses and Permits

Receipt Classification	Amount
Electrical and Plumbing Licenses and Permits	
Food and Amusement Licenses and Permits	
Planning, Zoning, and Building Permits	
Watercraft Licenses and Permits	
Gun Permits	
Sign Permits	
Street and Curb Cuts Permits	
Dog Licenses	
Cable TV Licenses	

## Charges for Services

Receipt Classification	Amount
Street Maintenance and Other Transportation Fees	
911 Telephone Service	
Emergency Medical Services Fees	
Document and Copy Fees	
Fire Protection Contracts and Service Fees	
Park and Recreation Receipts	
Parking Receipts	
Rental of Property	
Federal, State, and Local Reimbursement	
Garbage/Trash/Recycling/Landfill	
Airport Receipts	
Cemetery Receipts	
Storm Water Fees	
Sewage Fees	
Police Protection Contracts and Service Fees	

## Fines, Forfeitures, and Fees

Receipt Classification	Amount
Court Costs and Fees	
Business Personal Property Exemption Local Service Fee	



# Financial Statement Presentation

(2018 and Prior)

## STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS For the Year Ended December 31, 2017

Fund	Cash and Investments 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17
General Fund	\$ 5,104,576	\$ 9,873,481	\$ 9,061,122	\$ 5,916,935
Motor Vehicle Highway Fund	2,532,541	1,914,389	1,541,218	2,905,712
Local Road And Street	38,188	309,697	246,096	101,789
Park Nonreverting Operating	518,553	440,449	605,840	353,162
Edit Fund	7,372,046	2,525,693	6,861,607	3,036,132



# 2019 Financial Statement Presentation

	General	Motor Vehicle Highway	Local Road And Street	Emergency Medical Services/Ambulan	Sanitation Revenue	Community Development	Law Enforcement Continuing Ed
Cash and investments - beginning	\$ 57,257	\$ 75,632	\$ 93,602	\$ 90,396	\$ 25,676	\$ 77,471	\$ 18,162
Receipts:							
Taxes	1,576,512	199,959	-	186,588	-	-	-
Licenses and permits	6,285	-	-	-	-	-	1,340
Intergovernmental	249,708	248,343	31,499	-	-	-	-
Charges for services	55,650	720	-	122,671	266,052	-	1,085
Fines and forfeits	706	-	-	-	-	-	992
Utility fees	-	-	-	-	-	-	-
Other receipts	9,143	49,355	961	170	59	550	-
Total receipts	1,898,004	498,377	32,460	309,429	266,111	550	3,417
Disbursements:							
Personal services	1,279,468	208,805	-	4,176	18,021	-	-
Supplies	75,068	50,020	-	8,896	-	-	5,296
Other services and charges	463,030	202,710	-	297,110	280,229	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	16,129	32,171	-	-	-	94,565	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	36,231	414	-	-	-	-	-
Total disbursements	1,869,926	494,120	-	310,182	298,250	94,565	5,296
Excess (deficiency) of receipts over disbursements	28,078	4,257	32,460	(753)	(32,139)	(94,015)	(1,879)
Cash and investments - ending	\$ 85,335	\$ 79,889	\$ 126,062	\$ 89,643	\$ (6,463)	\$ (16,544)	\$ 16,283

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



## Financial Statement - Draft Regulatory Format 2020

TOWN OF EXAMPLE, EXAMPLE COUNTY  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
For the Year Ended December 31, 2020

**Town of Example**  
**Statement of Receipts and Disbursements**  
**December 31, 2020**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Enterprise Fund</u>	<u>Fiduciary Fund</u>	<u>Totals</u>
Cash and investments - beginning	\$ 57,257	\$ 1,209,029	\$ 1,031,317	\$ 6,594,453	\$ 1,474,857	\$ 213,864	\$10,580,777
Receipts							
Taxes	1,576,512	711,758	338,496	-	-	167,949	2,794,715
Licenses and permits	6,285	5,420	6,951	-	-	-	18,656
Intergovernmental	249,708	454,924	22,399	-	-	-	727,031
Charges for services	55,650	673,250	32,405	-	-	-	761,305
Fines and forfeits	706	992	-	-	-	-	1,698
Utility fees	-	-	-	-	2,275,463	-	2,275,463
Other receipts	9,143	128,894	8,219	4,614,205	225,377	599,740	5,585,578
<b>Total receipts</b>	<b>1,898,004</b>	<b>1,975,238</b>	<b>408,470</b>	<b>4,614,205</b>	<b>2,500,840</b>	<b>767,689</b>	<b>12,164,446</b>
Disbursements							
Personal services	1,279,468	598,446	-	-	542,921	91,603	2,512,438
Supplies	75,068	123,703	-	-	-	-	198,771
Other services and charges	463,030	1,284,744	236,869	-	39,054	34,439	2,058,136
Debt service - principal and interest	-	-	-	4,902,756	-	14,848	4,917,604
Capital outlay	16,129	220,274	75,000	-	-	-	311,403
Utility operating expenses	-	-	-	-	1,142,595	-	1,142,595
Other disbursements	36,231	14,996	-	-	725,193	596,224	1,372,644
<b>Total disbursements</b>	<b>1,869,926</b>	<b>2,242,163</b>	<b>311,869</b>	<b>4,902,756</b>	<b>2,449,763</b>	<b>737,114</b>	<b>12,513,591</b>
Excess (deficiency) of receipts over disbursements	28,078	(266,925)	96,601	(288,551)	51,077	30,575	(349,145)
Cash and investments - ending	\$ 85,335	\$ 942,104	\$ 1,127,918	\$ 6,305,902	\$ 1,525,934	\$ 244,439	\$10,231,632

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



## Statement of Receipts, Disbursements, and Cash and Investment Balances

2018

- Shows total receipts, disbursement and ending balance for each fund

2019

- Shows detailed, instead of total, receipts and disbursements for each fund and ending balance.

2020

- Financial Statement will show fund type classifications.
- Fund types shown will be as follows: General, Special Revenue, Capital Projects, Debt Service, Permanent, Enterprise, and Fiduciary

No AFR Changes





## Notes to the Financial Statements Regulatory Format

### Summary of Significant Accounting Policies



### Summary of Significant Accounting Policies

- ▶ Reporting Entity
- ▶ Basis of Accounting
- ▶ Cash and Investments
- ▶ Receipts
- ▶ Disbursements
- ▶ Interfund Transfers
- ▶ Fund Accounting
  
- ▶ **CAPITAL ASSETS** to be added in 2019



## Summary of Significant Accounting Policies Reporting Entity

- Applicable Laws
- Form of Government
- Services Provided

### A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statements present the financial information for the Town



## Summary of Significant Accounting Policies Basis of Accounting

- Regulatory Basis

### B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.



## Summary of Significant Accounting Policies Cash and Investments

- Stated at cost
- Reporting of Sales

### *C. Cash and Investments*

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.



## Summary of Significant Accounting Policies Receipts

### *D. Receipts*

Receipts are presented by category as follows:

- ▶ Taxes
- ▶ Licenses and permits
- ▶ Intergovernmental receipts
- ▶ Charges for services
- ▶ Fines and forfeits
- ▶ Utility fees
- ▶ Other receipts



## Summary of Significant Accounting Policies Disbursements

### *E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements include the following uses:

- Personal Services
- Supplies
- Other services and charges
- Debt service - principal and interest
- Capital outlay
- Utility operating expenses
- Other disbursements



## Summary of Significant Accounting Policies Interfund Transfers

- Included in receipts and disbursements
- Used for cash flow purposes as provided by various statutory provisions

### *F. Interfund Transfers*

The Town may, from time to time, make transfers from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.



## Summary of Significant Accounting Policies Fund Accounting

- Separate funds to account for amounts received from and used for specific sources and uses

### G. Fund Accounting

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for amounts received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Town. The amounts accounted for in a specific fund may only be available for use for certain, legally-restricted purposes. Additionally, some funds are used to account for assets held by the Town in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and, therefore, the funds cannot be used for any expenditures of the unit itself.



## Summary of Significant Accounting Policies Capital Assets - 2019 and beyond

- Classes of Assets
- Historical Cost
- Capitalization Policy and Threshold

### H. Capital Assets

Capital assets, which include land, construction in progress, buildings, improvements other than buildings, machinery, equipment, vehicles, books, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the capital asset schedule contained in the supplemental information. Items are capitalized when their value exceeds the threshold established by the Town and its estimated useful life is greater than one year.

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Donated assets, donated works of art, historical treasures, and similar assets and capital assets received in a service concession arrangement are reported at acquisition value. Renovations to buildings and other improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are considered an operating expense.

The capital asset threshold established by the Town is \$5,000.





## Summary of Significant Accounting Policies

Current

- Note includes Reporting entity; Basis of Accounting; Cash and investments; Receipts; Disbursements; Interfund transfers; Fund accounting

2019

- No changes to existing policy notes
- Added a section for capitalization threshold to indicate what qualifies as a capital asset

2020

- No changes to accounting policy notes

No AFR Changes



## Notes to the Financial Statements Regulatory Format

Budgets  
Property Taxes  
Deposits and Investments  
Risk Management



## Notes to the Financial Statements Budgets

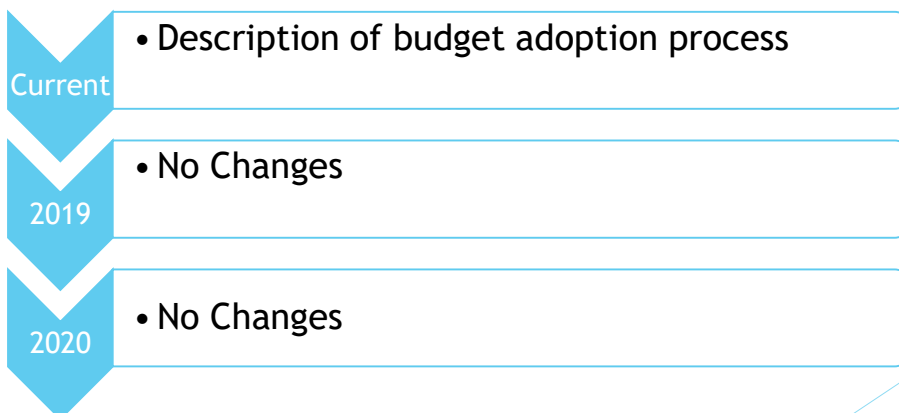
- Summary of Budgeting Process and Approval Dates

### **Note X. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.



## Notes to the Financial Statements Budgets



No AFR  
Changes



# Notes to the Financial Statements Property Taxes

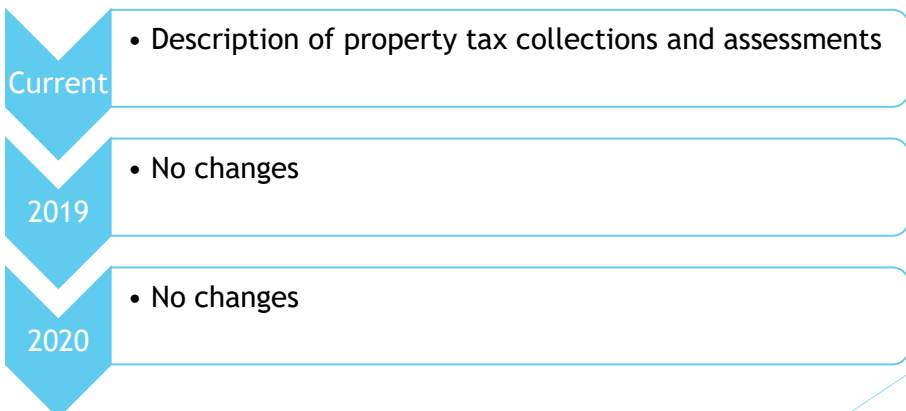
- Description of property tax collections and assessments
- Levy dates
- Due dates

### Note X. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by December 31 of the year preceding the budget year or January 15 of the budget year if the Town is issuing debt after December 1 or intends on filing a shortfall appeal. These rates were based upon the assessed valuations adjusted for various tax credits from the preceding year's lean date of January 1. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.



# Notes to the Financial Statements Property taxes



No AFR  
Changes





## Notes to the Financial Statements Deposits and Investments

- State statute authorizing deposits
- Allowable investments

### **Note X. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the Town to invest in securities including, but not limited to, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.



## Deposits and Investments

Current

- Statute authorizing deposits; allowable investments

2019

- No changes

2020

- No changes

No AFR  
Changes



# Notes to the Financial Statements Risk Management

- Types of risk to which the unit may be exposed
- Methods to mitigate risks

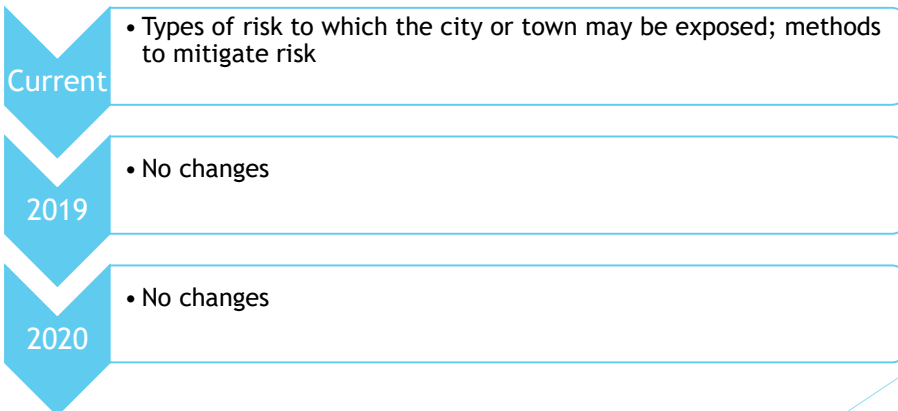
### **Note X. Risk Management**

The Town may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third-party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund, if established, would be included in the financial statements. Participation in a risk pool is an arrangement by which governments pool risks and funds and share in the cost of losses.



## Risk Management



No AFR Changes



## Notes to the Financial Statements Regulatory Format

### Long-term Debt



## 2018 AFR Unit Questions

INDIANA

# Gateway

for government units

An *Information for Indiana* Data Site

[Home](#)
[About](#)
[Account Settings](#)
[User Guides](#)
[Logout](#)

Indiana State  
Board of Accounts

### AFR Unit Questions ?

**5. Does your unit have any outstanding debt?**

Debt can be in the form of bonds, notes, loans, or judgments payable over more than one year. Leases are considered separately (see question 6 below).

Yes  No



# 2018 AFR Debt Schedule

**Gateway** INDIANA  
for government units

An Information for Indiana Data Site



## Governmental Activities

Delete	Debt Class	Description or Purpose	Ending Principal Balance as of Dec. 31, 2018	Principal and Interest Due in 2019
X	Revenue Bonds	Econ Redev. Special Revenue Tax Bonds Series 2013A \$2,580,000 at Wynne Farms	\$2,010,000.00	\$187,590.00
X	General Obligation Bonds	2015 GO Bond-Mixed Use Development	\$1,445,000.00	\$224,500.00

## WATER

Delete	Debt Class	Description or Purpose	Ending Principal Balance as of Dec. 31, 2018	Principal and Interest Due in 2019
X	Revenue Bonds	Waterworks Revenue Bonds for \$2,000,000 Series 2003	\$675,000.00	\$145,330.00



# Audit Report Schedules

(2018 and years prior)

## SCHEDULE OF LEASES AND DEBT December 31, 2017

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
General obligation bonds	2015 GO Bond-Mixed Use Development		\$ 1,820,000	\$ 228,300
General obligation bonds	2016 GO Bond-WWTP		2,000,000	234,600

\*Unaudited Supplementary Information



## Supplementary Information

### OTHER INFORMATION - UNAUDITED

The Town's Annual Financial Report information can be found on the Indiana Gateway for Government Units website: <https://gateway.ifionline.org/>.

\*\*\*\*\*

The other information presented was approved by management of the Town. It is presented as intended by the Town.



## Independent Auditor's Report

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the Town's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.



## 2019 Updates - Debt

### Financial Statement Note Disclosure

- **Changes in long-term debt**
  - *Beginning and ending balances*
  - *Activity during the year*
  - *Payment due in next year*
  
- **Debt service requirements to maturity**
  - *Payments for the next five years*
  - *Payments in five-year increments until maturity*
  - *DLGF amortization schedule*



## 2019 Gateway Changes

	Debt Class	Description or Purpose	Beginning Principal	Additions	Reductions	Ending Principal Balance as of December 31, 201X	Principal and Interest Due in 201X
Governmental Activities							
Other Enterprise							
Other Enterprise							
Other Enterprise							



## 2019 Audit Reports

### Note X. Long-term Debt

#### A. Changes in Long-term Debt

Changes in long-term obligations for the year ended December 31, 2019, are as follows:

	Beginning Balance 1/1/2019	Additions	Reductions	Ending Balance 12/31/19	Due Within One Year
<u>Town (non-Utility)</u>					
Revenue Bonds	\$ 605,000	\$ 72,756	\$ 92,756	\$ 585,000	\$ 42,526
Other Bonds	3,573,795	201,621	111,054	3,664,362	30,000
<u>Water Utility</u>					
Notes and Loans Payable	2,812,824	1,500,000	1,673,000	2,639,824	278,718
<u>Wastewater Utility</u>					
Revenue Bonds	2,750,000	3,000,000	3,137,000	2,613,000	191,560
Totals	\$ 9,741,619	\$ 4,774,377	\$ 5,013,810	\$ 9,502,186	\$ 542,804



## 2019 Audit Reports

#### B. Debt Service Requirements to Maturity

Debt service requirements on long-term debt at December 31, 2019, are as follows:

<u>Town Debt Service (non-utility)</u> Year Ended December 31	<u>Other Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	20,000	22,526	42,526
2020	30,000	22,101	42,101
2021	30,000	21,538	51,538
2022	30,000	20,751	50,751
2023-2017	150,000	19,851	49,851
2028-2032	180,000	83,504	233,504
2033-2035	125,000	51,291	231,291
	<u>565,000</u>	<u>241,562</u>	<u>701,562</u>



## AFR Checklist - Long-Term Debt

- ❑ Identify long-term debt by major class
- ❑ Identify each major class by activity
- ❑ Determine the beginning balance of each debt class by activity
- ❑ Determine additions and reductions in long-term debt balances
- ❑ Determine the ending balance of each debt class by activity
- ❑ Determine the portion of each long-term debt type due within one year
- ❑ Complete Debt Management Report information
- ❑ Update Debt Management Report as needed



## Audit Information - Long-Term Debt

- Bond Ordinances
- Debt Instruments with Amortization Schedules
- Ledger Balances and activity for each Bond Fund
- Bank Reconciliations
- Claims and Supporting Documentation for payments
- Internal Controls Over Financial Transactions and Reporting





## Long-term Debt

Current

- Included in Supplementary Information section as the Schedule of Leases and Debt

2019

- Removed from Supplementary Information and presented as a Note Disclosure
- Beginning and Ending Balances; Additions and Reductions during the period
- Schedule of principal and interest payments until maturity

2020

- No Changes

AFR  
Changes  
for  
2019



## Notes to the Financial Statements Regulatory Format

### Leases



# 2018 AFR Unit Questions

Gateway INDIANA  
for government units
An *Information for Indiana* Data Site

Home About Account Settings User Guides Logout
Indiana State Board of Accounts

## AFR Unit Questions ?

<p><b>5. Does your unit have any outstanding debt?</b>                  Debt can be in the form of bonds, notes, loans, or judgments payable over more than one year. Leases are considered separately (see question 6 below).</p>	<input checked="" type="radio"/> Yes <input type="radio"/> No
<p><b>6. Does your unit have any outstanding leases?</b>                  A contract by which one party conveys land, property, services, etc., to another for a specified time, usually in return for a periodic payment.</p>	<input checked="" type="radio"/> Yes <input type="radio"/> No



# 2018 AFR Lease Schedule

Gateway INDIANA  
for government units
An *Information for Indiana* Data Site

## Leases ?

### Governmental Activities

Delete	Lessor	Description or Purpose	Annual Lease Payment Due in 2019	Lease Beginning Date MM/DD/YYYY	Lease Ending Date MM/DD/YYYY
✗	EDC Lease Rental Rev Ref Bonds of 2016	Northfield Drive - 56th to 267	\$784,000.00	08/30/2016	02/01/2029
✗	EDC Lease Rental Bonds of 2015A \$7,575,000	Ronald Reagan	\$381,000.00	07/01/2015	08/01/2039
✗	EDC Lease Rental Bonds of 2015A \$6,770,000	Tilden Road	\$514,000.00	07/01/2016	01/01/2035



# Audit Report Schedules

(2018 and years prior)

\*Unaudited Supplementary Information

## SCHEDULE OF LEASES AND DEBT December 31, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Brownsburg Fire Station Building Corp \$1 460 000 First Mortgage Refunding Bond	Downtown Fire Station	\$ 164,000	7/1/2015	1/1/2025
Brownsburg Municipal Building Corp. 1st Mortgage Refunding Bonds Series 2013	Municipal Complex	1,181,000	7/15/2013	1/15/2025



## 2019 Updates -Leases

### Financial Statement Note Disclosure

- **General Description of Leasing Arrangements**
  - *including lease term*
- **Principal and Interest Requirements to Maturity**
  - *Debt Management Report Amortization Schedule*



## 2019 Audit Reports

The Town has entered into a lease for three police cars. The lease term began on January 15, 2018, and ends on July 15, 2027. The lease is being paid in semi-annual installments as defined in the schedule of rental payments of the lease agreement.

Principal and interest requirements to maturity as of December 31 2019, are as follows:

Year Ended December 31	Principal	Interest	Total
2020	\$ 29,976	\$ 2,372	\$ 32,348
2021	29,976	1,746	31,722
2022	29,976	1,130	31,106
2023	29,976	490	30,466
2024	29,976	334	30,310
2025-2027	<u>149,880</u>	<u>3,065</u>	<u>152,945</u>
<b>Totals</b>	<b><u>\$ 299,760</u></b>	<b><u>\$ 9,137</u></b>	<b><u>\$ 308,897</u></b>



## Checklist - Leases

- General Description of Lease Arrangements
- Name of Lessor
- Lease Beginning Date
- Lease Ending Date
- Annual Lease Payment
- Complete Debt Management Report information
- Update Debt Management Report as needed



## Audit Information - Leases

- Lease Agreements
- Claims and Supporting Documentation for payments
- Internal Controls Over Financial Transactions and Reporting



## Leases

Current

- Included in Supplementary Information section as the Schedule of Leases and Debt

2019

- Removed from Supplementary Information and presented as a Note Disclosure
- Description of lease and lease term
- Schedule of principal and interest payments until maturity

2020

- No Changes

AFR  
Changes  
for  
2019



## Notes to the Financial Statements

### Interfund Activity



### Interfund Activity

A transfer permanently moves money from one fund to another.

An interfund loan is a temporary transfer and must be paid back to the original fund.

- ❖ Indiana Code 36-1-8-4



# Notes to the Financial Statements Interfund Transfers 2018

- ▶ Summary of Significant Accounting Policies
  - ▶ Current Regulatory and Future Regulatory Report Formats

## F. Interfund Transfers

The City may, from time to time, make transfers from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.



# Interfund Transfers: AFR 2018 and beyond

## Other Disbursements

Disbursement Classification	Amount
Payments To or On Behalf of Beneficiaries	
Payment of Taxes and Other Payroll Withholdings	
Distributions to Other Governmental Entities	
Transfer Out - Transferred To Another Fund	\$1,200.00

## Other Receipts

Receipt Classification	Amount
Sale of Investments	
Earnings on Investments and Deposits	
Proceeds from Tax Anticipation Warrants	
Proceeds from Borrowings other than Tax Anticipation Warrants	
Sale of Capital Assets	
Refunds and Reimbursements	
Benefit Plan Contributions	
Donations, Gifts, and Bequests	
Payroll Fund and Clearing Account Receipts	
Transfers In - Transferred from Another Fund	\$1,200.00





## Interfund Transfers: AFR Added in 2019

Transfer From	Transfer To	Amount
Fund name	Drop down	\$ -
Fund name		-
Fund name		-
Fund name		-
Fund name		-
<b>Total</b>		<b>\$ -</b>



## Interfund Activity Note - 2019

### Note X. Interfund Activity

Interfund transfer activity for the year ended December 31, 2019, is as follows:

Transfer From	Transfer to						Total
	General	Parks	Water - Operating	Water - Depreciation/Imp	Wastewater - Operating	Storm Water - Operating	
General	\$ -	\$ 5,000	\$ -	\$ -	\$ 15,000	\$ -	\$ 20,000
Parks	2,000	-	-	-	-	-	2,000
Water - Operating	300,000	-	-	57,744	-	-	357,744
Water - Depreciation/Imp.	-	-	-	-	65,000	-	65,000
Water - Bond and Interest	-	-	280,229	-	-	-	280,229
Wastewater - Operating	-	-	-	-	38,472	-	38,472
Wastewater - Bond and Interest	-	-	-	-	191,952	-	191,952
Storm Water - Operating	-	-	-	-	-	-	-
Storm Water - Depreciation/Imp.	-	-	45,000	-	-	100,000	145,000
<b>Total</b>	<b>\$ 302,000</b>	<b>\$ -</b>	<b>\$ 325,229</b>	<b>\$ 57,744</b>	<b>\$ 295,424</b>	<b>\$ 100,000</b>	<b>\$ 1,080,398</b>





## Interfund Activity Note - 2019

- General purpose of interfund transfers.
- Significant non-routine transfers

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.

In the year ended December 31, 2019, the Town made a one-time transfer of \$300,000 from the water operating fund to the general fund to subsidize, in part, the Town's share of the Perry Valley Regional Fire Protection District's capital program.



## Interfund Activity - 2020

- ▶ Interfund Transfer information will be required as in 2019
- ▶ Interfund Loans not repaid by 12/31 will be included on a Schedule
  - ▶ an interfund loan is a temporary transfer and must be paid back to the original fund.
- ▶ Explanation as to why the amounts were not repaid



## Draft Note - 2020 Interfund Loans

The composition of due to/from funds as of December 31, 2020, is as follows:

<u>Due From</u>	<u>Due To</u>				<u>Total</u>
	<u>General</u>	<u>Parks</u>	<u>Water - Depreciation/Imp</u>	<u>Stormwater Operating</u>	
General	\$ -	\$ 6,000	\$ 2,000	\$ 3,824	\$ 11,824
Parks	7,181	-	-	-	7,181
Water Operating	6,145	415	834	-	-
Wastewater Operating	-	3,800	500	-	4,300
<b>Total</b>	<b>\$ 13,326</b>	<b>\$ 10,215</b>	<b>\$ 3,334</b>	<b>\$ 3,824</b>	<b>\$ 23,305</b>



## Draft Note - 2020 Interfund Loans

- Description of Interfund Loans

The balance of \$6,145 due from the Water – Depreciation/Imp fund to the general fund resulted from a loan made to establish working capital when the fund was first created; \$5,000 of the balance is scheduled to be collected in the subsequent year.

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable disbursements occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.



## InterFund Activity

Current

- Description of the general purpose of transfers

2019

- Description of the general purpose of the transfers
- Schedule with the amount transferred from one fund to another fund
- Explanation for any transfers that are significant or that are not considered routine for the activities of the fund

2020

- Same information will be required as in 2019
- Schedule showing transfers that were supposed to be made but were not (one funds owes another fund)
- Explanation as to why the amounts were not repaid

AFR  
Changes  
for  
2019  
and  
2020



## Cash Balance Deficits 2018 and prior

- Name of the funds
- Reason for Deficit

### **Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. As of December 31, 2017, there were payroll withholding fund deficits that were the result of timing of payments of withholding to the payroll agents and insurance vendors. In addition, the LFD Smoke Alarms fund, a donation fund, had a cash deficit due to there being a cash deficit as of December 31, 2016, that carried over.



## Deficit Fund Balances 2019 Version

- Title Change for the Note
- Name of the Fund
- Dollar Amount
- Reason for the deficit not included

**Note X. Deficit Fund Balances**

The following funds have deficit fund balances at December 31, 2019:

Sanitation Revenue	\$ 6,463
Parks and Recreation	9,606
Community Development	<u>16,544</u>
 Total deficit fund balances	 <u>\$ 32,613</u>



## Deficit Fund Balances

Current

- Note is called “Cash Balance Deficit” and includes the reason for a deficit balance

2019

- Note will be called “Deficit Fund Balances” and indicate which funds have deficits and the dollar amount at year end; reason for deficit will not be included in the Notes

2020

- No Changes

No AFR  
Changes



## Notes to the Financial Statements Regulatory Format

- Significant Contingent Liabilities
  - Significant Commitments
  - Subsequent Events



## Significant Contingent Liabilities

- Description of the contingent liability
- Dollar amount

### **Note X. Significant Contingent Liabilities**

A jury awarded \$50,000 to a former employee of the Town for alleged wrongful termination of employment. The Town has appealed the judgment on the basis of errors in the judge's instructions to the jury and insufficiency of evidence to support the amount of the jury's awards.

The final resolution of this matter is not expected to have a material effect on the Town's financial position.



## Significant Contingent Liabilities

Current

- Not formatted as a separate note disclosure

2019

- Description and dollar amount

2020

- No changes

No AFR  
Changes



## Significant Commitments

- Description of the Commitment
- Dollar Amount

### **Note X. Significant Commitments**

The Town has a contractual obligation to purchase a building during the year ended December 31, 2019, in the amount of \$200,000.



## Significant Commitments

Current

- Not formatted as a separate note disclosure

2019

- Description and dollar amount

2020

- No changes

No AFR  
Changes



## Subsequent Events

- Description of the Event
- Dollar Amount

### **Note X. Subsequent Events**

The Town entered into an agreement with a developer on January 15, 2020, to initiate a housing development on property owned by the Town Redevelopment Commission. The housing development is expected to cost \$2,500,000.



## Subsequent Events

Current

- Description of Event

2019

- Description of Event
- Expected dollar amount the event will cost

2020

- No changes

No AFR  
Changes



## Notes to the Financial Statements Regulatory Format

Pensions  
Other Post Employment Benefits (OPEB)





## Pensions

Most information is already submitted in Gateway

Gateway will contain additional drop-down questions to contribute more detail to the note disclosure



## AFR - Pensions

Year: 2018

### Pensions ?

1. Please indicate if your unit offers any of these pension plans to your Employees. Check all that apply.

- Public Employees Retirement Fund   
  1925 Police Pension Fund  
 Teachers Retirement Fund   
  1937 Firefighter's Pension Fund  
 Police Pension Fund - First Class Cities   
  1977 Police and Firefighter's Pension Fund

2. Does your unit have any other pension plans where the employer makes contributions to the plan or funds any part of the benefits?

Yes  No

Add a plan entry in the table below for each additional plan the unit has.

3. When complete, mark the form as completed.

This form is complete

Save This Form

Return To the Main Menu



## AFR - Pensions

### Pensions ?

1. Please indicate if your unit offers any of these pension plans to your Employees. Check all that apply.

- Public Employees Retirement Fund
- Teachers Retirement Fund
- Police Pension Fund - First Class Cities
- 1925 Police Pension Fund
- 1937 Firefighter's Pension Fund
- 1977 Police and Firefighter's Pension Fund

2. Does your unit have any other pension plans where the employer makes contributions to the plan or funds any part of the benefits?

Yes  No

Add a plan entry in the table below for each additional plan the unit has. [Add a Plan](#)

Plan Name	Edit	Delete	Required Fields Complete
-----------	------	--------	--------------------------

This form is not complete

[Save This Form](#) [Return To the Main Menu](#)



## 2019 AFR: Pensions

Type of Pension Plan

- Single Employer Defined Benefit
- Cost-Sharing Multiple Employer Defined Benefit
- Agent Multiple-Employer Defined Benefit
- Defined Contribution

Select the benefits provided under this pension plan

- Retirement Income
- Death benefits
- Life Insurance
- Disability benefits
- Other

Select the Indiana Code that applies to this plan

- Municipal Utility Employees' Pension Fund IC 8-1.5-3-7
- City Hospitals - Third Class Cities IC 16-23-1-25(c)
- Housing Authorities IC 36-7-18-10(d)
- Department of Redevelopment IC 36-7-14-12.2(17)
- Deferred Compensation IC 5-10-1.1



# 2019 AFR: Pensions (continued)

Does the plan have any terms related to vesting?

Yes No

If yes, list the terms that must be met to vest

Does the plan have any terms related to forfeitures (i.e. benefits payable to a plan member must be forfeited in the event the member is convicted of a crime)?

Yes No

Upload the policy for using the forfeited amounts

Upload file option



## Pension Note - 2019 and beyond

The collage displays several documents related to pension plans:

- TOWN OF EXAMPLE NOTES TO FINANCIAL STATEMENT (Continued)**: Includes sections on "Assets", "Liabilities", and "Notes". The notes discuss the Public Employees Retirement Plan (PERP) and the Public Employees Health Plan (PEHP), detailing contributions, actuarial assumptions, and investment performance.
- Actuarial Report**: A document titled "Actuarial Report" with a table of "Asset Class" and "Target Allocation".
- Actuarial Assumptions**: A table showing "Asset Class" and "Target Allocation" for various investment categories.
- Actuarial Assumptions Table**:
 

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	40%	6.4%
International equity	21	7.3
Fixed income	28	4.8
Risk return	6	0.0
Cash	2	
Total	100%	
- Actuarial Assumptions Table**:
 

Actuarial Assumptions	1% Decrease	Current Rate	1% Increase
Net Pension Liability	\$ 828,923	\$ 751,793	\$ 861,343



## Pensions

Current

- Descriptions and Funding Policy
- Instructions on how to obtain plan information

2019

- New requirements refer to plans provided by the city or town, *not INPRS*
- Description; Funding policy; Benefits offered; Upload of actuarial valuation; vesting terms, if any

2020

- No Changes

AFR  
Changes  
for  
2019



## OPEB 2018 and prior

- Type of benefit offered
- The fact that the plan does not pose a liability to the city or town
- Instructions on how to obtain plan information

**Note 8. Other Postemployment Benefits**

The Town provides to eligible retirees and their spouses the following benefits: the costs of the health insurance benefits are shared between the retiree and the Town. These benefits pose a liability to the Town for this year and in future years. Information regarding the benefits can be obtained by contacting the Town.



# OPEB - 2019 and beyond

- ▶ Plan description
- ▶ Benefits provided
- ▶ Actuarial information, *if any*
- ▶ Contributions

**Note X. Other Postemployment Benefits**

*Single-Employer Defined Benefit Plan*

*Sample Town Retiree Benefits Plan*

*Plan Description*

The Town's defined benefit OPEB plan, Sample Town Retiree Benefits Plan (STRBP), provides OPEB for all permanent full-time general and public safety employees of the Town. STRBP is a single-employer defined benefit OPEB plan administered by the Sample Town Employees Retirement System (STERS). Chapter 21 of the Sample Town Code grants the authority to establish and amend the benefit terms to the STERS Board of Trustees (STERS Board). STERS issues a publicly available financial report that can be obtained at [Internet address].

*Benefits Provided*

STRBP provides healthcare and vision benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of the benefits is covered by the plan.

At December 31, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1,307
Inactive employees entitled to but not yet receiving benefit payments	142
Active employees	<u>8,356</u>
	<u>9,805</u>

*Contributions*

Chapter 21 of the Sample City Code grants the authority to establish and amend the contribution requirements of the City and employees to the STERS Board. The Board establishes rates based on an actuarially determined rate. For the year ended December 31, 2017, the City's average contribution rate was 4.19 percent of covered-employee payroll. Employees are not required to contribute to the plan.



# 2019 AFR: OPEB

**OPEB Plan**

Name of the OPEB Plan

Type of OPEB Plan

- Single Employer Defined Benefit
- Cost-Sharing Multiple Employer Defined Benefit
- Agent Multiple-Employer Defined Benefit
- Defined Contribution

Select the benefits provided under this OPEB plan

- Medical
- Dental
- Vision
- hearing
- Death benefits
- Life insurance
- Disability
- Long-term care
- Other



## 2019 AFR: OPEB (continued)

<b>Plan Administrator</b>	
Company Name	
Street Address	
City	
State	
Zip (e.g. 9999)	
Contact Person	
Phone (e.g. 999-999-9999)	
e-mail (e.g. example@example.com)	
Employer Sponsoring the Plan	
<b>Current Number of Participants</b>	
Inactive employees or beneficiaries current receiving benefit payments	
Inactive employees entitled to but not yet receiving benefits	
Active employees	



## 2019 AFR: OPEB (continued)

<b>Actuarial Information</b>	
Has there been an actuarial valuation done for this plan?	Yes <span style="margin-left: 100px;">No</span>
When are you planning to have an actuarial valuation done?	<input type="checkbox"/> Next Year <input type="checkbox"/> Two Years <input type="checkbox"/> More Than Two Years <input type="checkbox"/> Do not intend to have an actuarial valuation done
<b>Contribution Rates (as a Percentage of Payroll)</b>	
Employer	
Plan Members	
Annual Covered Payroll	
Cost Method for Funding Purposes	
	Unit Credit Projected Unit Credit Entry Age Normal (% Salary) Entry Age Normal (Level Dollar) Aggregate Attained Age Normal Individual Aggregate Frozen Initial Liability Individual Level Premium Pay as you go Other (please specify)



## Other Post Employment Benefits

Current

- The type of benefit offered
- The fact that the plan does not pose a liability to the city or town
- Instructions on how to obtain plan information

2019

- Benefits Offered; Contribution rates; Actuarial information, if any
- Instructions on how to obtain plan information

2020

- No Changes

AFR  
Changes  
for  
2019



## Notes to the Financial Statements Regulatory Format

### Capital Assets



# 2018 Unit Questions



INDIANA  
**Gateway**  
for government units

An Information for Indiana Data Site



[Home](#)
[About](#)
[Account Settings](#)
[User Guides](#)
[Logout](#)

Indiana State  
Board of Accounts

## AFR Unit Questions ?

**7. Do you maintain records listing the types and values of assets owned by the unit?**  
Assets include land, buildings, infrastructure, vehicles, equipment, etc.



# 2018 Gateway Reporting

## Capital Assets ?

[Return to AFR Main Menu](#)

Using your Capital Asset records complete the Schedule of Capital Assets (land, building, equipment, etc) as of the end of the year. If you have infrastructure, but don't have valuations for it, submit the Annual Report with a temporary value of \$ 9.99 and estimate the value later. See [this page](#) for information on various methodologies for estimating the value of infrastructure. Once you have estimated the value, correct the Annual Report and resubmit.

**Make sure to press the ENTER key on the keyboard after entering a number to make sure it is saved!**

Government or Enterprise	Land	Infrastructure	Building	Improvements Other Than Buildings	Machinery, Equipment, and Vehicles	Construction In Progress	Books and Other
Governmental Activities	\$0.00	\$208,383.00	\$333,251.00	\$158,998.00	\$227,012.00	\$0.00	\$0.00
WASTEWATER UTILITY (Wastewater Utility)	\$8,223.00	\$351,065.00	\$312,935.00	\$512,080.00	\$581,027.00	\$0.00	\$0.00
WATER UTILITY (Water Utility)	\$894.00	\$434,725.00	\$122,478.00	\$9,596.00	\$189,264.00	\$0.00	\$0.00





# 2018 Regulatory Format

(and years prior)

\*Supplementary Information

\*Ending Balance Only

\*Compliance

## SCHEDULE OF CAPITAL ASSETS December 31, 2017

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance
Governmental activities:	
Infrastructure	\$ 208,383
Buildings	333,251
Improvements other than buildings	158,998
Machinery, equipment, and vehicles	<u>227,012</u>
Total governmental activities	<u>927,644</u>
Wastewater Utility:	
Land	8,223
Infrastructure	351,065
Buildings	312,935
Improvements other than buildings	512,080
Machinery, equipment, and vehicles	<u>581,027</u>
Total Wastewater Utility	<u>1,765,330</u>
Water Utility:	
Land	894
Infrastructure	434,725
Buildings	122,478
Improvements other than buildings	9,596
Machinery, equipment, and vehicles	<u>189,264</u>
Total Water Utility	<u>756,957</u>
Total capital assets	<u>\$ 3,449,931</u>



## 2019 Updates - Capital Assets

- Capital Asset Additions and Reductions
- Supplementary Information for 2019
- Financial Statement Note Disclosure 2020



# 2019 Supplementary Information

**Capital Assets**

Capital asset activity for the year ended December 31, 2019, was as follows:

	Beginning Balance 01/01/19	Additions	Reductions	Ending Balance 12/31/19
<b>General Government Assets</b>				
Land	1,371,633	500,000	49,882	1,821,751
Construction in progress	75,000	25,000	-	100,000
Infrastructure	1,591,231	352,789	256,251	1,687,769
Buildings	25,348,431	3,500,000	1,750,000	27,098,431
Improvements other than Buildings	-	-	-	-
Machinery, Equipment and Vehicles	9,476,303	2,000,000	1,260,310	10,215,993
<b>Total General Government Assets</b>	<b>\$ 37,862,597</b>	<b>\$ 6,377,789</b>	<b>\$ 3,316,283</b>	<b>\$ 40,924,103</b>
<b>Water Utility Assets</b>				
Land	\$ 278,119	\$ 50,000	\$ 40,020	\$ 288,119
Construction in progress	-	-	-	-
Infrastructure	1,235,930	200,000	-	1,435,930
Buildings	1,996,508	-	500,000	1,496,508
Improvements other than Buildings	-	-	-	-
Machinery, Equipment and Vehicles	2,366,162	-	50,788	2,315,374
<b>Total Water Utility Capital Assets</b>	<b>\$ 5,876,717</b>	<b>\$ 250,000</b>	<b>\$ 590,808</b>	<b>\$ 5,535,929</b>
<b>Wastewater Utility Assets</b>				
Land	\$ 196,503	\$ 20,000	\$ -	\$ 216,503
Construction in progress	-	300,000	-	300,000
Infrastructure	4,280,305	1,500,000	250,000	5,530,305
Buildings	16,086,540	100,000	5,750,000	10,436,540
Improvements other than Buildings	-	-	-	-
Machinery, Equipment and Vehicles	1,591,720	75,000	150,000	1,516,720
<b>Total Wastewater Utility Capital Assets</b>	<b>\$ 22,137,068</b>	<b>\$ 1,995,000</b>	<b>\$ 6,150,000</b>	<b>\$ 18,002,068</b>



# 2019 Gateway Reporting

Government or Enterprise	Beginning Balance January 1, 20XX	Additions	Reductions	Ending Balance December 31,
<b>General Government Activities</b>				
Land				
Infrastructure				
Building				
Improvements other than Buildings				
Machinery, Equipment and Vehicles				
Construction in Progress				
Books and Other				
<b>Total</b>				
<b>Other Enterprise</b>				
<b>Total Capital Assets</b>				



## Capital Assets - 2020 Updates

- ▶ Removed from Supplementary Information section
- ▶ Added to Notes to Financial Statements section
- ▶ Beginning Balance, Additions, Reductions, Ending Balance by Activity and Class as in 2019
- ▶ Accumulated Depreciation for depreciable assets



## Capital Asset Note (draft) - 2020

### Note X. Capital Assets

General Government Assets	Beginning Balance 01/01/20	Additions	Reductions	Ending Balance 12/31/20
<b>Capital assets not being depreciated</b>				
Land	1,371,633	500,000	49,682	1,821,951
Construction in progress	<u>75,000</u>	<u>25,000</u>	-	<u>100,000</u>
<b>Total capital assets not being depreciated</b>	<u>1,446,633</u>	<u>525,000</u>	<u>49,682</u>	<u>1,921,951</u>
<b>Capital assets being depreciated</b>				
Infrastructure	1,591,231	352,789	256,251	1,687,769
Buildings	25,348,431	3,500,000	1,750,000	27,098,431
Improvements other than Buildings	-	-	-	-
Machinery, Equipment and Vehicles	<u>9,476,302</u>	<u>2,000,000</u>	<u>1,260,350</u>	<u>10,215,952</u>
<b>Total capital assets being depreciated</b>	<u>36,415,964</u>	<u>5,852,789</u>	<u>3,266,601</u>	<u>39,002,152</u>
<b>Less: Accumulated depreciation</b>				
Infrastructure	106,612	23,637	17,169	113,080
Buildings	1,698,345	234,500	117,250	1,815,595
Improvements other than Buildings	-	-	-	-
Machinery, Equipment and Vehicles	<u>634,912</u>	<u>134,000</u>	<u>84,443</u>	<u>684,469</u>
<b>Total accumulated depreciation</b>	<u>2,439,870</u>	<u>392,137</u>	<u>218,862</u>	<u>2,613,144</u>
<b>Net capital assets being depreciated</b>	<u>\$ 33,976,094</u>	<u>\$ 5,460,652</u>	<u>\$ 3,047,739</u>	<u>\$ 36,389,008</u>





## Capital Assets

Current

- Supplementary Information section - Schedule of Capital Assets
- Ending Balance only

2019

- Supplementary Information section - Schedule of Capital Assets
- Beginning Balance, Additions, Reductions, Ending Balance

2020

- Removed from Supplementary Information section and presented as a note disclosure
- Beginning Balance, Additions, Reductions, Ending Balance
- Accumulated depreciation for depreciable assets

AFR  
Changes  
for  
2019



## Checklist

- 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
- Document Basis for Valuation and Estimated Useful Life
- Establish Internal Controls



## 2019 Audit Information

- ▶ Capitalization Policy
- ▶ Capital Assets Ledger
- ▶ Supporting Documentation
- ▶ Documented Basis for Asset Valuation
- ▶ Documented Basis for Estimated Useful Lives
- ▶ Internal Controls



## SBOA Articles

### *Bulletin and Uniform Compliance Guidelines*

*Establishing the Estimated Cost of Capital Assets, June 2018 p. 29*

*Inventories of Capital Assets, March 2014, p. 3*

### *Accounting and Uniform Compliance Guidelines Manual*

*Depreciation of Utility Assets, p. 3-55;*

*Estimated Useful Lives of Capital Assets p. 3-58*

*SBOA Best practices; [www.in.gov/sboa](http://www.in.gov/sboa)*



## Notes to the Financial Statements Regulatory Format

### Additional Notes for 2020



### Conduit Debt - 2020

- Description of transactions
- Aggregate amount of all conduit debt outstanding



## Short-term Debt - 2020 Draft

- ▶ Beginning and ending balances
- ▶ Additions and reductions
- ▶ Description of the purpose for which debt was issued

### Note X. Short-Term Debt

Purpose	Beginning Balance 1/1/20	Addition	Reduction	Ending Balance 12/31/20
Tax anticipation warrants	\$ -	\$ 110,000	\$ (110,000)	\$ -

The Town issues tax anticipation warrants in advance of property tax collections, depositing the proceeds in its general fund. These warrants are necessary because the Town's payments to the school system and other local agencies are made on January 1 and July 1, whereas tax collections are received shortly before their May 10 and November 10 due dates.



## Tax Abatements - 2020

- Description of tax abatement agreements
- Dollar amount by which tax revenues were reduced
- Receivable amounts
- Policies pertaining to disclosure of significant tax abatement agreements



## Landfill Closure and Post-closure Care - 2020

- ▶ Applicable laws and regulations
- ▶ Length of time the unit is responsible for closure and post-closure care
- ▶ Landfill capacity used to date
- ▶ Liability for closure and post-closure care
- ▶ Financing of the closure and post-closure care costs



## Related Party Transactions - 2020

- ▶ Nature of relationship and transaction that occurred
- ▶ Dollar amount of any receivables or payables





## Joint Ventures - 2020

- ▶ Description of joint venture
- ▶ Financial interest of unit in the joint venture



## Recap Schedule of Regulatory Changes

Current Regulatory	Regulatory for 2019 Calendar Year Units	Regulatory for 2020 Calendar Year Units
FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
<p><b>Statement of Receipts, Disbursements, and Cash and Investment Balances</b></p> <ul style="list-style-type: none"> <li>- Shows total receipts, disbursements, and ending balance for each fund</li> </ul>	<p><b>Statement of Receipts, Disbursements, and Cash and Investment Balances</b></p> <ul style="list-style-type: none"> <li>- The Combining Schedules from the supplementary information will be shown as the Statement of Receipts, Disbursements, and Cash and Investment Balances</li> <li>- Shows detailed, instead of total, receipts and disbursements for each fund and ending balance (i.e. receipts from taxes, charges for services, intergovernmental, etc.)</li> </ul>	<p><b>Statement of Receipts, Disbursements, and Cash and Investment Balances</b></p> <ul style="list-style-type: none"> <li>- Financial statement will show fund type classifications. The information submitted in Gateway will be aggregated and presented in the appropriate fund type classification.</li> <li>- Fund types shown will be as follows: General, Special Revenue, Capital Projects, Debt Service, Permanent, Enterprise, and Fiduciary</li> </ul>
NOTES TO THE FINANCIAL STATEMENTS	NOTES TO THE FINANCIAL STATEMENTS	NOTES TO THE FINANCIAL STATEMENTS
<p><b>Summary of Significant Accounting Policies</b></p> <ul style="list-style-type: none"> <li>- Reporting entity</li> <li>- Basis of accounting</li> <li>- Cash and investments</li> </ul>	<p><b>Summary of Significant Accounting Policies</b></p> <ul style="list-style-type: none"> <li>- No changes to existing accounting policy notes</li> <li>- Added a section for capitalization thresholds to indicate what qualifies as a capital asset</li> </ul>	<p><b>Summary of Significant Accounting Policies</b></p> <ul style="list-style-type: none"> <li>- No changes</li> </ul>

Visit [www.in.gov/sboa](http://www.in.gov/sboa) to view the entire document



## Updates to the Regulatory Format 2019 and 2020

*Through this process it is our goal to work with you as we provide the citizens of Indiana with complete confidence in the integrity and financial accountability of state and local government.*



## Contact Information

Todd Caldwell  
Susan Gordon

[cities.towns@sboa.in.gov](mailto:cities.towns@sboa.in.gov)

317-232-2513