

Virtual Fall District Meeting

Indiana League of Municipal Clerks & Treasurers

October 2020



Indiana State Board of Accounts

1

End of Year Duties – Part 1



- Annual Financial Report – Gateway
- Form 100-R – Gateway
- Monthly & Annual Uploads – Gateway



2

Annual Financial Report – Gateway



- Required by IC 5-11-1-4
- Due 60 days after year end
* **March 1, 2020***

NO Major Changes to the Reporting / Gateway

- Internal Control Considerations

Annual Financial Report Main Menu

The sections below are the ones that are required to complete your annual financial report. Some of these sections are based on the answers that you gave to the questions on the previous screen. If you need to go back and change any of the answers to those questions, click on Unit Questions above.

Section	Description	Status
Unit Information		
Unit Questions	The answers to these questions determine what forms are available in the system.	
Monthly Expenditures	Identify your salaries and other obligations that operate like a business. Examples include: Public Transportation, Convention Centers, Parking Garages, Airports, Interest Payments, etc.	2 Completed
Departments	Select departments that are in use and provide local names for some departments.	14 Departments
Schedule of Offices	Enter information regarding offices and correct information.	Not Completed
Core Reporting		
Financial Data by Fund	Enter or adjust your financial information for the year. This includes adding or deleting funds, entering reporting codes and treatment instructions, receipts and disbursements for each fund.	56 Funds
Capital Assets	Using your Capital Asset records complete the Schedule of Capital Assets (land, building, equipment, etc.) as of the end of the year.	80 in Assets
Grants	Accounts Payable/Receivable	1 Grants
Debt	Complete the Debt Schedule for grants you received or disbursed money from during the year.	Not Entered
Leases	Accounts Payable/Receivable	2 Leases
Financial Assistance to Non-Governmental Entities	Amount of lease payments or force as of end of year.	1 Assistance
Pensions	Enter pension information for your unit here. Please to enter such as: Volunteer Fire Dept, YMCA, Senior Center, etc.	Not Entered
Risk Assessment	Information about your pension plans the unit administers or participates in.	Not Completed
Unaudited Financial Statements	Annual questions to assist in reporting audit.	Not Completed
System Functions		
Unaudited Data	Unaudited is an option for those government units with vendors and who choose to prepare a portion of their report to reporting time.	Not Completed
Annual Report Closures	Reports may be viewed as PDF or Excel spreadsheets.	Available
System Submissions	Please any submission errors or warnings.	Available

3

Annual Financial Report - Schedules



Schedules are generated based on responses to Risk Assessment Questions

- Capital Assets
- Debt
- Leases
- Accounts Payable/ Accounts Receivable
- Interfund Transfers
- Grants
- Financial Assistance to Non-Governmental Entities
- OPEB
- Pensions

4



Capital Asset Schedule

- Report asset amounts as of December 31st
- Make sure your Capital Asset Ledger is updated through year end

Governmental Activities

Government or Enterprise	Beginning Balance as of January 1, 2019	Additions	Reductions	Ending Balance as of December 31, 2019
Land	\$2,803,201.43	\$0.00	\$0.00	\$2,803,201.43
Infrastructure	\$1,591,230.56	\$0.00	\$0.00	\$1,591,230.56
Building	\$17,735,931.14	\$4,630,297.76	\$0.00	\$22,366,228.90
Improvement	\$0.00	\$0.00	\$0.00	\$0.00
Machinery	\$10,070,705.09	\$356,541.10	\$65,911.00	\$10,361,335.19
Construction	\$0.00	\$0.00	\$0.00	\$0.00
Books	\$1,382,750.62	\$86,116.00	\$24,500.00	\$1,444,366.62

5



Capital Asset Schedule Preparation

In order to prepare for the next Annual Financial Report, you can use the following checklist as guidance:

- Establish Capitalization Policy
- Maintain Capital Assets Ledger (prescribed form 369)
- Identify Capital Assets by Activity
- Identify Capital Assets by Major Class
- Confirm Beginning Balance for 2020
- Report Additions to Capital Assets
- Report Reductions in Capital Assets
- Compare Ending Balance to Capital Assets Ledger

6



Debt Schedule

- Report debt amounts as of December 31st
 - Debt Classification (revenue bond, general obligation, etc.)
 - Description of Debt
 - Ending Principal Balance at 12/31/20
 - Principal and Interest Due in 2021

Governmental Activities

Delete	Debt Class	Description or Purpose	Beginning Principal Balance as of Jan. 1, 2019	Additions	Reductions	Ending Principal Balance as of Dec. 31, 2019	Principal and Interest Due in 2020
X	Revenue Bonds	Econ Redev. Special Revenue Tax Bonds Series 2013A \$2,580,000 at Wynne Farms	\$2,010,000.00	\$0.00	\$120,000.00	\$1,890,000.00	\$185,115.00
X	General Obligation Bonds	2015 GO Bond-Mixed Use Development	\$1,445,000.00	\$0.00	\$190,000.00	\$1,255,000.00	\$225,700.00
X	General Obligation Bonds	2016 GO Bond-WWTP	\$1,620,000.00	\$0.00	\$195,000.00	\$1,425,000.00	\$231,900.00

7



Debt Schedule Preparation

In order to prepare for the next Annual Financial Report, you can use the following checklist as guidance:

- 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

8



Lease Schedule

- Lessor Name
- Description or Purpose
- Annual Lease Payment
- Lease Beginning and Ending Date

Governmental Activities

Delete	Lessor	Description or Purpose	Annual Lease Payment Due in 2020	Lease Beginning Date MM/DD/YYYY	Lease Ending Date MM/DD/YYYY
✘	Regions Equipment Finance Corporation	Police Vehicle and Equipment Lease	\$915,995.86	04/30/2018	04/30/2021

9



Lease Schedule Preparation

In order to prepare for the next Annual Financial Report, you can use the following checklist as guidance:

- General description of lease arrangements
- Name of Lessor
- Lease beginning date
- Lease ending date
- Annual lease payment
- Complete DLGF Debt Management Report information in Gateway
- Update DLGF Debt Management Report as needed

10



Accounts Payable/Accounts Receivable Schedule

- Report Accounts Payable at December 31
- Report Accounts Receivable at December 31

Accounts Payable/Receivable ?

Please enter the total dollar amount of your Accounts Payable and Accounts Receivable for

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental Activities	\$3,367.08	\$0.00
STORM WATER (Storm Water Utility)	\$0.00	\$0.00
WASTEWATER (Wastewater Utility)	\$0.00	\$32,110.38
WATER (Water Utility)	\$0.00	\$13,982.96
WATER (Water Utility)	\$0.00	\$13,982.96
WASTEWATER (Wastewater Utility)	\$0.00	\$32,110.38

11



Interfund Transfers

Transfer Schedule

Add Row

Delete	Transfer_From	Transfer_To	Amount
✗	0000001186 Rainy Day	0000001000 General	\$5,000.00
✗	0000001176 Motor Vehicle Highway	0000009001 Community Crossings Grant	\$300,000.00
✗	0000001169 Local Road and Street	0000009001 Community Crossings Grant	\$10,000.00
✗	0000001169 Local Road and Street	Required	Required

Indicate any transfers either that do not occur on a routine basis or are inconsistent with the activities of the fund making the transfer.

Total: \$0.00

12



Financial Assistance to Non-governmental Entities

- Generated by answer of “yes” on Unit Questions
- Enter information of financial assistance given to non-governmental entities
 - ✓ Volunteer Fire Departments
 - ✓ YMCA
 - ✓ Youth Leagues
 - ✓ Senior Citizen Center

Delete	Name	Federal Tax ID #####	Street Address	Suite No.	City	State Abr.
X	Council for Economic Development	35-1654127	One Courthouse Plaza		Greenfield	In
X	Boys & Girls Club	35-0979327	715 E Lincoln Street		Greenfield	In
X	Hancock County Senior Services	31-0938007	312 E Main Street		Greenfield	In
X	Sister City of Greenfield Inc	35-2088416	110 S State Street		Greenfield	In
X	Kenneth Butler Soup Kitchen	80-0321185	202 E Main Street		Greenfield	In

13



Notify non-governmental entity of reporting requirements

Cities and Towns Bulletin, September 2016
www.in.gov/sboa

FINANCIAL ASSISTANCE TO NON-GOVERNMENTAL ENTITIES

Cities and towns providing financial assistance to non-governmental entities are required to notify those entities annually in writing the following information:

1. The Entity Annual Report (E-1) filing requirement established by IC 5-11-1-4 and the audit requirement established by IC 5-11-1-9;
2. The source(s) of the funding provided:
 - a. Local and/or state funds (in the case of subsidies, contributions, or general aid),
 - b. Federal grants passed through including the formal name of the program and CFDA number, or
 - c. Fee for service arrangements.
3. The State Board of Accounts may request documentation to support the categorization of the financial assistance,
4. The E-1 is not to be confused with the Secretary of State's Business Entity report, and
5. The entity may obtain additional information from the State Board of Accounts at notforprofit@sboa.in.gov.

Furthermore, this financial assistance provided is to be reported by the city or town on the Annual Financial Report via Gateway.

"Entity" is defined in IC 5-11-1-16 as "any provider of goods, services, or other benefits that is:

- (1) maintained in whole or in part at public expense; or
- (2) supported in whole or in part by appropriations or public funds or by taxation."

This includes for-profit and not-for-profit corporations, unincorporated associations, organizations, individuals, etc. Examples of non-governmental entities are volunteer fire departments, a local YMCA, youth leagues, senior citizen centers, 4-H clubs, daycare centers, health service organizations, emergency medical service organizations, community centers, historical societies, etc.

Financial assistance to non-governmental entities is defined as payments received in the form of grants (whether from local, state, or federal sources), subsidies, contributions as permitted by statute, aid, or other agreements. For more information on what constitutes financial assistance, please refer to the State Board of Accounts' *Uniform Compliance Guidelines for Examinations of Entities Receiving Financial Assistance from Governmental Sources* found on the State Board of Accounts' website at www.in.gov/sboa under Private Examiner Audits/Non-Governmental Entities Receiving Governmental Assistance/Uniform Compliance Guidelines.

Each non-governmental entity receiving financial assistance from governmental units is required to submit a Gateway financial report, the E-1, in accordance with IC 5-11-1-4(a). Information requested includes the source and use of financial assistance provided by governmental units. The entity is subject to a State Board of Accounts audit in accordance with IC 5-11-1-9 if certain funding thresholds are met.

14



OPEB and Pensions

OPEB – One-hour presentation on October 29

PENSIONS

- Type of plan
- Benefits provided under the plan
- The Indiana Code that applies to the plan
- Description of vesting terms, if any
- Description of forfeiture terms, if any

15



Annual Financial Report – Miscellaneous

Items to **Include** in AFR:

- SRF / Bank of New York transactions
 - ✓ These are financial transactions of your city/town
 - ✓ Should be reported on your ledgers
 - ✓ Consequently reported on the AFR

16



Annual Financial Report – Miscellaneous

Items **Not** to Include in AFR

- **Redevelopment Authorities** *(not to be confused with a redevelopment commission which is a department of the city/town)*
 - ❖ Separate entity per IC 36-7-14.5
 - ❖ Should be reported separately, not on city/town AFR
 - ❖ Accounting & Financial Reporting Regulation Manual – Part III
“No funds from outside organizations associated with the entity shall be included.”

17



Annual Financial Report – Miscellaneous

Items **Not** to Include in AFR:

- **Redevelopment Authorities** (continued)
 - If you have a RDA that has not been set up in Gateway, please provide the following information:
 - RDA Legal Name
 - Street Address, City, and Zip
 - County Name
 - Contact Person
 - Phone & Email for Contact Person
 - Copy of Ordinance Creating the RDA

18



Annual Financial Report - Miscellaneous

Risk Assessment Questions

- ▶ 7. Does anyone review the completed bank statements?
- ▶ 24. Have items included in the most recent SBOA report been adequately corrected?

19



End of Year Duties AFR - Summary

Gather information / post/reconcile records to complete information for

- Financial Data By Fund
- Capital Assets
- Grants
- Long-term Debt
- Leases
- Financial Assistance to Non-Governmental Entities
- Pensions
- Inter-fund Transfers
- Risk Assessment Questions

20



Form 100-R – Certified Report of Names, Duties, & Compensation

- Required by IC 5-11-13-1
- Due during the month of January for the preceding year
 * **January 31, 2021** *
- **No Changes** to the Reporting
- Internal Control Considerations



21

Monthly and Annual Engagement Uploads



www.pixabay.com

UPDATES COMING SOON!

22



Monthly Uploads in Gateway

Required Monthly Uploads, *January through December:*

- Bank Reconciliation
- Board Minutes
- Funds Ledger Totals

UPDATES COMING SOON!

23



Annual Uploads in Gateway

- Year End Bank Statement
- Year End Outstanding Checklist
- Year End Investment Statements
- Detail of Receipt Activity
- Detail of Disbursement Activity
- Current Year Salary Schedule
- Annual Vendor History Report

Due March 1

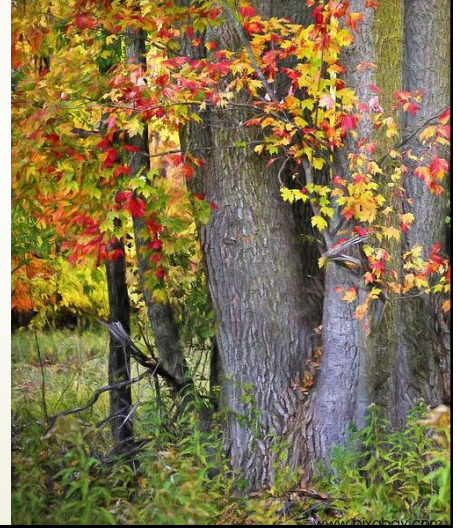
**UPDATES
COMING SOON!**

24

End of Year Duties – Part 2



- Cancellation of Warrants
- Names & Addresses to County Treasurer
- Nepotism Certification
- Contracting with a Unit Certification



25

Cancellation of Warrants



Indiana Code 5-11-10.5: Cancellation of Warrants

Old Outstanding Checks •

All checks outstanding and unpaid for a period 2 years as of December 31 of each year shall be declared cancelled.

Example – At December 31, 2020; Check #1234 was written on February 27, 2018 and has not cleared the bank and is on the outstanding check list. At 12/31/20, it would be considered “cancelled”.

Check #9876 was written on November 2, 2019 and has not cleared the bank and is on the outstanding check list. At 12/31/20, this check would not be considered “cancelled” and should remain on the outstanding check list.

26



Cancellation of Warrants

Indiana Code 5-11-10.5: Cancellation of Warrants

- March 1 – fiscal officer prepares list of all outstanding checks for 2 years or more
- File list of checks with Council
- Fiscal officer keeps a copy

“Old” (or stale) checks are receipted back to your ledger into the fund(s) from which they were originally drawn and removed from the outstanding check list. If fund(s) can't be determined – put in General fund.

27



Names & Addresses to County Treasurer

- June 1 & December 1
- Disbursing officer shall certify
 - name
 - address
 of each person who has money due to them from the city/town.
- County Treasurer shall search their records to ascertain if anyone on the list is delinquent in payment of property taxes. [IC 6-1.1-22-14]

28



Names & Addresses to County Treasurer

IC 6-1.1-22-15 –

If the county treasurer finds that a person whose name is certified is delinquent in the payment of taxes, the treasurer shall certify the name of that person and the amount of delinquency to the official of the political subdivision who is to make payment to the person.

The disbursing officer shall periodically make deductions from money due the person and shall pay the amount of these deductions to the county treasurer. (*our emphasis*).

29



Nepotism Annual Certification

Indiana Code 36-1-20.2-16:

“Each elected officer of the unit shall annually certify *in writing*, subject to the penalties for perjury, that the officer has not violated this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year.” [*emphasis added*]

30

Contracting with a Unit Annual Certification



Indiana Code 36-1-21-6:

“Each elected officer of the unit shall annually certify *in writing*, subject to the penalties for perjury, that the officer is in compliance with this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year.” *[emphasis added]*

31

End of Year Duties – Part 3



- Appropriation Transfers
- Encumbrances
- Promotion of Business Ordinance
- Salary Ordinance Adoption
- Dormant Fund Balances



32



Appropriation Transfers

Indiana Code 6-1.1-18-6: Transfers of appropriations

Transfers from one major budget classification to another within a department or office if:

- It is determined that the transfer is necessary;
- The transfer does not require the expenditure of more money than the total amount set out in the budget;
- The transfer is made at a regular public meeting and by proper ordinance **or resolution**.
- Such a transfer can be made without notice and without approval of DLGF

33



Encumbrances

Encumbered Appropriations:

Those items under purchase order or contract are to be added for each appropriation account and the total carried to the new 2021 corresponding account.

The actual unpaid amount of the purchase orders or contracts should be totaled and shown as a separate amount on the appropriation ledger for 2021 (with proper explanation) and added to the 2021 appropriation for the same purpose.

34



Encumbrances

Encumbered Appropriations

By carrying out this procedure, the 2021 budget will not be expected to stand any expense not anticipated in making the budget.

We recommend:

- *the proper city/town officials make a listing of these encumbered items*
- *make it a part of their minutes in their last business meeting of the year*

35



Encumbrances

The appropriations encumbered and carried forward can be used for no other purpose other than the purchase order or contract for which they were appropriated.

36



Promotion of Business Ordinance

- ▶ IC 36-7-2-7 – promotion of economic development and tourism
- ▶ Best interest of city or town
- ▶ Home Rule Ordinance
- ▶ Types of Promotion Expenses must be specifically listed in Ordinance
- ▶ Such expenses may include, but not necessarily be limited to, rental of meeting places, meals, decorations, memorabilia, awards, expenses incurred in promoting industrial, commercial, and residential development, expenses incurred in developing relations with other units of government and any other expenses of a civic or governmental nature deemed by the mayor or the town council to be in the interest of the city or town.”

37



Salary Ordinance Adoption

- ▶ Cities IC 36-4-7-3
 - ▶ Salary Ordinance must be adopted by November 1
- ▶ Towns – no statutory deadline
 - ▶ Salary Ordinance should be adopted by December 31

38



Dormant Fund Balances

- ▶ IC 36-1-8-5
- ▶ Purpose of tax levy has been fulfilled with balance remaining
- ▶ Transfer must be authorized by Council
- ▶ May transfer to General Fund or Rainy Day Fund

39



End of Year Duties – Part 4

- Internal Control Considerations



40



Internal Controls - Year End Considerations

- Review and Document Procedures
- Review for evidence of procedures being performed as intended
- Evaluate effectiveness
- Change accordingly

41



Internal Controls – Adoption/Training/Certifications

Indiana Code 5-11-1-27(g)

- “After June 30, 2016, the legislative body of a political subdivision shall ensure that:
 - 1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
 - 2) **personnel receive training** concerning the internal control standards and procedures adopted by the political subdivision.”

42

Internal Controls – Adoption/Training/Certifications



Indiana Code 5-11-1-27(c) defines “personnel”:

“As used in this section, “personnel” means an officer or employee of a political subdivision whose official duties include receiving, processing, depositing, disbursing, or otherwise having access to funds that belong to the federal government, state government, a political subdivision, or another governmental entity.”

43

Internal Controls – Adoption/Training/Certifications



Remember:

- ✓ Council should adopt minimum standards - if they haven't already
- ✓ Provide training for any new employees in 2020
- ✓ Certify on the AFR in Gateway correctly

44



Internal Controls – Adoption/Training/Certifications

AFR Unit Questions

The following must be filed with the Annual Report per IC 5-11-1-27 (h).	
I certify that my unit has adopted the minimum internal control standards as required per IC 5-11-1-27(e).	<input checked="" type="radio"/> Yes <input type="radio"/> No
If yes, I certify that all personnel defined by IC 5-11-1-27(c) received training concerning the internal control standards adopted by my unit.	<input checked="" type="radio"/> Yes <input type="radio"/> No

Make sure you answer these questions correctly



Any Questions ??





Contact Information

Todd Caldwell, CFE **Susan Gordon, CPA**
Directors of Audit Services

cities.towns@sboa.in.gov
317-232-2513

Indiana State Board of Accounts
302 W. Washington St., Rm E418
Indianapolis, IN 46204