

The background features a large, faint watermark of the Seal of the State Board of Accounts of Indiana. The seal is circular, with the words "STATE BOARD OF ACCOUNTS" around the perimeter and "INDIANA" at the top. In the center is a five-pointed star with a smaller star above it, and a banner below the star. The seal is rendered in a light gray color.

Public Works, Purchasing and Capital Assets

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PUBLIC PURCHASING

PUBLIC PURCHASES



- Applicability
 - IC 5-22-1-1 provides that except for scenarios specifically mentioned within IC 5-22-1, IC 5-22 applies to every expenditure of funds by a governmental body

PUBLIC PURCHASES



- Exceptions – IC 5-22-1-3
 - Contracts between governmental bodies
 - Public Works Projects
 - Collective Bargaining Agreements
 - Labor Agreements with Employees
 - Investments of Public Funds

PUBLIC PURCHASES



- Definitions – IC 5-22-2
 - “Purchase” – includes buy, procure, rent, lease, or otherwise acquire
 - “Purchasing Agency” – a governmental body that is authorized to enter into contracts by IC 5-22, rules adopted under IC 5-22, or by another law
 - “Purchasing Agent” – an individual authorized by a purchasing agency to act as an agent for the purchasing agency in the administration of duties of the purchasing agency.

PUBLIC PURCHASES



- IC 5-22-3-3
 - Authorizes the governmental body to adopt rules to regulate purchases of the governmental body
 - Rules adopted **cannot** be inconsistent with any statutory requirements
 - Rules adopted can be written to apply to all purchases, or to specific purchases

PUBLIC PURCHASES



- Federal Grants – Uniform Guidance requires written purchasing procurement policies over these expenditures
- 2 CFR 200.318(a)
 - “The non-Federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward....”

PUBLIC PURCHASES



- 5-22-6 – Purchase of Services
 - The purchasing agency may purchase services using any procedure that the governmental body considers appropriate
- 5-22-2-30
 - “Services” – the furnishing of labor, time, or effort by a person, not involving the delivery of specific supplies other than printed documents or other items that are merely incidental to the required performance.”
- Examples:
 - Fire Protection
 - Cemetery Care (Mowing)

PUBLIC PURCHASES UNDER \$50,000



- 5-22-8-2(b)
- Allows the purchasing agent to make a purchase under small purchase policies established by the purchasing agency or under rules adopted by the governmental body.

PUBLIC PURCHASES BETWEEN \$50,000 AND \$150,000



- IC 5-22-8-3
 - May purchase supplies under this section through the invitation of quotes from at least three persons known to deal in the lines of supplies to be purchases
 - Invitations for quotes **MUST** be mailed at least seven days before the time fixed to receive quotes
 - The purchasing agent **SHALL** award the contract to the lowest responsible and responsive offeror
 - The purchasing agent may reject all quotes
 - If no quotes are received, the purchasing agent may purchase supplies under IC 5-22-10-10

PUBLIC PURCHASES EXCEEDING \$150,000



- IC 5-22-7 governs competitive bidding
- IC 5-22-7-2 provides that a purchasing agent shall issue an invitation for bids
 - The invitation must include
 - Purchase description
 - All contractual terms and conditions
 - Statement of the bid evaluation
 - Time and place the bids will be opened
 - Statement concerning whether the bid must be accompanied by a certified check or other evidence of financial stability
 - Statement concerning the conditions under which a bid may be canceled or rejected

PUBLIC PURCHASES EXCEEDING \$150,000



- IC 5-22-7-5
 - Requires notice of the invitation to be published in accordance with IC 5-3-1
- IC 5-3-1-2(e)
 - Requires notice of receiving bids to be published two times, at least one week apart, with the second publication at least seven days before the date the bids will be received

PUBLIC PURCHASES EXCEEDING \$150,000



- IC 5-22-7-6
- Requires the public opening of bids, in the presence of one or more witnesses, at the time and place designated in the invitation for bids.

PUBLIC PURCHASES EXCEEDING \$150,000



- IC 5-22-7-7
 - Requires bids to be accepted without alteration, and evaluated based on the objective requirements stated in the invitation
- IC 5-22-7-8
 - The contract **MUST** be awarded to the lowest responsible and responsive bidder
- IC 5-22-7-9
 - Requires the purchasing agency to maintain the name of each bidder, amount of each bid, and any other information required by IC 5-22
 - The information required to be maintained is subject to public inspection after the contract is awarded

PUBLIC PURCHASES



- IC 5-22-8-1
- Purchases and purchase requirements may not be divided so as to constitute a small purchase

**SAMPLE
SUGGESTED FORMAT**

Checklist for Invitation for Bids

Type of Supply _____

Requesting Agency _____

_____ Purchase Description

_____ Evaluation Criteria to Be Used (Circle Selections)

Inspection
Testing
Quality
Workmanship
Delivery
Requirements Imposed on Trusts

_____ Applicable Contract Terms and Conditions

_____ Time and Place for Opening Bid

_____ Evidence of Financial Responsibility Required? (Circle Selection)

Certified Check
Bid Bond
Other _____ (specify)

_____ Performance Bond Required?

_____ Statement of Conditions Under Which Invitation May Be Canceled

_____ Statement of Conditions Under Which Bid May Be Rejected in Whole or in Part

_____ Notice of Invitation for Bids Published

First Date of Publication _____
Second Date of Publication _____

_____ Form of Non-Collusion Affidavit

Source: IC 5-22-7-2



SPECIAL PURCHASING METHODS



- IC 5-22-10-1
 - Purchasing agent may make a purchase under IC 5-22-10 without soliciting bids
- IC 5-22-10-2
 - Special Purchases **MUST** be made with competition as practicable under the circumstance

SPECIAL PURCHASING METHODS



- IC 5-22-10-3
 - Township **MUST** maintain a file with a written determination of the basis for the special purchase, and the selection of the particular contract
 - Records of contracts under IC 5-22-10 **MUST** be kept for a minimum of five years and contain:
 - Each contractor's name
 - Amount and type of each contract
 - Description of the supplies purchased

SPECIAL PURCHASING METHODS



- IC 5-22-10-4
 - Emergency Conditions
 - Threat to public health, welfare, or safety
- IC 5-22-10-5
 - Savings to governmental body
 - Unique opportunity exists to obtain supplies or services at a substantial savings

SPECIAL PURCHASING METHODS



- IC 5-22-10-6
 - Auctions
 - A special purchase may be made at an auction
- IC 5-22-10-8
 - Compatibility of equipment, accessories or replacement parts
 - Compatibility of equipment, accessories, or replacement parts is a substantial consideration in the purchase; and only one source meets the reasonable equipment requirements

SPECIAL PURCHASING METHODS



- IC 5-22-10-10
 - No offer received
 - Township has solicited bids, but did not receive a responsive offer under other required purchasing methods
- IC 5-22-10-13
 - Single source
 - There is only one source for the supply and the purchasing agent determines in writing that there is only one source for the supply

SPECIAL PURCHASING METHODS



- IC 5-22-10-17
 - Acceptance of gift
 - May acquire supplies by accepting a gift for the purchasing agent's governmental body

DISPOSAL OF SURPLUS PERSONAL PROPERTY



- IC 5-22-22
 - **ONLY** applies to the disposal of personal property
 - ***DOES NOT APPLY TO REAL PROPERTY SUCH AS LAND AND STRUCTURES***

DISPOSAL OF SURPLUS PERSONAL PROPERTY



- IC 5-22-22-3
- Authorizes the sale of property that:
 - Has been left in the custody of an officer or employee of the governmental body and has remained unclaimed for more than one year, or
 - Belongs to the governmental body but is no longer needed or is unfit for the purpose it was intended

DISPOSAL OF SURPLUS PERSONAL PROPERTY



- IC 5-22-22-8
- Worthless Property
 - Property is of no market value if the value of the property is less than the estimated costs of the its sale and transportation
 - May be demolished or junked

DISPOSAL OF SURPLUS PERSONAL PROPERTY



- IC 5-22-22-6
 - Applies when selling one item with estimated value under \$1,000, or a group of items under \$5,000
 - May sell the surplus property at a public or private sale without advertising

DISPOSAL OF SURPLUS PERSONAL PROPERTY



- Surplus Property with estimated value over \$1,000 for one item or group of items over \$5,000
 - IC 5-22-22-4
 - May engage an auctioneer
 - Advertising must include detailed description of property being sold
 - IC 5-22-22-4.5
 - May sell surplus property using an internet auction site
 - Internet Auction site must be approved by IOT
 - Internet Auction site must be linked to electronic gateway administered by IOT
 - Posting of the sale on the Internet Auction site must include a detailed description of surplus property being sold
 - IC 5-22-22-5
 - May sell at a public sale or by sealed bids
 - Must advertise in accordance with IC 5-3-1
 - All sales must be made to highest responsible bidder

DISPOSAL OF SURPLUS PERSONAL PROPERTY



- IC 5-22-22-10
- Exchange of property between governmental units
 - May sell or transfer property with another governmental body upon terms and conditions agreed upon by the governing bodies
 - Governing bodies must adopt substantially identical resolutions
 - The transfer or exchange may be for any amount of property or cash agreed upon by the governmental bodies

DISPOSAL OF SURPLUS PERSONAL PROPERTY



- IC 5-22-22-12
 - Disposal of Fire Trucks, Emergency Service Vehicles, and Firefighting or Emergency Services Equipment
 - May transfer title to a fire department for cash, gift, or other arrangement
 - Fire Department – volunteer fire department, board of fire trustees of a fire protection district established under IC 36-8-11, or the provider unit of a fire protection territory established under IC 36-8-19
 - Fire departments located in the same county as township have the right of first refusal
 - If refused, the township can transfer to any fire department in Indiana

DISPOSAL OF SUPRLUS PERSONAL PROPERTY



- Proceeds generated by the sale or rental of property **MUST** be receipted into the fund which originally purchased the property unless otherwise provided by law (Township Manual Chapter 1, Page 8)
- Chapter 1 of Township Manual

Purchase of Land or Structures



- IC 36-1-10.5-5
 - Applies to purchases of land and structures with a total price exceeding \$25,000.
 - Township Board shall pass a resolution stating it is interested in making a purchase of a specified land or structure
 - Purchasing agent must appoint two appraisers to determine the fair market value
 - Appraisals shall be returned within 30 days and kept on record for at least 5 years
 - Purchasing agent shall give a copy of both appraisals to the Township Board
- IC 36-1-10.5-6
 - The purchasing agent **may not** purchase any land or structure for a price greater than the average of the two appraisals received.



PUBLIC WORKS

PUBLIC WORKS



- IC 36-1-12
 - Definitions (IC 36-1-12-1.2)
 - “Board” – the Township Board
 - “Contractor” – person who is a party to a public work contract with the Township Board
 - “Subcontractor” – person who is a party to a contract with the contractor and furnishes and performs labor on the public work project, including material men who supply contractors or subcontractors
 - “Property” – All personal property, fixtures, furnishings, inventory, equipment, and real property

PUBLIC WORKS



- IC 36-1-12-2
 - “Public Work” – the construction, reconstruction, alteration, or renovation of a public building or other structure that is paid for out of a public fund
 - This term includes any public work leased by a Township under a lease containing an option to purchase

PUBLIC WORKS PROJECTS



- Under \$50,000 – Small Projects
- \$50,000-\$150,000 – Quotes Process
- Over \$150,000 – Bid Process

SMALL PROJECTS (PUBLIC WORKS PROJECTS UNDER \$50,000)



- IC 36-1-12-5
 - Cost estimated to be under \$50,000
 - Board **SHALL** invite quotes from at least 3 persons known to deal in the class of work proposed by either:
 - Mailing a notice stating the plans and specifications are on file in a specified office not less than 7 days before the time fixed for receiving quotes, or
 - Soliciting three quotes by telephone, fax, or email
 - Board cannot require submission of quotes prior to meeting
 - Board must award to lowest responsible and responsive quoter

SMALL PROJECTS (PUBLIC WORKS PROJECTS UNDER \$50,000)



- IC 36-1-12-5 (Continued)
- The Board may reject all bids
 - May then negotiate and enter into agreement for work on the open market if the reasons for rejecting the quotes are established in writing.
- The Board can purchase or lease supplies in accordance with IC 5-22 and perform the public works using its own workforce
 - Must have a group of employees on staff who are capable of performing the construction maintenance, and repair of all applicable work.

PROJECTS BETWEEN \$50,000-\$150,000



- IC 36-1-12-4.7
 - Board **SHALL** invite quotes from at least 3 persons known to deal in the class of work proposed
 - Invitation is to be through mailing a notice stating the plans and specifications are on file in a specified office
 - Notice must be mailed not less than 7 days before the time fixed for receiving quotes.
 - Board cannot require submission of quotes prior to meeting
 - Board must award to lowest responsible and responsive quotes
 - Board may reject all quotes
 - Statute does **NOT** allow Board to then negotiate and enter into agreements in open market as they could with a public works project under \$50,000

PUBLIC WORKS PROJECTS OVER \$150,000



- IC 36-1-12-4
 - Board must prepare general plans and specifications
 - Must avoid specifications which might unduly limit competition
 - Board must file the plans and specifications in a place reasonably accessible to the public

PUBLIC WORKS PROJECTS OVER \$150,000



- Board must publish notice in accordance with IC 5-3-1 calling for sealed proposals
 - Notice must state the time and place fixed for receiving bids
- If the anticipated size of the project is under \$25,000,000, there may not be more than six weeks between the date of the first publication and receiving bids
- If the anticipated size of the project is \$25,000,000 or more, there may not be more than ten weeks between the date of the first publication and receiving bids

PUBLIC WORKS PROJECTS OVER \$150,000



- Board shall require from submitters:
 - Financial Statement
 - Statement of Experience
 - Proposed plan for performing the public work
 - Equipment bidder has available for the performance of the public work

PUBLIC WORKS PROJECTS OVER \$150,000



- Board cannot require bid before meeting
- Board can delay the opening if:
 - They determine in writing that it is in their best interest
 - They announce at the originally assigned meeting the new time and place

PUBLIC WORKS PROJECTS OVER \$150,000



- Bid opening meeting has to be a public meeting
 - Bids are to be opened and read aloud
- Board must award bid to lowest and responsive bidder
 - If not awarded to the lowest bidder, board must state in the minutes at the time the award is made the factors used to determine which bidder is the lowest responsive and responsible bidder to justify the award
- Board can reject all bids

PUBLIC WORKS PROJECTS OVER \$150,000



- In determining if a bidder is responsive, Board may consider the following:
 - Whether the bid submitted conforms in all material respects to the specifications
 - Whether the bid submitted complied specifically with the invitation to bid and the instructions to bidders
 - Whether the bidder has complied with all applicable statutes, ordinances, resolutions, and rules pertaining to the award of a public contract

PUBLIC WORKS PROJETS OVER \$150,000



- In determining if a bidder is responsible, the Board consider the following:
 - The ability and capacity of the bidder to perform the work
 - The integrity, character, and reputation of the bidder
 - The competence and experience of the bidder

PUBLIC WORKS PROJECTS OVER \$150,000



- Board shall require the bidder to submit an affidavit stating:
 - That the bidder has not entered into a combination or agreement
 - Relative to the price to be bid by a person
 - To prevent a person from bidding
 - To induce a person to refrain from bidding
 - That the bidder's bid is made without reference to any other bid

PUBLIC WORKS PROJECTS OVER \$150,000



- IC 36-1-12-4.5
- A bond or certified check must be filed with each bid in the amount determined and specified by the board if the cost is estimated to exceed \$200,000
 - Amount may not be set at more than 10% of the contract price
 - Must be made payable to the township
 - Checks of unsuccessful bidders shall be returned to them by the board
 - Checks of the successful bidder must be held until delivery of the performance bond

PUBLIC WORKS PROJECTS OVER \$150,000



- If the cost of the project is less than \$200,000, a bond or certified check can be required if added to the plans and specifications by the Board

MISCELLANEOUS



- IC 36-1-12-6
- When Board awards contract, they must provide the successful bidder a Notice to Proceed within 60 days
 - Exception: If bonds are being issue in conjunction with the project, the limit is increased to 90-150 days
 - If the Board fails to do this, the bidder may reject the contract and withdraw their bid within 15 days after the Notice to Proceed deadline has been reached

MISCELLANEOUS



- IC 36-1-12-7
- Public work performed or contracted for on a public building which is more than \$100,000 may be undertaken by the Board only in accordance with plans and specifications approved by an architect or engineer
- IC 36-1-12-10
- All plans and specifications for public buildings must be approved by the Indiana department of health, the department of homeland security, and other state agencies designated by statute.
- IC 36-1-12-11
- Within 60 days after completion of a public works building project over \$100,000, a complete set of final record drawings must be filed with the department of homeland security.

EMERGENCIES



- IC 36-1-12-9
- Upon declaration of an emergency, the Board may contract for a public work project without advertising for bids if bids or quotes are invited from at least 2 persons known to deal in the public work required
- Minutes must show the declaration of the emergency and names of the persons invited to bid or quote

PUBLIC WORK BY OWN WORKFORCE



- If the public work is less than \$250,000 including:
 - Actual costs of materials, labor, equipment and rental
 - Reasonable rate for use of trucks and heavy equipment owned
 - All other expenses incidental to the performance of the project
- Township has its own workforce who are capable of performing the: construction, maintenance, and repair
- Then the Township can perform the public work with their own workforce, without going through the bidding/quoting process



CAPITAL ASSETS

PROPERLY MAINTAINING CAPITAL ASSETS



- What is a capital asset?
- “Capital Asset” per GASB 34:
 - *“The term capital assets includes land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.”*

PROPERLY MAINTAINING CAPITAL ASSETS



- “Infrastructure Assets” per GASB 34:
 - *“Infrastructure assets are long-live capital assets that are normally stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets.”*
- Examples: Roads, Bridges, Tunnels, Drainage Systems, Water and Sewage Systems, Dams, Lighting Systems

PROPERLY MAINTAINING CAPITAL ASSETS



- Construction in Progress (CIP)
 - Used to track costs for work that has not been completed in the current reporting fiscal year
 - When construction is completed, CIP is reduced, and the appropriate capital asset category is added to.

PROPERLY MAINTAINING CAPITAL ASSETS



- Township Manual (Chapter 1)
 - “Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset.”
- Capitalization Threshold is a management decision

PROPERLY MAINTAINING CAPITAL ASSETS



- Other Items to Consider
 - Who is responsible for maintaining the capital asset ledger
 - Other procedures and internal controls implement to ensure person responsible for maintaining capital asset ledger is receiving all information needed to properly maintain capital asset ledger
 - Useful life of the assets (at minimum by category, be consistent)
 - How to account for depreciation in the year that it was purchased

PROPERLY MAINTAINING CAPITAL ASSETS



- General Form 369
- Form may be electronically duplicated or may utilize another format ***as long as the information (and function) that is required on the prescribed for is maintained***

CAPITAL ASSETS LEDGER

FUND _____

DEPARTMENT OR BUILDING _____

Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Life of Asset	Date of Disposal of Capital Asset	Amount Received on Disposal or Trade In	Types of Capital Assets					Total Capital Assets	
								Land	Infrastructure	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles		Construction in Progress
1														
2														
3														
4														
5														
6														
7														
8														
9														
10														
11														
12														
13														
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SAMPLE

PROPERLY MAINTAINING CAPITAL ASSETS



- Develop an inventory of all capital assets owned
- Obtain an estimate of the replacement costs
- Determine the year of acquisition
- Multiply the estimated replacement cost by the deflator multiplier coinciding with the year of acquisition/manufacturing from the Table of Cost Indexes (pg. 10)

PROPERLY MAINTAINING CAPITAL ASSETS



- Depreciation is an accounting method of allocating the cost of a tangible or physical asset (Buildings, Equipment, Infrastructure, other) over the life of the asset
- Accumulated Depreciation represents how much of an asset's value has been used up since the capital asset was obtained

PROPERLY MAINTAINING CAPITAL ASSETS



- Depreciable Assets
 - Buildings
 - Improvements other than Buildings
 - Machinery, Equipment, and Vehicles
 - Infrastructure
 - Books and Other
- Non-Depreciable Assets
 - Land – assumed to have unlimited useful life
 - Construction in Progress – Asset has to be placed in service to be depreciated

PROPERLY MAINTAINING CAPITAL ASSETS



- Yearly Amount of Depreciation
 - Historical Cost of Asset/Estimated Useful Life (Years)
- Accumulated Depreciation is the total depreciated to date
- Must maintain a documented basis for asset valuation and estimated useful lives

TRAINING VIDEOS



- SBOA Youtube Channel

- Capital Asset Video



QUESTIONS?