

The background features a large, faint watermark of the Seal of the State Board of Accounts of the State of Indiana. The seal is circular and contains the text "STATE BOARD OF ACCOUNTS" around the perimeter and "INDIAN" in the center. It is surrounded by a ring of stars.

Public Works, Purchasing and Capital Assets

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PUBLIC PURCHASING



PUBLIC PURCHASES



- Applicability
 - IC 5-22-1-1 says except the purchase specifically mentioned in this chapter, the article applies to every expenditure of public funds by a governmental body

PUBLIC PURCHASES



- Exceptions
 - IC 5-22-1-3 excludes:
 - Contract between governmental bodies
 - Public Works Project
 - Collection bargaining agreements
 - Labor contracts 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 this article, rules adopted under this article, or by another law
 - “Purchasing Agent” – an individual authorized by a purchasing agency to act as an agent in the administration of the duties of the purchasing agency

PUBLIC PURCHASES



- IC 5-22-3-3
- States that a governmental body may adopt rules to regulate purchases of the governing body
 - The rules **cannot** be inconsistent with other statutory requirements
 - The rules can be written to apply for all purchases generally or to specific purchases

PUBLIC PURCHASES



- Uniform Guidance requires local governmental units to have written purchasing procurement policies the expenditure of federal grants
- 2 CFR 200.318
 - 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 chapter

PUBLIC PURCHASES



- IC 5-22-6-1
 - The purchasing agency may purchase services using any procedure that the governmental body considers appropriate
- IC 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 < \$50,000



- IC 5-22-8-2

The purchasing agent may 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 by inviting quotes from at least three persons known to deal in the lines of supplies to be purchased
 - Invitation for quotes **MUST** be mailed at least seven day before the time fixed to receive quotes
 - The purchasing agent **SHALL** award the contract to the lowest responsible and responsive offeror
 - Allows the purchasing agent to reject all quotes
 - If no quotes are received, the purchasing agent may purchase supplies under IC 5-22-10-10 (special purchase)

PUBLIC PURCHASES EXCEEDING \$150,000



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

PUBLIC PURCHASES EXCEEDING \$150,000 (CONTINUED)



- IC 5-22-7-5
 - Requires notice of the invitation to be 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
(CONTINUED)



- IC 5-22-7-6
- Requires the bids to be opened publicly in the presence of one or more witnesses at the time and place published in the notice

PUBLIC PURCHASES EXCEEDING \$150,000 (CONTINUED)



- IC 5-22-7-7
 - Requires bid to be accepted without alteration and evaluated based on the 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 following information:
 - Name of each bidder
 - Amount of each bid
 - Any other information required by 5-22
 - The information required to be maintained under 5-22-7-9 is subject to public inspection after the contract is awarded

PUBLIC PURCHASES



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

**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

SPECIAL PURCHASING METHODS



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

SPECIAL PURCHASING METHODS (CONTINUED)



- 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 specific contract
 - Records **MUST** be kept for a minimum of 5 years and contain the following information:
 - Each contractor's name
 - Amount and type of each contract
 - Description of the supplies purchased

SPECIAL PURCHASING METHODS (CONTINUED)



- IC 5-22-10-4
 - Emergency Conditions
 - Threat to public health, welfare, and 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 (CONTINUED)



- IC 5-22-10-6
 - Auctions
 - May make a special purchase 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 (CONTINUED)



- IC 5-22-10-10
 - No offer received
 - Township as 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 (CONTINUED)



- 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 (CONTINUED)



- IC 5-22-22-3
- May sell 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 (CONTINUED)



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

DISPOSAL OF SURPLUS PERSONAL PROPERTY (CONTINUED)



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

DISPOSAL OF SURPLUS PERSONAL PROPERTY (CONTINUED)



- Surplus Property with estimated value over \$1,000 for one item or group 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 is approved by the Office of Technology
 - Internet Auction site is linked to the electronic gateway
 - Posting of the sale on the Internet Auction site must a detailed description of surplus property being sold
 - IC 5-22-22-5
 - May sell at a public sale or by sealed bids
 - Advertise in with IC 5-3-1
 - All sales shall be made to the highest responsible bidder

DISPOSAL OF SURPLUS PERSONAL PROPERTY (CONTIUED)



- 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 of cash agreed upon by the governmental bodies

DISPOSAL OF SURPLUS PERSONAL PROPERTY (CONTINUED)



- 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 another arrangement
 - Fire department – volunteer fire dept; 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 36-8-9
 - Fire departments located in the same county as township has the right of first refusal
 - If refused the township can transfer to any fire department

DISPOSAL OF SURPLUS PERSONAL PROPERTY (CONTINUED)



- 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)

<https://www.in.gov/sboa/files/TWPCH-01-2021.pdf>

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 specified land or structure
 - Purchasing agent must appoint two appraiser to determine the fair market value
 - Appraisals shall be returned with thirty days and kept on record for at least five years
 - Purchasing agent shall give a copy of both appraisals to the Township Board
- IC 36-10.5-6
 - The purchase price cannot be 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” – Township Board
 - “Contractor” – person who is a party to a public work contract with the board
 - “Subcontractor” – person who is a party to a contract with the contractor and furnishes or performs labor on the public works project
 - “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 tha is paid for out of a public fund
- Includes any public work leased by a Township under a lease containing an option to purchase

PUBLIC WORK PROJECTS



- Small Projects = < \$50,000
- Quotes for projects between \$50,000 - \$150,000
- Bid = > \$150,000

SMALL PROJECTS < \$50,000



• IC 36-1-12-5

- Cost estimated to be < \$50,000
- Board **SHALL** invite quotes from at least 3 persons known to deal in the class of work proposed
- Mailing a notice
 - Stating the plans and specification are on file in specified office
 - Notice must be mailed not less than seven days before the time fixed for receiving quotes
- Board can't require submission of quotes prior to meeting
- Meeting for receiving quotes must be open to the public and all quotes must be opened and read aloud
- Board must award to lowest responsible and responsive quoter

SMALL PROJECTS < \$50,000 (CONTINUED)



- IC 36-1-12-5 (Continued)
 - 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
 - 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
- For purchases that are less than \$25,000, township may solicit quotes by phone or fax and the seven-day waiting period does not apply

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



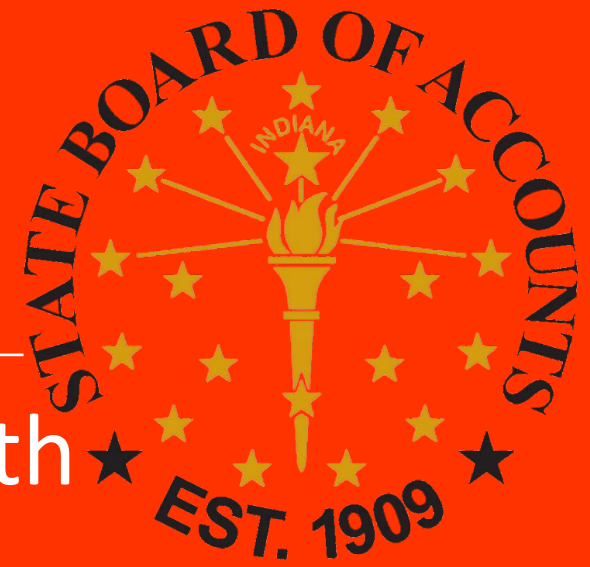
- IC 36-1-12-4.7
 - Board **SHALL** invite quotes from at least 3 persons known to deal in the class of work proposed
 - Mailing a notice
 - Stating the plans and specification are on file in specified office
 - Notice must be mailed not less than seven days before the time fixed for receiving quotes
 - Board can't require submission of quotes prior to meeting
 - Meeting for receiving quotes must be open to the public and all quotes must be opened and read aloud
 - Board must award to lowest responsible and responsive quoter
 - Board may reject all quotes (Statute does not allow board to then negotiate and enter into agreements in open market like public work projects < \$50,000)

Projects > \$150,000



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

PROJECTS > \$150,000
(CONTINUED)



- Board must publish notice in accordance with IC 5-31-1 calling for sealed proposals
 - Notice must state the time and place fixed for receiving bids
 - If less than \$25,000,000 there may not be more than six weeks between the date of the first publication and receiving bids
 - If more than \$25,000,000 there may not be more than ten weeks between the date of the first publication and receiving bids

PROJECTS > \$150,000
(CONTINUED)



- 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

PROJECTS > \$150,000
(CONTINUED)



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

Projects > \$150,000
(CONTINUED)



- Bid opening meeting has to be a public meeting
 - Bids must be opened and read aloud
- Board must award bid to lowest and responsive bidder
 - If not awarded to lowest bidder, board must state in the minutes at the time 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

PROJECTS > \$150,000
(CONTINUED)



- 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

PROJECTS > \$150,000
(CONTINUED)



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

PROJECTS > \$150,000
(CONTINUED)



- 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

PROJECTS > \$150,000
(CONTINUED)



- 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

PROJECTS > \$150,000
(CONTINUED)



- 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



- When Board awards contract, they must provide successful bidder a Notice to Proceed within 60 days
 - Exception: If bonds are being issued in conjunction with the project, this 60 day limit is increased
 - If the board fails to do this, the bidder may reject the contract and withdraw their bid (they must do this within 15 days after the 60 day limit)

MISCELLANEOUS (CONTINUED)



- 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
- All plans and specifications for public buildings must be approved by the state department of health, the division of fire and building safety, and other state agencies designated by statute
- Within 60 days after completion, a complete set of final record drawings must be filed by the Board with the division of fire and building safety for project on public buildings in excess of \$100,000

EMERGENCIES



- Upon declaration of Emergency (which must be declared in the minutes of the board), 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 names of the persons invited to bid or quote

PUBLIC WORK BY OWN WORKFORCE



- If 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 asset includes land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure and all other tangible assets that are used in operations that have initial useful lives beyond a single reporting period.”

PROPERLY MAINTAINING CAPITAL ASSETS



- **Infrastructure**

- Long-lived capital assets
- Normally stationary in nature
- Can be preserved for a significant number of years than most capital assets
- Examples – roads, bridges, tunnels, drainage systems

PROPERLY MAINTAINING CAPITAL ASSETS



- Construction in Progress
 - Where work has not been completed in the current reporting fiscal year

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”

<https://www.in.gov/sboa/files/TWPCH-01-2021.pdf>

Capitalization Threshold is a management decision

PROPERLY MAINTAINING CAPITAL ASSETS



- Other items to consider
 - Who is responsible for maintaining 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 (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	Books and Other
1															
2															
3															
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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 for the year of acquisition from the Table of Cost Indexes
 - <https://www.in.gov/sboa/files/TwpBULL-September-2019.pdf>

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
- Non-Depreciable Assets
 - Land – assumed to have unlimited useful life
 - Construction in Progress – Asset has to be placed in service

PROPERLY MAINTAINING CAPITAL ASSETS



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

*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

<https://www.youtube.com/channel/UC62Ozm0wY81GZHipK2UrjLA>

- Capital Asset Video

https://www.youtube.com/watch?v=oPlbqV1J9jo&list=PLQEiiW5bsE_rWath2jI4ep66WZ773xtJ2&index=5

QUESTIONS



QUESTIONS?