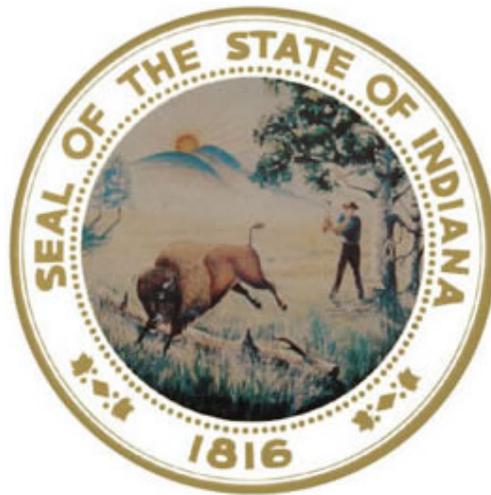


# ACCOUNTING AND FINANCIAL REPORTING REGULATION MANUAL



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## **PART I**

### **INTRODUCTION**

The Indiana State Board of Accounts has outlined the regulation related to reporting of financial information for all local governmental units in this manual. Local governmental units for purposes of this manual include Counties, Cities, Towns, Townships, Libraries, Schools, Utilities, and Special Districts. The purpose of this regulation is to establish a consistent basis of accounting for the local governmental units identified. The Indiana State Board of Accounts' authority for establishing this regulation is Indiana Code 5-11-1-2, 5-11-1-4, and 5-11-1-6.

Indiana Code 5-11-1-2 states:

"The state board of accounts shall formulate, prescribe, and install a system of accounting and reporting in conformity with this chapter, which must comply with the following:

- (1) Be uniform for every public office and every public account of the same class and contain written standards that an entity that is subject to audit must observe.
- (2) Exhibit true accounts and detailed statements of funds collected, received, obligated, and expended for or on account of the public for any and every purpose whatever, and by all public officers, employees, or other individuals.
- (3) Show the receipt, use, and disposition of all public property and the income, if any, derived from the property.
- (4) Show all sources of public income and the amounts due and received from each source.
- (5) Show all receipts, vouchers, contracts, obligations, and other documents kept, or that may be required to be kept, to prove the validity of every transaction.

The state board of accounts shall formulate or approve all statements and reports necessary for the internal administration of the office to which the statements and reports pertain. The state board of accounts shall approve all reports that are published or that are required to be filed in the office of state examiner. The state board of accounts shall from time to time make and enforce changes in the system and forms of accounting and reporting as necessary to conform to law."

Indiana Code 5-11-1-4 states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision."

Indiana Code 5-11-1-6 states:

"The state board of accounts shall formulate, prescribe, and approve the forms for reports required to be made by this chapter. The state examiner shall annually furnish to the officers required to make reports by this chapter such printed blanks and forms, on which shall be indicated required, together with suitable printed instructions for filling out the same."

This manual sets out the requirements for reporting using a regulatory basis of accounting. A regulatory basis is defined as a basis of accounting that the reporting entity uses to comply with the requirements or financial reporting provisions of a governmental regulatory agency to whose jurisdiction the entity is subject. For purposes of this manual, the governmental regulatory agency is the State Board of Accounts and the reporting entity is the local unit of government complying with this regulation.

## ***PART II***

### ***OBJECTIVES OF FINANCIAL REPORTING AND FUND ACCOUNTING***

#### ***A. Financial Reporting***

Governmental financial reporting is designed to demonstrate the accountability of each organization over the resources in their care. Additionally, state and local governments can use financial reporting in making economic, social, and political decisions and assess accountability primarily by:

- Comparing actual financial results with the legally adopted budget
- Assessing the entity's financial condition and results of its operations
- Assisting in determining compliance with finance-related laws, rules, and regulations
- Assisting in evaluating efficiency and effectiveness of services provided

## ***B. Fund Accounting***

Fund accounting enables governmental entities to easily monitor and report compliance with spending purposes (fund restrictions), spending limits (budget), and other fiscal accounting objectives. Fund accounting is an accounting system organized on the basis of funds. Each fund is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that are comprised of receipts, disbursements, and its investment and cash balance. Resources are allocated to and accounted for in individual funds based upon purpose for which they are to be spent and the means by which spending activities are controlled.

The purpose of the funds maintained by a governmental entity is established from various sources and depends on the individual fund. Some funds are established and governed by state statute. The sources and uses of these funds are limited to what is authorized per the statute. Other funds are established and governed by the governmental entity itself. These funds are established by a resolution or ordinance which indicates what the authorized sources and uses of the fund are. Some funds are established to account for money held by the governmental entity for another organization. The money in these funds, while reported in the financial statements, is not truly money of the governmental unit. An example of this type of fund would be a payroll withholding fund. Money would be collected in this fund as it is withheld from employee paychecks and would be held in this fund until it is remitted to the proper taxing authority. While the governmental entity would maintain control of this money and would have a fiduciary responsibility to account for it properly, the money would not be available for use at the discretion of the governmental entity.

### **PART III**

#### **FINANCIAL REPORTING REQUIREMENTS**

##### **A. Financial Statements and Notes to Financial Statements**

Each reporting entity, other than schools, shall be required to report financial information on a financial statement. The financial statement shall be presented on a fund basis format. The financial statement shall be referred to as the Statement of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis. This statement shall present each fund separately. The statement shall present the beginning balance, total receipts, total disbursements, and ending balance for each fund. All activity related to a certain fund should be accounted for in that fund. For example, property tax receipts designated for the General Fund should be included in the General Fund. All funds of the reporting entity shall be presented on the statement with no distinction of the type of fund. The statement will include the funds of the reporting entity only (including its departments). No funds from outside organizations associated with the entity shall be included. An example of the required format for the financial statement is documented in Appendix A.

Each reporting entity, other than schools, shall be required to include notes to the financial statement to support the financial statement prepared. The first required disclosure will be for the Summary of Significant Accounting Policies. This note shall include the following:

- a. Reporting entity note. This note will explain what type of government the reporting entity is, how it operates, and what services it provides. This note will also explain that the report represents transactions of the reporting entity only. It will explain that the financial activity of outside organizations closely related to the entity will not be included. In this note, the reporting entity should be referred to as the primary government and the outside organizations should be referred to as component units.
- b. Basis of accounting note. This note shall explain that the financial statements are reported on the regulatory basis of accounting and a brief definition of what the regulatory basis of accounting is. It should also disclose the difference between the regulatory basis of accounting and accounting principles generally accepted in the United States.
- c. Cash and investments note. This note shall disclose how investments are valued.
- d. Receipts note. This note should explain how receipts are presented and should indicate the types of receipts that may be included in the financial statements.
- e. Disbursements note. This note should explain how disbursements are presented and should indicate the types of disbursements that may be included in the financial statements.
- f. Interfund transfers note. This note should explain how transfers are reported on the financial statements and should indicate the purpose for which transfers are made.

g. Fund accounting note. This note should explain the use of fund accounting by the reporting entity. It should also disclose that restrictions may be placed on some funds of the entity due to statutes or the fact that all money held may not actually belong to the entity.

The second required disclosure is related to budgets. This note should disclose the process followed by the reporting entity during the budget approval process.

The third required disclosure is related to property taxes and should disclose the process and timeline for the assessment and collection of these taxes.

The fourth required disclosure is related to deposits and investments. This note should disclose the statutory authority the reporting entity has related to depositing and investing of its funds.

The fifth required disclosure is related to risk management of the reporting entity. This note should disclose the 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 that the entity could be exposed to and the possible ways in which the entity can mitigate those risks.

The sixth required disclosure is related to pension plans of the entity. This note should disclose the pension plans that the entity participates in. For each of those pension plans, the notes should disclose the plan type, plan description, and funding policy of the plan. This note will not be included if the entity does not offer a pension plan of any kind.

In addition to the disclosures required above, the following disclosures are required, if applicable:

A. If any funds reported on the financial statements contain receipts or disbursements which appear as negative, a note should be added to give an explanation for why this occurred.

B. If any funds reported on the financial statements contain an ending balance which appears as negative, a note should be added to give an explanation for why this occurred.

C. If any funds reported on the financial statements have a beginning balance in the current period which differs from the ending balance reported on the prior financial statements, a note should be added to indicate that changes have been made to the beginning balance. The note should include a schedule to show the fund involved, the balance as stated in the prior financial statements, the adjustment made and reason for it, and the restated balance.

D. If any leases exist between the reporting entity and a holding corporation, a note should be added to disclose that fact. The note should indicate if the holding corporation is for profit or not for profit, if the holding corporation is a related party of the reporting entity, and the total lease payments made to the holding corporation during the audit period.

E. If any events occurred subsequent to the end of the audit period that could have an impact on the future financial activity of the reporting entity, a note should be included to disclose those events. Disclosure is only required for events that would be significant to future financial activity. Examples of these situations that might be disclosed include but are not limited to contingent liabilities, new debt issues, and increases in rates of the entity's utility.

F. If postemployment benefits other than pension benefits are offered to retirees by the reporting entity, a note should be added to indicate what benefits are offered, that the benefits pose a liability to the reporting entity, and that information regarding the benefits can be obtained by contacting the reporting entity.

Any disclosures other than those indicated above that the reporting entity feels are necessary to adequately describe their financial situation should be included in the notes to the financial statements.

An example of the required format for the notes to the financial statement is documented in Appendix B.

### ***For Schools:***

Each school shall be required to report financial information on a financial statement. The financial statement shall be presented on a fund basis format. The financial statement shall be referred to as the Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis. This statement shall present each fund separately. The statement shall present the beginning balance, total receipts, total disbursements, total other financing sources and uses, and ending balance for each fund. All activity related to a certain fund should be accounted for in that fund. For example, property tax receipts designated for the General Fund should be included in the General Fund. All funds of the reporting entity shall be presented on the statement with no distinction of the type of fund. The statement will include the funds of the reporting entity only. No funds from outside organizations associated with the entity shall be included. The financial information for both years of the audit period shall be included on one statement. The orientation of this statement should be set to landscape. An example of the required format for the financial statement is documented in Appendix A.

Each school shall be required to include notes to the financial statement to support the financial statement prepared. The first required disclosure will be for the Summary of Significant Accounting Policies. This note shall include the following:

a. Reporting entity note. This note will explain what type of government the reporting entity is, how it operates, and what services it provides. This note will also explain that the report represents transactions of the reporting entity only.

b. Basis of accounting note. This note shall explain that the financial statements are reported on the regulatory basis of accounting and a brief definition of what the regulatory basis of accounting is. It should also disclose the difference between the regulatory basis of accounting and accounting principles generally accepted in the United States.

c. Cash and investments note. This note shall disclose how investments are valued.

d. Receipts note. This note should explain how receipts are presented and should indicate the types of receipts included in the financial statement.

e. Disbursements note. This note should explain how disbursements are presented and should indicate the types of disbursements included in the financial statement.

f. Other financing sources and uses note. This note should explain how other financing sources and uses are presented and should indicate the activities included in other financing sources and uses on the financial statement.

g. Fund accounting note. This note should explain the use of fund accounting by the reporting entity. It should also disclose that restrictions may be placed on some funds of the entity due to statutes or the fact that all money held may not actually belong to the entity.

The second required disclosure is related to budgets. This note should disclose the process followed by the reporting entity during the budget approval process.

The third required disclosure is related to property taxes and should disclose the process and timeline for the assessment and collection of these taxes.

The fourth required disclosure is related to deposits and investments. This note should disclose the statutory authority the reporting entity has related to depositing and investing of its funds.

The fifth required disclosure is related to risk management of the reporting entity. This note should disclose the 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 that the entity could be exposed to and the possible ways in which the entity can mitigate those risks.

The sixth required disclosure is related to pension plans of the entity. This note should disclose the pension plans that the entity participates in. For each of those pension plans, the notes should disclose the plan type, plan description, and funding policy of the plan. This note will not be included if the entity does not offer a pension plan of any kind.

In addition to the disclosures required above, the following disclosures are required, if applicable:

A. If any funds reported on the financial statement contain receipts or disbursements which appear as negative, a note should be added to give an explanation for why this occurred.

B. If any funds reported on the financial statement contain an ending balance which appears as negative, a note should be added to give an explanation for why this occurred.

C. If any funds reported on the financial statement have a beginning balance in the current period which differs from the ending balance reported on the prior financial statement, a note should be added to indicate that changes have been made to the beginning balance. The note should include a schedule to show the fund involved, the balance as stated in the prior financial statement, the adjustment made and reason for it, and the restated balance.

D. If any leases exist between the reporting entity and a holding corporation, a note should be added to disclose that fact. The note should indicate if the holding corporation is for profit or not for profit, if the holding corporation is a related party of the reporting entity, and the total lease payments made to the holding corporation during the audit period.

E. If any events occurred subsequent to the end of the audit period that could have an impact on the future financial activity of the reporting entity, a note should be included to disclose those events. Disclosure is only required for events that would be significant to future financial activity. Examples of these situations that might be disclosed include but are not limited to contingent liabilities, new debt issues, and increases in rates of the entity's utility.

F. If postemployment benefits other than pension benefits are offered to retirees by the reporting entity, a note should be added to indicate what benefits are offered, that the benefits pose a liability to the reporting entity, and that information regarding the benefits can be obtained by contacting the reporting entity.

Any disclosures other than those indicated above that the reporting entity feels are necessary to adequately describe their financial situation should be included in the notes to the financial statements.

An example of the required format for the notes to the financial statement is documented in Appendix B.

**B. Schedule of Expenditures of Federal Awards and  
Notes to Schedule of Expenditures of Federal Awards**

Each reporting entity shall be required to report information related to activity involving federal awards on this schedule. This schedule shall present each federal program separately. This schedule shall present on the same basis of accounting as the financial statements. For reimbursement grants, the schedule should report reimbursements in the period in which the reimbursement is received. For advancement grants, the schedule should report disbursement of federal funds in the period in which the disbursement is made. The table below shows the required order of presentation within the schedule.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Order of Presentation

FEDERAL AGENCIES:		In ascending numerical order by agency number (the first two digits of the CFDA number)
WITHIN THE AGENCY:	Clusters first Direct grants second Pass-through programs third Programs without CFDA numbers fourth	In ascending numerical order by agency program number, (the last three digits of the CFDA number)
WITHIN THE PROGRAM:	Project number order, oldest one first (First In First Out)	

Note: The amount of the awards expended is NOT a factor in the sequence of programs.

An example of the required format for the Schedule of Expenditures of Federal Awards is documented in Appendix C.

Each reporting entity shall be required to include notes to the Schedule of Expenditures of Federal Awards to support the Schedule of Expenditures of Federal Awards. These notes should include the following:

- a. Basis of presentation note. This note should disclose the basis of presentation of the schedule. It should also disclose when and how amounts are recognized on the schedule.
- b. Subrecipients note. This note should disclose the amount of federal awards passed through to subrecipients.
- c. Loans outstanding note. This note should disclose the amount of any loans outstanding when there are continuing compliance requirements associated with the loan.
- d. Noncash assistance note. This note should disclose the amount of federal awards received in the form of noncash assistance such as food or vaccine distributions.

e. Amount of insurance in effect during the year note. This note should disclose amounts of insurance in effect associated with a federal program.

An example of the required format for the notes to the schedule of expenditures of federal awards is documented in Appendix D.

### **C. Supplementary Information**

In addition to the requirements related to the financial statements and notes to financial statements mentioned in Part I, this manual outlines the reporting requirements for supplementary information. There are three schedules addressed in this section of the regulation. Those three schedules are the Combining Schedule of Receipts, Disbursements, (Other Financing Sources (Uses),) and Cash and Investment Balances – Regulatory Basis, Schedule of Long-Term Debt, and Schedule of Capital Assets.

#### *Combining Schedule of Receipts, Disbursements, (Other Financing Sources (Uses),) and Cash and Investment Balances – Regulatory Basis*

Each reporting entity shall be required to report financial information on this supplementary schedule. This schedule shall be presented on a fund basis format. This schedule shall present each fund separately. The schedule shall present the beginning balance, receipts, disbursements, and ending balance for each fund. The receipts presented should be categorized into the following areas: taxes, licenses and permits, intergovernmental, charges for services, fines and forfeits, utility fees, and other receipts. The disbursements presented should be categorized into the following areas: personal services, supplies, other services and charges, debt service – principal and interest, capital outlay, utility operating expenses, and other disbursements. An example of the required format for the combining schedule is documented in Appendix E.

#### *Schedule of Long-Term Debt*

Each reporting entity shall be required to report long-term debt outstanding on this supplementary schedule. The schedule should include all outstanding long-term debt at the end of the fiscal year. An example of the required format for the Schedule of Long-Term Debt is documented in Appendix F.

#### *Schedule of Capital Assets*

Each reporting entity shall be permitted to report capital assets owned by the reporting entity on this schedule. If presented, this schedule should include all capital assets owned at the end of the fiscal period. An example of the required format for the Schedule of Capital Assets is documented in Appendix G.

#### ***D. Alternate Basis of Presentation***

The reporting entity may complete their financial reporting on a basis of accounting other than the regulatory basis set out in this manual. The reporting entity must prepare the financial statements, note to financial statements, and all other schedules required for the basis of accounting used. All the required information must be available at the beginning of the scheduled audit or examination. The State Board of Accounts will provide no technical assistance in the preparation of the financial reporting if prepared on a basis of accounting other than the regulatory basis.

## **PART IV**

### **INTERNAL CONTROL**

#### **A. Overview of Internal Control**

Internal controls are the policies and procedures used by management to ensure that their programs and functions operate efficiently and effectively in conformance with applicable laws and regulations. One purpose of internal control is to ensure that financial reporting is completed accurately. It is also used to reduce the risk associated with fraud related to the operations of the governmental unit. Internal control is essentially a check and balance system over the operations. The foundation for a good internal control system starts with making sure that there are appropriate procedures in place to ensure that errors are detected and corrected and fraud is prevented.

There are many different ways to implement a system of internal control. It is important to keep in mind that because governmental entities vary in size and complexity, no single method of internal control is universally applicable. However, there are universally five internal control components that should be incorporated into all systems of internal control. These five internal control components are evaluated by auditors when assessing a governmental entity's internal control system. The five components, which are necessary for an effective internal control system, include:

- Control environment. The control environment sets the tone of the organization and influences the effectiveness of internal controls within the government. Many factors determine the control environment, including:
  - Management's attitude, actions, and values. Internal controls are likely to function well if management believes that controls are important and communicates those views to employees at all levels through policy statements, codes of conduct, and by example.
  - Commitment to competence and human resource policies and practices. Management should consider the competence levels for particular jobs and how those levels translate into requisite skills and knowledge when filling positions. It is also important that management comply with established personnel policies and practices for hiring, training, evaluation, promoting, and compensating employees, and to provide employees the resources necessary to perform their duties.
  - Assignment of authority and responsibility; organizational structure. One of management's responsibilities is to define key areas of authority and responsibility and to establish appropriate lines of reporting. Management should provide policies and direct communications so that all personnel understand and recognize how and for what they will be held accountable. Additionally, it is important to have proper segregation of duties in order to make control procedures effective.
  - Governing body participation. The involvement of those charged with governance in a review of internal controls and audit activities can be a positive influence on the government's control environment.

- Risk assessment. Risk assessment is the process used to identify, analyze, and manage potential risks to the governmental entity's objective. When performing a risk assessment, there are two circumstances that will most likely create problems, change and inherent risk. During times of change, events can occur that may expose the government to increased risk. Some examples include: change in management or responsibilities of management, rapid growth, new technology or information systems, or new programs or services. There are certain activities that, due to their nature, have a greater potential for loss from fraud, waste, unauthorized use, or misappropriation. For example, the handling of cash has a much higher inherent risk for theft than data entry activities. When evaluating if activities are inherently risky, some items to consider are:
  - The complexity of the activity itself or the calculations for the activity.
  - The susceptibility of the activity to fraud or misappropriations.
  - The extent of judgment involved for the activity.
  - The size and volume of individual items comprising the activity.

Once potential risks are identified, they should be analyzed for their possible effect, such as how likely is it that the risk will occur, how large is the dollar amount involved, and are there existing controls sufficient to manage the risk. Many risks are accepted or avoided by implementing effective controls.

- Control activities. Once risks are identified and assessed, the next step is to develop control activities to minimize the risks. Control activities are the policies, procedures, techniques, and mechanisms that enforce the government's objective. Control activities occur at all levels and functions and include a wide range of diverse activities such as approval, authorizations, verification, reconciliations, reviews, security measures, and the creation and maintenance of appropriate documentation. Additionally, management should be careful to avoid excessive control. It is important to recognize that trying to attain absolute assurance is generally not achievable and would be prohibitively expensive and impede productivity. Part B of this section provides some examples of control activities over certain financial areas.
- Information and communication. A government's control structure must provide for the identification, capture, and exchange of information both within the government and with external parties. For example, management relies on the information system, including the accounting system, for reporting on government or program activities to the Legislature, oversight agencies, and federal grantors.

Communication is important in the entity's control structure to allow supervisors to communicate duties and responsibilities to their staff. Staff and middle management must be able to alert upper management to potential problems. Administration and program staff must communicate requirements and expectations to each other. Effective communication also encourages employee involvement. Employees should feel they can report suspected improprieties without fear of reprisal and that their anonymity and confidentiality will be respected.

- Monitoring. Monitoring assesses the quality of internal controls over time and enables management to make adjustments as necessary. Proper monitoring ensures that controls continue to be adequate and function properly and allows a manager to identify whether controls are being followed before problems occur. For example, as part of the internal system, a governmental entity may require cross-training. If management does not monitor to ensure that cross-training occurs, it may be discovered too late that the back-up staff will not be able to handle the operations when the situation occurs.

As stated previously, in order to have an effective internal control system it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place. Segregation of duties is a common term referred to in relation to internal control. This means to have a separation of functions over certain activities that would provide internal control. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same action. An example of appropriate segregation of duties would be having one individual prepare claims, having another individual review and approve the claims, and having a third individual sign the checks for payment of the claims. Without proper segregation of duties, it is impossible to have an effective system of internal control. There are two main advantages to implementing segregation of duties. The first is that fraud is more difficult to perpetrate when proper segregation of duties are in place because it would require collusion of two or more individuals. Secondly, with several individuals involved in the process, innocent errors are more likely to be found and corrected.

This manual will outline some suggested policies and procedures that can be used to implement a sound internal control system. However, each governmental entity will need to decide what policies and procedures will work best for its individual situation. In some cases, governmental entities may be so small that the officials choose to accept the risks and consequences related to not implementing a system of internal control if they feel the costs of doing so would outweigh the benefits. Another option for governmental entities who do not have sufficient staff to provide for adequate segregation of duties would be to involve officials and/or board members more actively in the reviewing processes, reports, and reconciliations to ensure they are properly authorized.

Internal controls, no matter how well designed and operated, can only provide reasonable assurance that the operations of the governmental entity are followed, that financial reporting is accurate, and that laws and regulations are complied with. Certain limitations are inherent in all internal control systems.

## ***B. Internal Controls Over Financial Reporting***

This section provides some suggested internal control policies and procedures that could be implemented. The list provided is divided into areas of activities. The suggested policies and procedures listed below are not all inclusive and would not necessarily comprise a complete and effective internal control system. A governmental entity is certainly not limited to those procedures listed here. The procedures listed below provide a starting point to governmental entity to assist them in developing an effective internal control system and have been provided only as a guideline. They can be implemented as considered necessary. Any procedures implemented should include a provision to provide adequate documentation that the procedures are being completed.

### ***Payroll Activities –***

1. Salaries and wage rates are verified by someone outside of the payroll process.
2. The responsibilities for hiring, terminating, and approving promotions are segregated from those preparing payroll transactions or inputting data.
3. The responsibilities for approving time sheets are segregated from those for preparing payroll transactions or inputting data.
4. Payroll adjustment reports are reviewed by someone outside of the payroll process.
5. Employees' time and attendance records are approved by their supervisors.
6. Corrections to recorded time and attendance records are approved by the employee's supervisor and authorized by management.
7. Procedures are in place to ensure that changes in employment status are promptly reported to the payroll processing unit.
8. Payroll disbursements are reviewed and approved by an authorized individual prior to payment.
9. Access to payroll applications is appropriately controlled by user logins and passwords.
10. Changes to a payroll disbursement are approved by an individual other than the ones authorized to make the changes.
11. Payroll checks are accounted for in numerical order and reconciled to the payroll check register.
12. Access to the signature stamp used to sign payroll checks is adequately controlled.
13. Payroll checks/stubs are periodically distributed by someone outside the normal payroll distribution function.
14. Unclaimed payroll checks/stubs are returned to an individual other than those involved with the payroll process.

15. Employees are cross-trained on the payroll process so it will still occur in the absences of those employees assigned to payroll. Those assigned to payroll take mandatory vacations.

***Vendor Disbursement Activities –***

1. The responsibility for approving claims is segregated from those preparing the claims.
2. Checks are written by an individual other than the one approving the claim.
3. Checks are signed by an individual other than the one preparing them.
4. Claims for payment are reviewed and approved by the governing body prior to payment.
5. A reconciliation is completed between the claims for payment approved by the board and the actual disbursements posted to the ledger.
6. The responsibility for acknowledging the receipt of goods or services is segregated from those preparing claims and writing checks.
7. Vendor checks are accounted for in numerical order and reconciled to the disbursement ledger.
8. Invoices or other receipts are attached to each claim to support the disbursement.
9. A review is completed by an individual outside the disbursement process in which the claim amount is compared to the supporting documentation attached to the claim and the amount of the check.
10. Access to disbursement applications is appropriately controlled by user logins and passwords.

***Receipting Activities –***

1. The responsibility for collecting money and issuing receipts is segregated from those preparing the bank deposit.
2. The responsibility for making bank deposits is segregated from those preparing the monthly bank reconciliation.
3. Prenumbered receipts are issued for all money collected and the duplicate receipt is retained.
4. Receipts are reconciled to the cash receipts ledger by an individual other than the one collecting money and issuing receipts.

5. Posting of receipts to the ledger is completed by an individual other than the one who collects money and makes the deposit.
6. Receipts indicate the type of payment received (cash, check, etc.) and this is reconciled to the make-up of the bank deposit.
7. Accounts receivable records are maintained by an individual other than the one(s) involved in the billing process.
8. The billing process is completed by an individual other than the one who collects cash payments from customers.
9. Adjustments to customer accounts are approved by the governing body only after a thorough review.
10. A periodic review is completed of all adjustments made to customer accounts by an individual independent of the billing and accounts receivable processes to ensure that all adjustments made have proper approval from the governing body.

***Cash Activities –***

1. A reconciliation between the recorded cash balance and the bank balance is completed monthly by an individual separate from the receipting and disbursing processes.
2. A reconciliation between the receipts ledger and the credits to the bank account is completed periodically by an individual separate of the receipting process.
3. A reconciliation between the disbursement ledger and the debits to the bank account is completely periodically by an individual separate of the disbursement process.
4. The monthly reconciliation between the cash balance and the bank balance is thoroughly reviewed and approved by the governing body.
5. Disbursements from and reimbursements to petty cash funds are periodically reviewed by an individual other than the one responsible for maintaining the petty cash fund.

### ***C. Effects of IT on Internal Control***

Information technology (IT) systems can be utilized in developing an internal control system. In many cases, IT systems are used to record all financial information for a governmental entity. In these instances, the IT system can provide many different internal controls over the financial reporting process. Permissions can be set that allow only certain users to perform certain tasks. This can create segregation of duties by forcing duties to be completed by different users. For example, the system could be set to only allow User A to be able to generate receipts when money is received. It could also be set to only allow User B to post the receipts generated to the ledger. User B would want to check the receipts issued against the bank deposit to ensure that all receipts collected were deposited. After doing that, User B could post all the receipts to the ledger. In this situation, the IT system became a part of the internal control system and helped create segregation of duties.

Another way the IT system can become a part of the internal control structure is by automating processes and calculations. Posting receipt and disbursement amounts to the ledger and calculating fund balances and total receipts and disbursements can be completed automatically by the IT system. Once it has been determined that the IT system has been set to ensure these procedures and calculations are completed correctly, reliance can be placed on them as a part of the internal control structure. This will help to reduce errors that might be made in posting or calculating of totals. While there is no requirement that an IT system be incorporated as a part of the internal control structure, it is an option that can be considered.

The use of an IT system can also create risks to the internal control structure. The procedures and calculations performed by the IT system must be checked to ensure they are functioning properly. Reliance on the IT system to perform these functions without verification of the accuracy can result in inaccurate reports and information. The IT system must also be adequately protected from unauthorized use. This can lead to the recording of unauthorized transactions or unauthorized changes to existing data. Additionally, safeguards must be taken to prevent loss of data in the event of a failure of the IT system. All of these considerations, both the benefits and risks, must be weighed by the governmental entity when deciding whether or not to make the IT system a part of the internal control structure.

## GLOSSARY

### *Commonly Used Accounting and Auditing Terms*

#### Accounting Terms

Accounting Period – A period of time at the end of which and for which financial statements are prepared.

Accounting System – The total structure of records and procedures that discover, record, classify, and report information on the financial position and operations of a governmental unit or any of its funds and departments.

Capital Assets – Assets of a long-term character that are intended to continue to be held or used; such as land, buildings, infrastructure, improvements other than buildings, machinery and equipment, and construction in progress.

Land – A capital asset that reflects the carrying value of the land owned by a governmental unit. If the land is purchased, this account shows the purchase price and costs such as legal fees and filling and excavation costs that are incurred to put the land in condition for its intended use. If land is acquired by gift, the account reflects its appraised value at the time of the acquisition.

Buildings – A capital asset account that reflects the acquisition value of permanent structures used to house persons and property owned by a governmental unit. If the buildings are purchased or constructed, this account includes the purchase or contract price of all permanent buildings and fixtures attached to and forming a permanent part of the buildings. If buildings are acquired by gift, the account reflects its appraised value at the time of the acquisition.

Infrastructure – Roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, and lighting systems installed for the common good.

Improvements Other than Buildings – A capital asset account that reflects the acquisition value of permanent improvements, other than buildings, that add value to land. Examples are fences and retaining walls. If the improvements are purchased or constructed, this account includes the purchase or contract price. If improvements are acquired by gift, the account reflects its appraised value at the time of the acquisition.

Machinery and Equipment – Tangible property of a somewhat permanent nature (other than land, buildings, or improvements) that is useful in carrying on operations of the governmental unit; for example, machinery, tools, trucks, cars, furniture, and furnishings.

Construction In Progress – The cost of construction work that has been started but not yet completed. Any amounts included in this category should be moved to Buildings, Infrastructure, or Improvements Other than Building once the project is complete.

Capital Lease – A lease that substantively transfers the benefits and risks of ownership of property to the lessee. A capital lease is in substance an installment purchase in the form of a lease. One of the following criteria must be satisfied for a lease to be a capital lease:

- Ownership transfers at the end of the lease to the lessee.
- There is a bargain purchase option.
- The present value of the minimum lease payments is greater than or equal to 90 percent of the fair value of the leased asset.
- The lease term is 75 percent or more of the economic life of the leased asset.

Contingent Liabilities – Items that may become liabilities as a result of conditions undetermined at a given date, such as guarantees, pending lawsuits, judgments under appeal, unsettled disputed claims, unfilled purchase orders, and completed contracts.

General Obligation Bonds – Bonds for whose payment the full faith and credit of the issuing body is pledged. More commonly, but not necessarily, general obligation bonds are considered to be those payable from taxes and other general revenues.

Holding Corporation – A separate entity created to handle debt and construction issues from which a governmental entity will lease assets.

Long-Term Debt – Debt with a maturity of more than one year after the date of issuance.

Notes and Loans Payable – An unconditional written promise signed by the unit to pay a certain sum in money on demand or at a fixed or determined time either to the bearer of the note or bearer of the loan.

Other Financing Sources – A statement classification in which financial inflows other than receipts are reported; for example, proceeds of long-term debt and transfers-in.

Other Financing Uses – A statement classification in which financial outflows other than disbursements are reported; for example, transfers-out.

Postemployment Benefits – Benefits provided to retirees who meet a certain predetermined criteria upon retirement.

Revenue Bonds – Bonds whose principal and interest are payable exclusively from earnings of a public enterprise; for example, utilities ran by the governmental unit.

Supplementary Information – Financial information presented together with the financial statements but is not included within the scope of the audit of those statements. The information is included to give additional information on the financial activity of the governmental entity.

## Auditing Terms

Deficiency in Internal Control - A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

A deficiency in design exists when:

- A control necessary to meet the control objective is missing; or
- An existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.

A deficiency in operation exists when:

- A properly designed control does not operate as designed; or
- The person performing the control does not possess the necessary authority or competence to perform the control effectively.

Financial Audit – A financial audit provides an auditor's opinion that the financial statements present fairly an entity's financial position and results of operations in conformity with the basis of accounting used to prepare the financial statements.

Major Programs – All federal programs identified by the auditor, through a risk-based process, that will be audited as part of a single audit.

Materiality – An auditor's judgment as to the level at which the quantitative or qualitative effects of misstatements will have a significant impact on the financial statement user's evaluations.

Material Weakness - Is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. This basically means that the internal control structure in place would not be sufficient to find errors or fraud that occurred. A lack of segregation of duties would be a material weakness. For example, if only one individual was responsible for issuing claims, approving claims, writing checks, and posting to the disbursement ledger, it is more likely that an error could occur and not be detected than if other individuals were a part of the process to review it. Fraud is also less likely to occur if more than one individual is involved in the process. These errors and fraud that are more likely to occur could result in incorrect financial reporting (material misstatement of the financial statements). The fact that a finding is included in an audit report related to a material weakness does not necessarily indicate that the financial statements are incorrect. There may be no errors made in the records or financial statements, but a finding on a material weakness could still be included in the audit report. This is because the internal control structure was not adequate to prevent errors if they had occurred.

Significant Deficiency - Is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. The same information discussed above for material weaknesses would apply to significant deficiencies, but as stated, it is less severe than a material weakness. If a significant deficiency is included as a finding in an audit report, it would still require action by the governing body to address the issue. The action should be the implementation of new or different internal controls.

Single Audit – An audit prescribed by federal laws for state and local governmental units and nonprofit organizations that receive federal financial assistance above a specific amount. Such an audit is to be conducted in conformity with the Office of Management and Budget Circular A-133.

## **APPENDIX**

### A – Financial Statements Example

[A-1 – Units other than schools](#)

[A-2 – Schools](#)

### B – Notes to the Financial Statements Example

[B-1 – Units other than schools](#)

[B-2 – Schools](#)

### C – Schedule of Expenditures of Federal Awards Example

[C-1 – All units](#)

### D – Notes to the Schedule of Expenditures of Federal Awards Example

[D-1 – All units](#)

### E – Combining Schedules Example

[E-1 – Units other than schools](#)

[E-2 – Schools](#)

### F – Schedule of Long-Term Debt Example

[F-1 – All units](#)

### G – Schedule of Capital Assets Example

[G-1 – All units](#)

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CITY OF SAMPLE  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended December 31, 2011

*Note: The example in this manual is only presented for one year, however, both years would need to be presented if the audit is conducted on a biennial basis.*

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ -	\$ -	\$ -	\$ -
Motor Vehicle Highway	-	-	-	-
Local Road And Street	-	-	-	-
Park Nonreverting Operating	-	-	-	-
(Insert Fund Name)	-	-	-	-
(Insert Fund Name)	-	-	-	-
(Insert Fund Name)	-	-	-	-
(Insert Fund Name)	-	-	-	-
(Insert Fund Name)	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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EXAMPLE COMMUNITY SCHOOLS  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Years Ended June 30, 2010 and 2011

	Cash and Investments 07-01-09	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11
General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	-	-	-	-	-	-	-	-	-
Retirement/Severance Bond Debt Service	-	-	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-	-	-	-
School Transportation	-	-	-	-	-	-	-	-	-
School Bus Replacement	-	-	-	-	-	-	-	-	-
Special Education Preschool	-	-	-	-	-	-	-	-	-
Retirement/Severance Bond	-	-	-	-	-	-	-	-	-
(Insert Fund Name)	-	-	-	-	-	-	-	-	-
(Insert Fund Name)	-	-	-	-	-	-	-	-	-
(Insert Fund Name)	-	-	-	-	-	-	-	-	-
(Insert Fund Name)	-	-	-	-	-	-	-	-	-
School Lunch	-	-	-	-	-	-	-	-	-
Textbook Rental	-	-	-	-	-	-	-	-	-
Self-Insurance	-	-	-	-	-	-	-	-	-
(Insert Fund Name)	-	-	-	-	-	-	-	-	-
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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CITY OF EXAMPLE  
NOTES TO FINANCIAL STATEMENT(S)

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The Unittype was established under the laws of the State of Indiana. The Unittype operates under a Council-Mayor 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 Unittype was established under the laws of the State of Indiana. The Unittype operates under a Council-Commissioner form of government and provides some or all of the following services: public safety (police), highways and streets, health welfare and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

The Unittype was established under the laws of the State of Indiana. The Unittype operates under an appointed governing board and provides culture services.

The Unittype was established under the laws of the State of Indiana. The Unittype operates under a township trustee/township board form of government and provides some or all of the following services: public safety (fire), health and social services (township assistance), culture and recreation (parks and/or community centers), and general administrative services (weed and dog control).

The Unittype was established under the laws of the State of Indiana. The Unittype operates under an appointed governing board.

The accompanying financial statement(s) present(s) the financial information for the Unittype (primary government), and does not include financial information for any of the Unittype's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Unittype (primary government).

*B. Basis of Accounting*

The financial statements are reported on a regulatory basis of accounting prescribed by the 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. Receipts are recorded when received and disbursements are recorded when paid.

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.

*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.

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Unitttype.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

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

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Unittyp. It includes all expenditures for the reduction of the principal and interest of the Unittyp's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

#### *F. Interfund Transfers*

The Unittyp may, from time to time, transfer money 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.

#### *G. Fund Accounting*

Separate funds are established, maintained, and reported by the Unittyp. Each fund is used to account for money 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 Unittyp. The money 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 Unittyp 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.

### **Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Unittyp 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.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Unitttype 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 February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. 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.

**Note 4. 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 Unitttype to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

**Note 5. Risk Management**

The Unitttype 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 Unitttype to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Unitttype by recording as a disbursement and replacement items purchased.

**Note 6. Pension Plan(s)**

*A. Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the

system, and give the Unittype authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

*B. Teacher's Retirement Fund*

*Plan Description*

The Indiana Teacher's Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the Unittype authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The Unittype may elect to make the contributions on behalf of the member.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRF plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 286-3544

*Funding Policy and Annual Pension Cost*

The Unittype contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The Unittype currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

*B. 1925 Police Officers' Pension Plan*

*Plan Description*

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

*Funding Policy*

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

*On Behalf Payments*

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

C. *1937 Firefighters' Pension Plan*

*Plan Description*

The 1937 Firefighters' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

*Funding Policy*

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

*On Behalf Payments*

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

B. *County Police Retirement Plan*

*Plan Description*

The County Police Retirement Plan is a single-employer defined benefit pension plan. With the approval of the Unitttype's fiscal body, the plan is administered by the sheriff's department and an appointed trustee as authorized by state statute (IC 36-8-10-12) for full-time police officers. The plan provides retirement, death, and disability benefits to plan members and beneficiaries. The trustee issues a publicly available financial report that includes financial statements and required supplementary information of the plan. The report may be obtained by contacting the county sheriff.

*Funding Policy*

The contribution requirements of plan members for the County Police Retirement Plan are established by state statute.

C. *County Police Benefit Plan*

*Plan Description*

The County Police Benefit Plan is a single-employer defined benefit pension plan. With the approval of the Unittypes' fiscal body, the plan is administered by the sheriff's department and an appointed trustee as authorized by state statute (IC 36-8-10-12) for full-time police officers. The plan provides dependent pensions, life insurance, and disability benefits to plan members and beneficiaries. The trustee issues a publicly available financial report that includes financial statements and required supplementary information of the plan. The report may be obtained by contacting the county sheriff.

*Funding Policy*

The contribution requirements of plan members for the County Police Benefit Plan are established by state statute.

D. *1977 Police Officers' and Firefighters' Pension and Disability Fund*

*Plan Description*

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy*

The contribution requirements of plan members and the Unittypes are established by the Board of Trustees of INPRS.

The Unittypes also contribute to additional pension plan(s) unique to the Unittypes. Information regarding these plans may be obtained from the Unittypes.

*Note to User: The following notes should be included as applicable:*

**Note \_\_. *Negative Receipts and Disbursements***

The financial statements contain receipts and/or disbursements which appear as negative entries. This is a result of \_\_\_. (add explanation; for example, the correction of errors from prior periods. The error(s) made in the prior period were corrected by reversing the original entry.

Since the original entry and the correction were made in separate periods, a negative receipt/disbursement was shown in the current period.)

**Note\_\_.** **Cash Balance Deficits**

The financial statements contain some funds with deficits in cash. This is a result of \_\_. (add explanation; for example, the funds being set up for reimbursable grants. The reimbursement for expenditures made by the Unittype were not received by December 31, \_\_.)

**Note\_\_.** **Restatements**

For the year ended December 31, \_\_, certain changes have been made to some of the beginning balances of the financial statements to more appropriately reflect financial activity of the Unittype. The following schedule presents a summary of restated beginning balances.

Fund Name	Balance as of December 31, 20XX	New Fund	Prior Period Adjustment	Balance as of January 1, 20XX
	\$	\$	\$	\$

**Note\_\_.** **Holding Corporation(s)**

The Unittype has entered into a capital lease with \_\_\_\_\_ (the lessor). The lessor was organized as a (for-profit)(not-for-profit) corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the Unittype. The lessor has been determined to be a related party of the Unittype. Lease payments during the year (s) 20xx and 20xx totaled \$\_\_\_\_ and \$ \_\_\_\_\_, respectively.

**Note\_\_.** **Subsequent Events**

(Describe event.)

**Note\_\_.** **Other Postemployment Benefits**

The Unittype provides to eligible retirees and their spouses the following benefits; (include benefits offered). These benefits pose a liability to the Unittype for this year and in future years. Information regarding the benefits can be obtained by contacting the Unittype.

EXAMPLE COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The accompanying financial statement presents the financial information for the School Corporation (primary government).

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the 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 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.

*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.

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, school corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

State sources which include distributions from the State of Indiana to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources which include distributions from the federal government to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

#### *E. Disbursements*

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

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

#### *F. Other financing sources and uses*

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

Proceeds of long-term debt which includes money received in relation to the issuance of bonds or other long-term debt issues.

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

#### *G. Fund Accounting*

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money 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 School Corporation. The money 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 School Corporation 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.

#### **Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation 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 is subject to final approval by the Indiana Department of Local Government Finance.

#### **Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation 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 February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. 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.

#### **Note 4. 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 School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual

funds. Certain other statutory restrictions apply to all investments made by local governmental units.

**Note 5. Risk Management**

The School Corporation 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 School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the School Corporation by recording as a disbursement and replacement items purchased.

**Note 6. Pension Plan(s)**

*A. Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

*B. Teachers' Retirement Fund*

*Plan Description*

The Indiana Teachers' Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides

retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRF plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 286-3544

*Funding Policy and Annual Pension Cost*

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

The School Corporation also contributes to additional pension plan(s) unique to the School Corporation. Information regarding these plans may be obtained from the School Corporation.

*Note to User: The following notes should be included as applicable:*

**Note \_\_. Negative Receipts and Disbursements**

The financial statement contains receipts and/or disbursements which appear as negative entries. This is a result of \_\_. (add explanation; for example, the correction of errors from prior periods. The error(s) made in the prior period were corrected by reversing the original entry. Since the original entry and the correction were made in separate periods, a negative receipt/disbursement was shown in the current period.)

**Note \_\_. Cash Balance Deficits**

The financial statement contains funds with deficits in cash. This is a result of \_\_. (add explanation; for example, the funds being set up for reimbursable grants. The reimbursement for expenditures made by the Unittype were not received by December 31, \_\_.)

**Note \_\_. Restatements**

For the year ended December 31, \_\_\_\_, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the Unitttype. The following schedule presents a summary of restated beginning balances.

Fund Name	Balance as of July 1, 20XX	New Fund	Prior Period Adjustment	Balance as of June 30, 20XX
	\$	\$	\$	\$

**Note\_\_.**  *Holding Corporation(s)*

The Unitttype has entered into a capital lease with \_\_\_\_\_ (the lessor). The lessor was organized as a (for-profit)(not-for-profit) corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the Unitttype. The lessor has been determined to be a related party of the Unitttype. Lease payments during the year (s) 20xx and 20xx totaled \$\_\_\_\_ and \$ \_\_\_\_\_, respectively.

**Note\_\_.**  *Subsequent Events*

(Describe event.)

**Note\_\_.**  *Other Postemployment Benefits*

The Unitttype provides to eligible retirees and their spouses the following benefits; (include benefits offered). These benefits pose a liability to the Unitttype for this year and in future years. Information regarding the benefits can be obtained by contacting the Unitttype.

CITY OF EXAMPLE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended December 31, 2010 and 2011

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 2010	Total Federal Awards Expended 2011
<u>ENTER FEDERAL GRANTOR AGENCY HERE</u>				
Enter pass-through entity or type "Direct grant"				
Enter cluster in this cell (If no clusters, delete this column and row)				
Enter program in this cell			\$ -	\$ -
Enter project in this cell			-	-
			-	-
			-	-
			-	-
Total for program			-	-
Enter program in this cell				
Enter project in this cell			-	-
			-	-
			-	-
Total for program			-	-
Enter program in this cell				
Enter project in this cell			-	-
			-	-
			-	-
Total for program			-	-
Total for cluster (If this is not a cluster delete this and above row.)				
Enter pass-through entity or type "Direct grant"				
Enter program in this cell				
Enter project in this cell			-	-
			-	-
			-	-
			-	-
Total for program			-	-
Total for federal grantor agency				
<u>ENTER FEDERAL GRANTOR AGENCY HERE</u>				
Enter pass-through entity or type "Direct grant"				
Enter cluster in this cell (If no clusters, delete this column and row)				
Enter program in this cell			-	-
Enter project in this cell			-	-
			-	-
			-	-
Total for program			-	-
Enter program in this cell				
Enter project in this cell			-	-
			-	-
			-	-
Total for program			-	-
Enter program in this cell				

Enter project in this cell	-	-
	-	-
	-	-
	-	-
	<u>-</u>	<u>-</u>
Total for program	<u>-</u>	<u>-</u>
Total for cluster (If this is not a cluster delete this and above row.)	<u>-</u>	<u>-</u>
Total for federal grantor agency	<u>-</u>	<u>-</u>
Total federal awards expended	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

UNITHEADING2  
NOTE(S) TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Unitname (Unittype) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1 et seq.), audits of Unittypes with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

**Note 2. Subrecipients**

Of the federal expenditures presented in the schedule, the Unittype provided federal awards to subrecipients as follows for the year~s~ ended December 31, #Years#:

Program Title	Federal CFDA Number	2002	2003
		\$	\$

**Note 3. Loans Outstanding**

The Unittype had the following loan balances, with continuing federal compliance requirements, outstanding at December 31, #Years#. These loan balances outstanding are also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2002	2003
		\$	\$

**Note 4. Noncash Assistance**

The Unittype expended the following amount of noncash assistance for the year~s~ ending December 31, #Years#. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2002	2003
		\$	\$

**Note 5. Amount of Insurance in Effect During the Year**

The Unitttype had the following amounts of insurance in effect during the year for the year~s~ ending December 31, #Years#. These amounts of insurance in effect are also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2002	2003
		\$	\$

CITY OF SAMPLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2011

Note: The example in this manual is only presented for one year, however, both years would need to be presented if the audit is conducted on a biennial basis.

	General	Motor Vehicle Highway	Local Road And Street	Park Nonreverting Operating	(Insert Fund Name)	(Insert Fund Name)	(Insert Fund Name)	(Insert Fund Name)	(Insert Fund Name)	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:										
Taxes	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-	-	-	-
Disbursements:										
Personal services	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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EXAMPLE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010

Note: The example in this manual is only presented for one year, however, both years would need to be presented if the audit is conducted on a biennial basis.

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Retirement/ Severance Bond
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



CITY OF SAMPLE  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2011

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year	Fund/ Department
Capital leases:			
(description of asset leased)	\$	-	-
(description of asset leased)			
(description of asset leased)			
(description of asset leased)			
Claims and judgments			
Notes and loans payable			
Bonds payable:			
General obligation bonds:			
(purpose)			
(purpose)			
(purpose)			
Revenue bonds:			
(purpose)			
(purpose)			
(purpose)			
	-	-	
Total debt	\$	-	-

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CITY OF SAMPLE  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2011

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
Other:	
Capital assets, not being depreciated:	
Land	\$ -
Infrastructure	-
Buildings	-
Improvements other than buildings	-
Machinery and equipment	-
Construction in progress	-
Total other capital assets	-
Water Utility:	
Capital assets, not being depreciated	
Land	-
Infrastructure	-
Construction in progress	-
Buildings	-
Improvements other than buildings	-
Machinery and equipmen	-
Total Water Utility capital assets	-
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	-
Infrastructure	-
Construction in progress	-
Buildings	-
Improvements other than buildings	-
Machinery and equipmen	-
Total Wastewater Utility capital assets	-
Gas Utility:	
Capital assets, not being depreciated	
Land	-
Infrastructure	-
Construction in progress	-
Buildings	-
Improvements other than buildings	-

Machinery and equipmen	-
	<hr/>
Total Gas Utility capital assets:	-
	<hr/>
Electric Utility:	
Capital assets, not being depreciated:	
Land	-
Infrastructure	-
Construction in progress	-
Buildings	-
Improvements other than buildings	-
Machinery and equipmen	-
	<hr/>
Total Electric Utility capital asset:	-
	<hr/>
___ Utility:	
Capital assets, not being depreciated:	
Land	-
Infrastructure	-
Construction in progress	-
Buildings	-
Improvements other than buildings	-
Machinery and equipmen	-
	<hr/>
Total ___ Utility capital assets:	-
	<hr/>
Total capital assets not being depreciated	\$ -
	<hr/> <hr/>