



Township Educational Conference

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Contact Information



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Capital Assets and the Annual Financial Report (AFR)



Gateway Access



- Gateway@sboa.in.gov
- Submitter – Trustee
- Editor – Complete Delegation form
 - <http://www.in.gov/sboa/files/DelegationForm.pdf>

Annual Financial Report (AFR)



- **Per IC 5-11-1-4**

- Must be filed with the State Examiner.
- DLGF may not approve the budget of a unit until it is filed.
- Must be filed electronically via the State Gateway.
- Due 60 days after the year end which will be March 1, 2022.

The Indiana Gateway for Government Units provides a central commons for local units to submit their financial forms to the State of Indiana.

This site works best in [Firefox](#) and [Chrome](#). Internet Explorer browser.

Authorized Personnel Login

User Name:

Password:

[Forgot your password?](#)

Please note: Passwords are CASE sensitive.

After 5 failed attempts to log in, your account will be locked—
notify ibrctech@iu.edu.

[Request Authorization to Access Gateway](#)

Announcements

Gateway Reporting Access Authorized User P

The local official login portion of Gateway is accessible only
responsible for entering and submitting reports to the State.
the person who receives authorization. [Read full policy »](#)

Annual Financial Report (AFR)



- New Unit Questions
 - Does your unit have significant contingent liabilities?
 - Does your unit have significant commitments?
 - Does your unit participate in any joint ventures?



- New Unit Questions (Cont.)
 - Are there related party transactions?
 - Is your unit affected by tax abatements through direct or indirect agreements?
 - Did your unit have interfund loans during the year?

Annual Financial Report (AFR)



- Financial Data By Fund
 - Include Fund Type
 - General
 - Special Revenue
 - Debt Service
 - Capital Projects
 - Permanent
 - Enterprise
 - Internal Service
 - Pension Trust
 - Private Purpose Trust
 - Investment Trust
 - Custodial
 - Other

Properly Maintaining Capital Assets



What is a capital asset?

- Capital Asset Per GASB 34:

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

Properly Maintaining Capital Assets



Infrastructure

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

Properly Maintaining Capital Assets



- Construction in Progress

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

Properly Maintaining Capital Assets



- **MUST** have a capital asset policy
- ***Policy is required to detail the capitalization threshold***
- Capitalization Threshold is a management decision

Properly Maintaining Capital Assets



- Other items to consider

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



- General Form 369

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

CAPITAL ASSETS LEDGER

FUND _____

DEPARTMENT OR BUILDING _____

Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Life of Asset	Date of Disposal of Capital Asset	Amount Received on Disposal or Trade in	Types of Capital Assets						Total Capital Assets	
								Land	Infrastructure	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Construction in Progress		Books and Other
1															
2															
3															
4															
5															
6															
7															
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23															

SAMPLE

Don't Know Historical Cost



1. Develop an inventory of all capital assets owned
2. Obtain an estimate of the replacement costs
3. Determine the year of acquisition
4. Multiply the estimated replacement cost by the factor for the year of acquisition from the Table of Cost Indexes (September 2019 Bulletin)
<https://www.in.gov/sboa/files/2019%20September%20School%20Bulletin.pdf>

Annual Financial Report (AFR)



- Capital Asset Schedule
 - Non-depreciable Assets
 - Land – assumed to have unlimited useful life
 - Construction in Progress – Asset hasn't been placed in service
 - Depreciable Assets
 - Buildings
 - Improvements other than Buildings
 - Machinery, Equipment, & Vehicles

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

Governmental Activities - Non-Depreciable Assets

Government or Enterprise	Beginning Balance as of July 1, 2020	Additions	Reductions	Ending Balance as of June 30, 2021
Land	\$100.00	\$1.00	\$10.00	\$91.00
Construction in Progress	\$200.00	\$2.00	\$20.00	\$182.00
Other Non-Depreciable Assets	\$300.00	\$3.00	\$30.00	\$273.00

Governmental Activities - Depreciable Assets

Government or Enterprise	Beginning Balance as of July 1, 2020	Additions	Reductions	Ending Balance as of June 30, 2021
Infrastructure	\$400.00	\$4.00	\$40.00	\$364.00
Buildings	\$500.00	\$5.00	\$50.00	\$455.00
Improvements Other Than Buildings	\$600.00	\$6.00	\$60.00	\$546.00
Machinery, Equipment, and Vehicles	\$700.00	\$7.00	\$70.00	\$637.00
Books and Other	\$800.00	\$8.00	\$78.00	\$730.00

Depreciation



- An accounting method of allocating the cost of a tangible or physical asset (Buildings, Equipment, Infrastructure, other) over the life of the asset
- Represents how much of an asset's value has been used up

Depreciation Calculation



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

*****Accumulated Depreciation is the total depreciation to date**

Maintain Documentation



- Must maintain a documented basis for:
 - Asset Valuation
 - Estimated Useful Lives

Example



- Fire truck purchased in 2016 for \$100,000
- Estimated Useful Life - 10 years
- Unit's policy is to take full year of depreciation in year of purchase

Example - Depreciation Calculation



$$\frac{\$100,000}{10 \text{ years}} = \$10,000 \text{ Yearly Amount of Depreciation}$$

*****Accumulated Depreciation is the total depreciation to date**

Governmental Activities - Accumulated Depreciation

Government or Enterprise	▲ Beginning Balance as of July 1, 2020	Additions	Reductions	Ending Balance as of June 30, 2021
Infrastructure	\$0.00	\$0.00	\$0.00	\$0.00
Buildings	\$0.00	\$0.00	\$0.00	\$0.00
Improvements Other Than Buildings	\$0.00	\$0.00	\$0.00	\$0.00
Books and Other	\$0.00	\$0.00	\$0.00	\$0.00
Machinery, Equipment, and Vehicles	\$5,000.00	\$1,000.00	\$0.00	\$6,000.00

SBOA Training Videos



- SBOA YouTube Channel
 - <https://www.youtube.com/channel/UC62Ozm0wY81GZHipK2UrjLA>
- Properly Maintaining Capital Assets
 - <https://www.youtube.com/watch?v=oPIbqV1J9jo>
- Reporting Capital Assets and Accumulated Depreciation
 - https://www.youtube.com/watch?v=PPXQpo_L7_8

Annual Financial Report (AFR)



- Grant Schedule
- Many townships may have received new federal awards – CARES ACT, ARPA



- Accounts Payable
 - Amounts for goods and services that were received or used during the year but hasn't been paid by the end of the year. (Invoices, bills received in December not paid until January.)



- Accounts Receivable
 - Amounts that are owed to the township that haven't been received by the end of the year (example - grant reimbursement request that was submitted by the end of year but not received until January)



- Interfund Loan Activity
- Enter all temporary loans into schedule

Interfund Loan Activity (Due to/Due from) ?

Save All Work

Return to AFR Main Menu

Complete the Interfund Loan Activity Schedule with all loan activity between funds during the year. Before entering loans in this section make sure that the file of fund numbers and fund names uploaded within the Financial Data by Fund Section is accurate and complete. If a new file of fund names and numbers needs to be uploaded, ALL previously entered loans will be automatically WIPED OUT and will need to be re-entered. If it becomes necessary to upload a revised file of fund numbers and names, consider taking screenshots of this section's data first, to allow for more efficient re-entry of data.

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

Add Row

Delete	Due From	Due To	Amount
X	Required	Required	\$500.00

Total: \$500.00

Annual Financial Report (AFR)



- Debt schedule
 - Long-term
 - Short-term

Governmental Activities - Long Term Debt

[Add Row](#)

Delete	Debt Class	Description or Purpose	Beginning Principal Balance as of July 1, 2020	Additions	
X	General Obligation Bonds	General Obligation Bonds	\$66.00	\$66.00	
X	Revenue Bonds	Revenue Bonds	\$77.00	\$77.00	
X	Notes and Loans Payable - Long Term	ava	\$88.00	\$88.00	
X	Tax Anticipation Warrants - Long Term	warr	\$99.00	\$99.00	
X	Other - Long Term	other	\$55.00	\$55.00	

Governmental Activities - Short Term Debt

[Add Row](#)

Delete	Debt Class	Description or Purpose	Beginning Principal Balance as of July 1, 2020	Additions	
X	Claims and Judgments	Claims and Judgments	\$44.00	\$44.00	
X	Other - Short Term	33	\$33.00	\$33.00	
X	Notes and Loans Payable - Short Term	fees	\$22.00	\$22.00	
X	Lines of Credit	debt	\$11.00	\$11.00	
X	Tax Anticipation Warrants - Short Term	at	\$101.00	\$101.00	



- Financial Assistance to Non-Governmental Entities
- Examples – Volunteer Fire Departments; YMCA; Youth Leagues; Senior Citizen Centers

Annual Financial Report (AFR)



- OPEB
 - Includes – death benefits; life insurance; disability; and long-term care
 - Does Not Include – Pensions; termination benefits or termination payments for sick leave
 - **COBRA benefits are considered a form of healthcare-related termination benefits and are not OPEB**

Answer these questions for the full calendar year just ended.

*Name of the OPEB Plan

*Type of OPEB Plan

*Select the benefits provided under this OPEB plan:

Medical Dental Vision Hearing Death Benefits Life Insurance Disability Long-term Care Other

Plan Administrator (if any)

*Company Name

*Street Address

*City

*State

*Zip (e.g. 99999)

*Contact Person

*Phone (e.g. 999-999-9999)

*e-mail (e.g. example@example.com)

*Employer Sponsoring the Plan

Current Number of Plan Members

*Inactive employees or beneficiaries currently receiving benefit payments

*Inactive employees entitled to but not yet receiving benefits

*Active employees currently receiving benefits or are entitled to not yet receiving benefits

Actuarial Information

*Has there been an actuarial valuation done for this plan within two and a half years from your most recent year end? Yes No

Contribution Rates (as a percentage of covered payroll and not the percentage of premium paid by employer and employee)

*Employer (e.g. 99.99)

*Plan Members (e.g. 99.99)

*Annual Covered Payroll (e.g. 9999.99)

*Cost Method for Funding Purposes

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- Type of OPEB Plan

Defined Contribution - a plan providing for an individual account for each participant and for benefits based solely on the amount contributed to the account, plus or minus income, gains, expenses, and losses allocated to the account.

Single Employer Defined Benefit - A plan sponsored by only one employer that promises a specified monthly benefit on retirement that is predetermined by a formula based on the employee's earnings history, tenure of service and age, rather than depending directly on individual investment returns.

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- Type of OPEB Plan (Cont.)

Cost-Sharing Multiple-Employer Defined Benefit - a plan sponsored by multiple employers in which the OPEB obligations to the employees of more than one employer are pooled and OPEB assets can be used to pay the benefits of the employees of any employer that provides OPEB through the OPEB plan. This type of plan promises a specified monthly benefit on retirement that is predetermined by a formula based on the employee's earnings history, tenure of service and age, rather than depending directly on individual investment returns.

Agent Multiple Defined Benefit - a plan sponsored by multiple employers in which OPEB plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees. This type of plan promises a specified monthly benefit on retirement that is predetermined by a formula based on the employee's earnings history, tenure of service and age, rather than depending directly on individual investment returns.



- OPEB Definitions
- Plan Administrator
 - Company Name – Company that handles the administration of the plan for the sponsor
 - Employer Sponsoring the Plan – typically the local governmental unit

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- OPEB Definitions (Cont.)
- Contribution Rates (as a percentage of payroll)
 - Employer rate – the rate the employer contributes
 - Plan Members rate – the rate the employee contributes
 - Annual Covered Payroll – payroll on which contributions of the OPEB plan are based upon
 - Cost Method – Select “Pay as you go” if the plan is not prefunded



- Tax Abatements

- An agreement between one or more governments and an individual or entity in which one or more governments promise to forgo tax revenues to which they are otherwise entitled and the individual or entity promises to take a specific action that contributes to economic development or benefits the government or citizens



- Tax Abatements (Cont.)
 - **Direct** – The governmental unit provides the tax abatement
 - **Indirect** – governmental unit is affected by the tax abatement given by another governmental unit

Tax Abatements

Save All Work

Return to AFR Main Menu

Complete the schedules below with information about tax abatements that have an effect on this unit.

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

Direct Agreements

Agreements entered into by the reporting governments

Add Row

Delete	Abatement Name	Purpose of the Abatement Program	The specific tax being abated	Amount of tax revenues reduced as a result of Tax Abatements	Amount receivable, if any, as a result of the Tax Abatements	
X	Tif	spur econ growth	property	\$6,000.00	\$0.00	

Indirect Agreements

Agreements entered into by other governments and reduce the reporting government's tax revenues.

Add Row

Delete	Government Name	Name of Abatement	The specific tax being abated	Amount of tax revenues reduced as a result of Tax Abatements	Amount receivable, if any, as a result of the Tax Abatements	
X	test county	name	property	\$10.00	\$0.00	

Annual Financial Report (AFR)



- Surety Bonds Upload
- The Surety Bond to be upload is to cover the reporting period
 - Example - For the 2021 AFR due March 1, 2022, the trustee would upload the surety bond covering January 1, 2021 to December 31, 2021



New Legislation

New Laws Affecting Townships



- Each year SBOA Identifies new laws that would affect townships from an auditing perspective that relate to various financial and compliance matters.
- Please see the “New Laws Affecting Townships” section of the [June 2021 Township Bulletin](#).

HEA 1065 – Fire Protection Territories



- Section 1 - IC 36-8-19-6 Amended;
Section 2 – IC 36-8-19-6.9 Added
- Provides that the **procedure for adopting an ordinance or resolution** to establish a fire protection territory (territory) applies to expanding an existing territory.
- Provides that an ordinance or **resolution** establishing or expanding a territory must include an agreement as to the disposition of the territory's property when a participating unit withdraws or the territory is dissolved.
- Specifies that with regard to an ordinance or resolution to establish or expand a territory, the **unit must hold three separate public hearings** to hear public comment regarding the proposed territory before adoption of the ordinance or resolution, with the last public hearing held not later than 10 days before the ordinance or resolution is adopted.
Establishes residency requirements for members of a joint executive board of a territory.

HEA 1169 - Cybersecurity Incidents



- Sections 1-11 Adds/Amends various sections – see bulletin for more information.
- Requires the office of technology to maintain a repository of cybersecurity incidents. Provides that a state agency and a **political subdivision shall: (1) report any cybersecurity incident to the office without unreasonable delay and not later than two business days after discovery of the cybersecurity incident** in a format prescribed by the chief information officer; and (2) provide the office with the name and contact information of any individual who will act as the primary reporter of a cybersecurity incident before September 1, 2021, and before September 1 of every year thereafter. Allows the office of technology to assist a state agency with certain issues concerning information technology. Provides that if requested by a political subdivision, the office may develop a list of third-party technology providers that work with the office. Requires a state educational institution to submit a quarterly analysis with certain conditions

Reporting Cybersecurity Incidents



- A cybersecurity incident may consist of one or more of the following categories of attack vectors: (1) Ransomware, (2) Business email compromise, (3) Vulnerability Exploitation, (4) Zero-day exploitation, (5) Distributed denial of service, (6) Web site defacement, (7) Other sophisticated attacks as defined by the chief of information officer and that are posted on the officer's Internet web site. (IC 4-13.1-1-1.5)
- Cybersecurity incidents can be reported on IOT's web site at the following webpage. <https://www.in.gov/cybersecurity/report-a-cyber-crime/>

HEA 1437 - Electronic Meetings and Signatures



- Sections 1-9 Adds/Amends various sections – see bulletin for more information.
- Allows a member of a governing body of a political subdivision to **participate in a meeting electronically** subject to the following: (1) Requires the governing body to adopt a written policy establishing procedures for electronic participation. (2) Requires the technology to permit simultaneous communication between members and the public to attend and observe the proceedings. (3) Requires at least 50% of the members to be physically present at the meeting site. (4) Allows a member participating electronically to be counted for quorum purposes. (5) Provides that a member participating electronically may participate in a final action taken by the governing body only if the member can be seen and heard.
- Provides that if a statute requires a manual signature for attesting or authenticating an obligation issued by certain state and local public entities, an electronic signature has the same force and effect as a manual signature.

SEA 218 – Township Homeless Assistance



- Sections 1-11 Adds/Amends various sections – see bulletin for more information.
- Allows a township trustee to place a homeless individual temporarily in a county home or provide temporary township assistance; and **requires the township trustees within a county to collaborate and prepare a list of public and private resources available to the homeless population** that is distributed and published on the county's Internet web site

SEA 332 – Publication of Notice by Political Subdivisions



- Sections 1-43 Adds/Amends various sections – see bulletin for more information.
- When required by statute to publish a notice two or more times, to make the first publication of notice in a newspaper and **any subsequent publications of the notice on the official web site of the political subdivision**. Requires the political subdivision or contractor that maintains the political subdivision's official web site to provide proof of publication of the notice on the official web site.

SEA 409 – Township Matters



- Sections 1-12 Adds/Amends various sections – see bulletin for more information.
- Makes changes to the information required in the township's annual report. **Requires the township trustee to annually certify** and note on the township budget submitted to the department of local government finance's computer gateway that the township's uniform written **standards for township assistance have been filed with the board of county commissioners.**
- Allows a township trustee to be appointed as a director of a county building authority. Provides that a township is **not required to publish the portion of its annual abstract of receipts and expenditures and must include a statement that a complete abstract is available in the County Auditor's office.**
- Telephone number must be published in the annual report.

Additional Laws Affecting Townships



- P.L. 165 HB 1001 State Budget
- P.L. 166 HB 1002 Civil Immunity Related to COVID-19
- P.L. 38 HB 1271 Department of Local Government Finance

- P.L. 1 SB 1 Civil Immunity Related to COVID-19



SBOA Audit Positions

Township Firefighting Fund - Fees



- IC 36-8-13-4(e) requires all money received for a fee or service charge imposed by the township legislative body to be deposited in the township's firefighting fund.
- IC 36-8-13-4.5(d) allows the township trustee to accept donations for the purpose of firefighting and emergency services and requires these donations to be receipted into the township firefighting fund.
- It is our audit position that **all payments received on behalf of other governmental units** for which the township provides fire protection services would be considered a fee-for-service arrangement and is **required to be receipted into the township firefighting fund.**

Designation of Trustee



- IC 36-6-4-18 requires the township trustee within thirty (30) days after taking office, the trustee shall designate a person who shall perform the trustee's duties whenever the trustee is incapable of performing the trustee's duties because the trustee (1) is absent from the township; or (2) becomes incapacitated.
- The trustee shall give notice of the designation to the chairman of the township board, the county sheriff, and any other persons that the trustee chooses. The designee shall have all the powers of the trustee. The trustee may change the designee at any time. The designee shall perform the trustee's duties until: (1) the trustee is no longer absent from the township; or (2) an acting trustee is appointed by the county commissioners under IC 36-6-4-16.

Township Assistance - Donations



- It has been our position to not take audit exception to **minimal donations** received by the Township, for Township Assistance purposes, being receipted into the Township Assistance fund.
- If donations are not accounted for in a separate fund, then the funds received would assume the characteristics of the Township Assistance fund and shall be used for Township Assistance as provided by IC 12-20 after the funds have been properly appropriated.
- A township receiving substantial donations would require township officials to consider the impact that their accounting procedures would have on the tax levy of the fund. **Any substantial donations are to be accounted for in a separate fund** to ensure property tax levies are appropriate and in compliance with any donor restrictions.

Questions?

