ANNUAL FINANCIAL REPORT
ENHANCED REGULATORY UPDATES

INDIANA STATE LIBRARY FALL WORKSHOP
NOVEMBER 2021

UNIT QUESTIONS
AFR UNIT QUESTIONS - NEW

7a. What is your capital asset threshold?

5000

Cost at which an asset must be included on the capital asset ledger and financial statements
Determined by the library board in a policy or resolution

13. Do you have significant contingent liabilities?
A contingency is an existing condition, situation, or set of circumstances involving uncertainty to a
government that will ultimately be resolved when one or more future events occur or fail to occur.

Yes  ☐ No  ☐

14. Do you have significant commitments?
Commitments are existing arrangements to enter into future transactions or events, such as long-term
contractual obligation with suppliers for future purchases at specified prices or sometimes as specified
quantities.

Yes  ☐ No  ☐
15. Do you participate in any joint ventures?  
Legal entity of other organization that results from a contractual arrangement and that is owned operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an ongoing financial interest or responsibility.

Yes  No

16. Are there related party transactions?  
Transaction that an informed observer might reasonably believe reflects considerations other than economic self-interest based upon the relationship that exists between the parties to the transaction. The term is often used in contrast to an arm's-length transaction.

Yes  No

17. Is your unit affected by tax abatements through direct or indirect agreements?  
A tax abatement is 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.

Yes  No
Review debt issuances involving capital financing for a third party. You will need a description of conduit debt transactions and the aggregate amount of all conduit debt outstanding.
AFR UNIT QUESTIONS - NEW

21. Has your unit established any of the following entities?
   - Holding Corporation (Building Corp)
   - Redevelopment Authority
   - Land Bank

   [Yes ☐ No ☐]
   [Yes ☐ No ☐]
   [Yes ☐ No ☐]

GRANT SCHEDULE

• For the 2021 Annual Financial Report an optional upload is now available for Grant reporting.

• Specifications will be available in the user guide and on our website on the libraries page under Gateway
FUND TYPES

- Previous training sessions on fund type classification
  - Spring 2021 Workshop

- Slides are available on our website for libraries under Presentations and Training Materials
  - www.in.gov/sboa

DRAFT FINANCIAL STATEMENT EXAMPLE
## DEBT SCHEDULE – 2020 VERSION

<table>
<thead>
<tr>
<th>Debt Class</th>
<th>Description or Purpose</th>
<th>Beginning Principal Balance as of Jan. 1, 2020</th>
<th>Additions</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Obligation Bonds</td>
<td>Bond</td>
<td>$8,000.00</td>
<td>$19,000.00</td>
</tr>
<tr>
<td>Notes and Loans Payable</td>
<td>Loan</td>
<td>$8.00</td>
<td>$0.00</td>
</tr>
</tbody>
</table>
AFR DEBT SCHEDULE

UPDATES FOR 2021

Governmental Activities - Long Term Debt

<table>
<thead>
<tr>
<th>Delete</th>
<th>Debt Class</th>
<th>Description or Purpose</th>
<th>Beginning Principal Balance as of Jan. 1, 2021</th>
<th>Additions</th>
</tr>
</thead>
<tbody>
<tr>
<td>✗</td>
<td>General Obligation Bonds</td>
<td>Bond</td>
<td>$12,000.00</td>
<td>Required</td>
</tr>
<tr>
<td>✗</td>
<td>General Obligation Bonds</td>
<td>Required</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Governmental Activities - Short Term Debt

<table>
<thead>
<tr>
<th>Delete</th>
<th>Debt Class</th>
<th>Description or Purpose</th>
<th>Beginning Principal Balance as of Jan. 1, 2021</th>
<th>Additions</th>
</tr>
</thead>
<tbody>
<tr>
<td>✗</td>
<td>Lines of Credit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>✗</td>
<td>Notes and Loans Payable - Short Term</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>✗</td>
<td>Tax Anticipation Warrants - Short Term</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>✗</td>
<td>Other - Short Term</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
CHECKLIST OF SHORT-TERM DEBT

- Identify short-term debt issuances
- Identify the purpose of the debt issuances and provide a description
- Determine the beginning balance of each debt issuance
- Determine additions and reductions in short-term debt balances
- Determine the ending balance of each debt issuance

TAX ABATEMENTS
“A reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which

- (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and
- (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.”

GASB 77 requires the disclosure of

(1) your own unit’s tax abatement agreements (called direct agreements) and

(2) tax abatement agreements entered into by other governments that reduce the reporting government’s tax revenue (called indirect agreements.)
NEW SCHEDULE IN 2021

AFR TAX ABATEMENTS SCHEDULE – NEW
INDIRECT AGREEMENTS

<table>
<thead>
<tr>
<th>Delete</th>
<th>Government Name</th>
<th>Name of Abatement</th>
<th>The specific tax being abated</th>
<th>Amount of tax revenue induced as a result of Tax Abatements</th>
<th>Amount receivable, if any, as a result of the Tax Abatements</th>
</tr>
</thead>
<tbody>
<tr>
<td>x</td>
<td>Caldwell County</td>
<td>Manufacturer 1</td>
<td>Property</td>
<td>$110.00</td>
<td>$0.00</td>
</tr>
</tbody>
</table>
CHECKLIST
INDIRECT TAX ABATEMENTS

☐ Gather information needed for AFR from County Auditor:
  ☐ Government Name
  ☐ Name of Abatement
  ☐ Specific tax being withheld
  ☐ Amount abated in reporting year (2021)
  ☐ Amount receivable as a result of the tax abatement, if any
  ☐ Calculate amount of tax revenue forgone (‘‘deduction’’ \times local tax rate)

INTERFUND ACTIVITY
INTERFUND ACTIVITY

- Indiana Cod 36-1-8-4

- The fiscal body of a political subdivision may, by ordinance or resolution, permit the transfer of a prescribed amount, for a prescribed period, to a fund in need of money for cash flow purposes from another fund of the political subdivision if all these conditions are met…

- Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs…

INTERFUND LOAN ACTIVITY SCHEDULE - NEW

Interfund Loan Activity (Due to/Due from)

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!

<table>
<thead>
<tr>
<th>Delete</th>
<th>Due From</th>
<th>Due To</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>X</td>
<td>0000000023 PARK &amp; RECREATION</td>
<td>0000000110 RAINY DAY FUND</td>
<td>$10,000.00</td>
</tr>
</tbody>
</table>

Total: $10,000.00
CAPITAL ASSETS SCHEDULE – 2020 VERSION

<table>
<thead>
<tr>
<th>Government or Enterprise</th>
<th>Beginning Balance as of January 1, 2020</th>
<th>Additions</th>
<th>Reductions</th>
<th>Ending Balance as of December 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$6,003,500.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$6,003,500.00</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>$1,000.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$1,000.00</td>
</tr>
<tr>
<td>Building</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Improvement</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Machinery</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Construction</td>
<td>$0.00</td>
<td>$400.00</td>
<td>$0.00</td>
<td>$400.00</td>
</tr>
<tr>
<td>Books</td>
<td>$0.00</td>
<td>$1,000.00</td>
<td>$500.00</td>
<td>$500.00</td>
</tr>
</tbody>
</table>

Governmental Activities Totals:

<table>
<thead>
<tr>
<th>Beginning Balance</th>
<th>Additions</th>
<th>Reductions</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5,004,500.00</td>
<td>$1,400.00</td>
<td>$500.00</td>
<td>$5,005,400.00</td>
</tr>
</tbody>
</table>
AFR CAPITAL ASSETS

UPDATES FOR 2021

CHECKLIST FOR CAPITAL ASSETS

- Maintain Capital Asset Threshold Policy for Audit
- Establish a Depreciation Method
- Document estimated useful lives of the capital assets
- Update Capital Asset Ledger
- Confirm AFR beginning balance agrees to Capital Asset Ledger
- Post additions and reductions from Capital Asset Ledger for 2021
- Confirm AFR ending balance agrees to Capital Asset ledger
- Calculate Accumulated Depreciation as of January 1, 2020
- Calculate annual depreciation for 2021
- Confirm AFR balances for accumulated depreciation agree with records
CONTACT INFORMATION

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