

oooo

STATE BOARD OF ACCOUNTS

Annual Financial Report
FAQs and Capital Assets

January 21, 2026

Mitch Wilson & Beth Goss





0000

PAUL D. JOYCE, CPA STATE EXAMINER

Indiana's State Examiner and the agency head for the State Board of Accounts, Paul Joyce coordinates and manages the post-audits and examinations of over 4,000 state and local governmental entities in Indiana.

Annual Financial Report (AFR) Frequently Asked Questions (FAQ)

Indiana State Board of Accounts

January 21, 2026



Paul D. Joyce, CPA
State Examiner

Gateway Login:

<https://gateway.ifionline.org/login.aspx>



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 is not a supported browser.

Authorized Personnel Login

User Name:

Password:

[Forgot your password?](#)

[Log In](#)

Please note: Passwords are CASE sensitive.

After 5 failed attempts to log in, your account will be locked—[notify ibrtech@iu.edu](#).

[Request Authorization to Access Gateway](#)

Announcements

Gateway Reporting Access Authorized User Policy

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



STATE BOARD OF ACCOUNTS
EST. 1909

Paul D. Joyce, CPA
State Examiner

AFR User Guide

<https://gateway.ifionline.org/help.aspx>

State Board of Accounts (SBOA)

100R

- [User guide](#)
- [File upload specifications: 2022 \(2021 and Prior\)](#)

Annual Financial Report

- [User guide](#)

E-1 Entity Annual Report

- [User guide](#)

ECA Risk Report

- [User guide](#)

Monthly and Annual Engagement Uploads

- [User guide](#)



Paul D. Joyce, CPA
State Examiner

SBOA GATEWAY Help Desk email:

Gateway@sboa.in.gov

INDIANA Gateway User Guides

- Introduction
- Accessing the Annual Financial Report
- New
- Helpful Hints
- Banner Icons
- The Main Menu
 - Unit Questions
 - Identify Enterprises
 - Departments
 - Schedule of Officials
 - Financial Data by Fund
 - Receipts
 - Disbursements
 - Fund Type
 - Financial Data by Fund- Schools
 - Capital Assets
 - Grants
 - Grant Upload
 - Accounts Payable/Receivable
 - Transfers
 - Interfund Loan Schedule
 - Debt
 - Leases
 - Financial Assistance to Non-Governmental Entities
 - Pensions
 - Other Postemployment Benefits
 - Tax Abatement
 - Upload Public Official Surety Bonds
 - Upload Accrual Financial Statements
 - TA-7 (Townships Only)
 - Disbursements by Vendor (Townships Only)
 - Upload Files
 - Annual Report Outputs
 - Financial Statement/SEFA
 - Review Submission
 - Submit Annual Report
- Getting Help
- Frequently Asked Questions



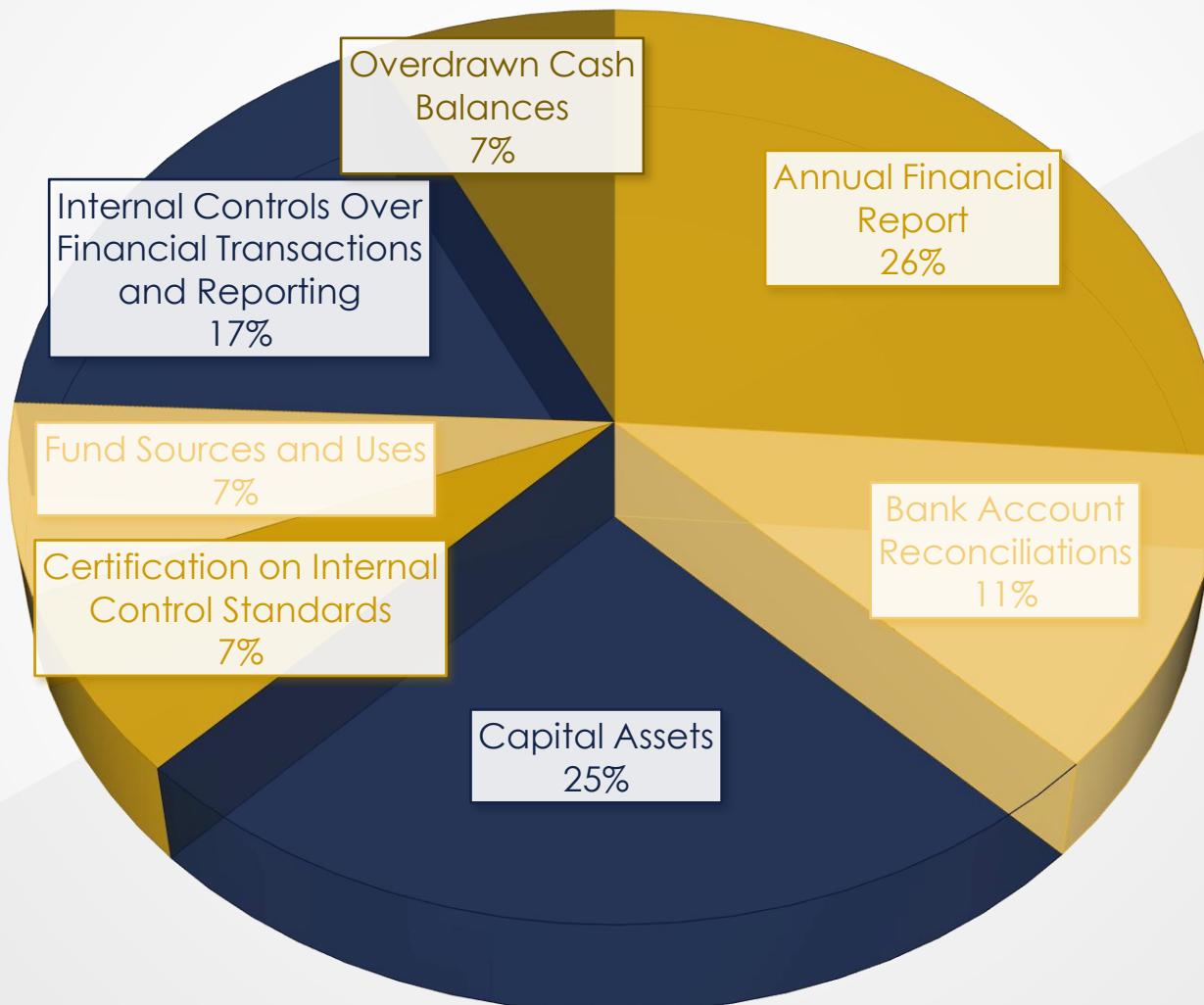
Paul D. Joyce, CPA
State Examiner

Capital Assets & Accumulated Depreciation



Paul D. Joyce, CPA
State Examiner

2024 Common Comments



AFR – Capital Assets

Unit questions #6 and #7 relate to Capital Assets.

- #6 - Do you maintain records listing the types and values of assets owned by the unit? (Yes or No)
- #7 - What is your capital asset threshold?
 - This should be noted in your capital asset policy.
- If you answer “No” to question #6 you are stating that you either have no assets or you are not in compliance with this requirement and you will still need to complete the AFR Capital Assets section of the AFR.



Paul D. Joyce, CPA
State Examiner

AFR – Capital Assets

- Capital Assets
- Capitalization Policy
 - Threshold for all assets
 - Estimated useful life
 - Depreciation method



AFR – Capital Assets & Capitalization Policy

- **Threshold for all assets**
 - Unique to each municipality – what works for you
 - Ensure it is reasonable
- **Estimated useful life**
 - Comes from experience
 - Asset does not become unusable after useful life
- **Depreciation method**
 - Straight line is most commonly used



Paul D. Joyce, CPA
State Examiner

Capital Assets

Land

- Land is often closely associated with another asset
 - Land under a building
 - Land purchased for a road
- Land should always be classified separately and not part of the cost of the other asset
- Records must include a description, amount of acreage (if relevant), acquisition date and purchase price
- Land is assumed to have an indefinite life and is not depreciated
- Usually, all land is capitalized



Paul D. Joyce, CPA
State Examiner

Capital Assets

Infrastructure

- Physical systems of government
 - Examples include streets & alleys, bridges, storm water and drainage, communication networks, water and sewer systems, parking lots, lighting systems, and dams
- Relative longer useful lives
- Non moveable
- LTAP, street department personnel, a city/town manager, or council member would have information to provide best estimate of useful lives



Paul D. Joyce, CPA
State Examiner

Capital Assets

Buildings

- Permanent Structures
- A capital asset account for buildings must reflect the location of each building and the purchase price or construction cost of improvements, if applicable
 - If a building is acquired by gift, record the appraised value at the time of acquisition
- City/Town halls, street department garages, and park community centers
- Useful life often long – maybe even 50 years – estimate based on use, maintenance, & quality



Paul D. Joyce, CPA
State Examiner

Capital Assets

Improvements Other than Buildings

- Improvements to land other than buildings that add value to the land but do not have an indefinite life
- Examples include fences, retaining walls, sidewalks, parking lots and most landscaping
- Useful life will depend on the improvement and can depend on the material used and environment



Paul D. Joyce, CPA
State Examiner

Capital Assets

Equipment

- Machinery, trucks, cars, street & road equipment, computer servers, safes, furnishings, desks, cabinets and other office equipment
- Separately account for equipment purchased with federal dollars and be aware of Federal requirement
- Useful life by category of equipment. Often 5 to 10 years



Paul D. Joyce, CPA
State Examiner

Capital Assets

Books and Other

- Books
 - Collections valued as a whole, will be exhausted through general use
 - Most common with libraries
 - Municipalities may have historical books
- Other Collections with Indefinite Life
 - Museums and historical collections
 - Art Collections
 - Not depreciated if:
 - purpose of the collection is display or research
 - collection is being adequately maintained
 - proceeds from the sale of collection items is applied to acquiring new items



Paul D. Joyce, CPA
State Examiner

Capital Assets

Construction in Progress

- This category allows for the collection of costs in the construction of a capital asset such as new building or road
- When the project is completed, it is moved from Construction Work In Progress to the applicable capital asset category such as building or infrastructure
- Category is not depreciated – once placed in service depreciation will start



Paul D. Joyce, CPA
State Examiner

AFR – Capital Assets & Capitalization Policy

GROUPING OF SIMILAR ITEMS:

- Units frequently acquire groups of smaller items
 - Computers
 - Desks/Tables
 - Chairs
 - Shelves
- These items fall under the capitalization threshold individually, but in the aggregate exceed the threshold.



Paul D. Joyce, CPA
State Examiner

AFR – Capital Assets & Capitalization Policy

So, how should you account for these similar small items?

This is a decision each municipality will have to make, but here are some considerations:

- Remember the use of the threshold really relates to materiality in that you are reporting only the material items for your financial reports and eliminating those considered immaterial
 - Therefore, the question is whether or not the elimination of the entire group of items would be material to the financial statement.
 - If you feel they are material, you will capitalize them and include them in your capital asset detail listing and report them on your AFR.
 - If the entire group is NOT material to the financial statements, then the capitalization is applied to the individual items and thus not reported in your capital asset detail listing or reported on your AFR.



Paul D. Joyce, CPA
State Examiner

AFR – Capital Assets & Capitalization Policy

Each Municipality will have to make some policy choices:

- Will the municipality establish a single capitalization threshold, or different capitalization threshold for different major classes of capital assets?
- What will be the capitalization threshold(s)?
- Will the capitalization threshold(s) be applied to individual items in a group of similar items or to the group of items in the aggregate?
- If you do not include these items in your capital asset detail listing, you can keep track of them in a separate inventory.



Paul D. Joyce, CPA
State Examiner

ENTERING YOUR CAPITAL ASSET INFORMATION IN THE AFR

- The amounts entered should come from your capital assets ledger.
 - Amounts reported should be the historical cost
- If you do not have a category, such as Construction in Progress, place zeros in all the cells in the AFR.
- All cells must have an amount entered. If a cell has the word “*Required*” and you leave it, you will not be able to submit your AFR.
- The AFR totals as of December 31st should agree to your capital assets ledger totals



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 Fixed Asset	Amount Received on Disposal or Trade in	Types of Capital Assets						Total Fixed Assets
								Land	Infrastructure	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Construction in Progress	Books and Other
1														
2														
3														
4														
5														
6														
7														
8														
9														
10														
11														
12														
13														
14														
15														
16														
17														
18														
19														
20														
21														
22														
23														
24														
25														
26														
27														
28														
29														
30														



Paul D. Joyce, CPA
State Examiner

Governmental Activities - Non-Depreciable Assets

Government or Enterprise	Beginning Balance as of January 1, 2025	Additions	Reductions	Ending Balance as of December 31, 2025
Land	\$800,000.00	\$0.00	\$0.00	\$800,000.00
Construction in Progress	\$750,000.00	\$0.00	\$0.00	\$750,000.00
Other Non-Depreciable Assets	\$10.00	\$0.00	\$0.00	\$10.00

Governmental Activities - Depreciable Assets

Government or Enterprise	Beginning Balance as of January 1, 2025	Additions	Reductions	Ending Balance as of December 31, 2025
Infrastructure	\$1,000,000.00	\$0.00	\$0.00	\$1,000,000.00
Buildings	\$25,800,000.00	\$0.00	\$0.00	\$25,800,000.00
Improvements Other Than Buildings	\$87,000.00	\$0.00	\$0.00	\$87,000.00
Machinery, Equipment, and Vehicles	\$1,000,000.00	\$0.00	\$0.00	\$1,000,000.00
Books and Other	\$0.00	\$0.00	\$0.00	\$0.00

Governmental Activities - Accumulated Depreciation

Government or Enterprise	Beginning Balance as of January 1, 2025	Additions	Reductions	Ending Balance as of December 31, 2025
Infrastructure	\$1,000,000.00	\$0.00	\$0.00	\$1,000,000.00
Buildings	\$1,500,000.00	\$0.00	\$0.00	\$1,500,000.00
Improvements Other Than Buildings	\$15,000.00	\$0.00	\$0.00	\$15,000.00
Machinery, Equipment, and Vehicles	\$875,000.00	\$0.00	\$0.00	\$875,000.00
Books and Other	\$0.00	\$0.00	\$0.00	\$0.00

Capital Assets

Additions to Capital Assets

- Procedures in place to gather and report capital asset purchases from current claims:
 - Capital Outlay Classification
 - Flagged by software – generates reports
 - Segregate Claims
 - Capital Asset Addition forms
- Internal controls in place to ensure procedures are followed



Capital Assets

Reductions to Capital Assets

- Procedures in place to gather and report reductions
 - Trade – ins (Capital asset addition forms)
 - Sale of assets (Capital asset disposal forms)
 - Salvage (Board Minutes)
 - Inventories
- Internal Controls in place to ensure procedures are followed



Paul D. Joyce, CPA
State Examiner

Additions and Reductions - example

- Sold Building for \$200,000, but historical cost was \$50,000
- Purchased equipment for \$10,000

Governmental Activities - Non-Depreciable Assets

Government or Enterprise	Beginning Balance as of January 1, 2025	Additions	Reductions	Ending Balance as of December 31, 2025
Land	\$800,000.00	\$0.00	\$0.00	\$800,000.00
Construction in Progress	\$750,000.00	\$0.00	\$0.00	\$750,000.00
Other Non-Depreciable Assets	\$10.00	\$0.00	\$0.00	\$10.00

Governmental Activities - Depreciable Assets

Government or Enterprise	Beginning Balance as of January 1, 2025	Additions	Reductions	Ending Balance as of December 31, 2025
Infrastructure	\$1,000,000.00	\$0.00	\$0.00	\$1,000,000.00
Buildings	\$25,800,000.00	\$0.00	\$50,000.00	\$25,750,000.00
Improvements Other Than Buildings	\$87,000.00	\$0.00	\$0.00	\$87,000.00
Machinery, Equipment, and Vehicles	\$1,000,000.00	\$10,000.00	\$0.00	\$1,010,000.00
Books and Other	\$0.00	\$0.00	\$0.00	\$0.00

Accumulated Depreciation - example

- Sold Building for \$50,000
- Purchased equipment for \$10,000
 - Useful life: 5 years
 - $\$10,000 / 5 \text{ years} = \$2,000 \text{ depreciation per year}$

Governmental Activities - Accumulated Depreciation

Government or Enterprise	Beginning Balance as of January 1, 2025	Additions	Reductions	Ending Balance as of December 31, 2025
Infrastructure	\$100,000.00	\$0.00	\$0.00	\$100,000.00
Buildings	\$100,000.00	\$0.00	\$50,000.00	\$50,000.00
Improvements Other Than Buildings	\$50,000.00	\$0.00	\$0.00	\$50,000.00
Machinery, Equipment, and Vehicles	\$25,000.00	\$2,000.00	\$0.00	\$27,000.00
Books and Other	\$0.00	\$0.00	\$0.00	\$0.00



Paul D. Joyce, CPA
State Examiner

What if we sell the equipment after three years?

Governmental Activities - Non-Depreciable Assets

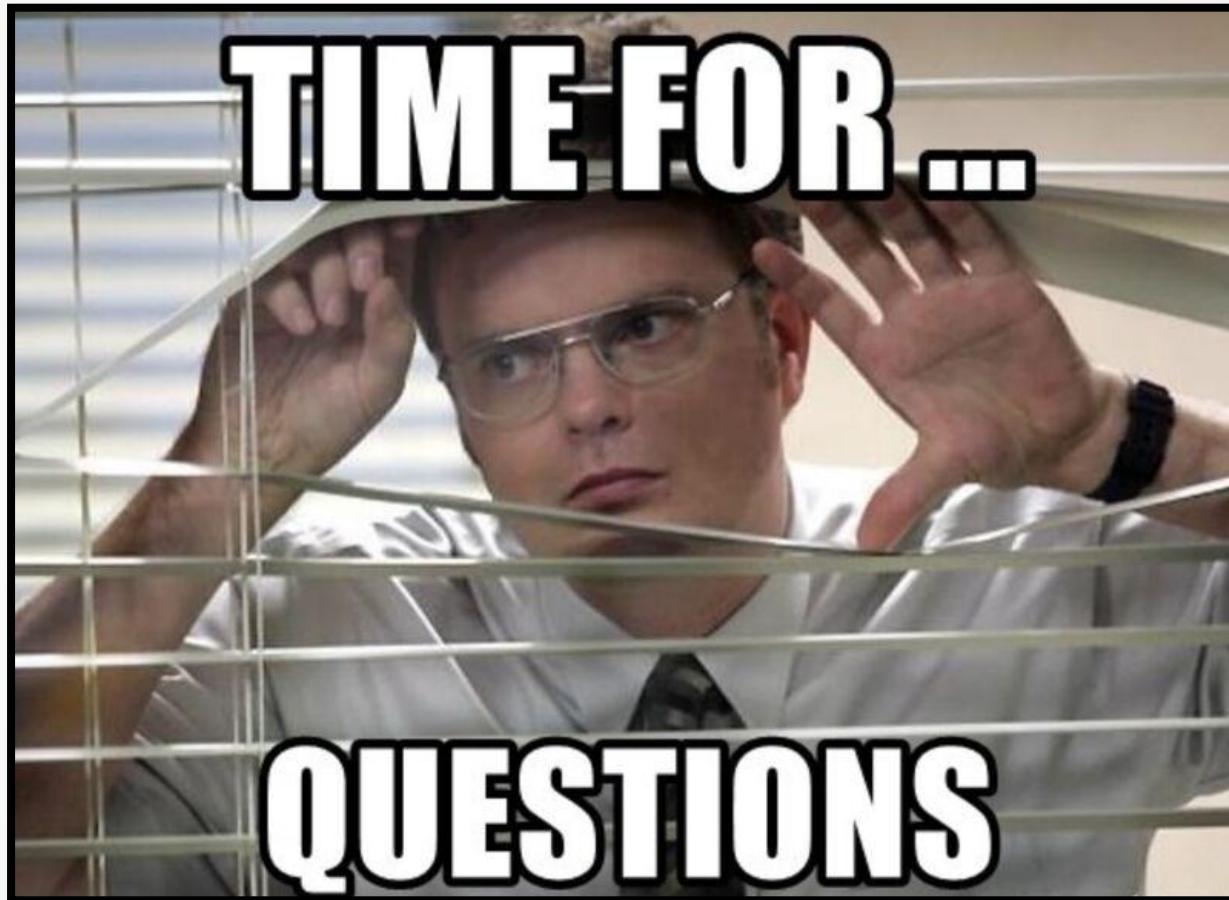
Government or Enterprise	Beginning Balance as of January 1, 2025	Additions	Reductions	Ending Balance as of December 31, 2025
Land	\$800,000.00	\$0.00	\$0.00	\$800,000.00
Construction in Progress	\$750,000.00	\$0.00	\$0.00	\$750,000.00
Other Non-Depreciable Assets	\$10.00	\$0.00	\$0.00	\$10.00

Governmental Activities - Depreciable Assets

Government or Enterprise	Beginning Balance as of January 1, 2025	Additions	Reductions	Ending Balance as of December 31, 2025
Infrastructure	\$1,000,000.00	\$0.00	\$0.00	\$1,000,000.00
Buildings	\$25,800,000.00	\$0.00	\$0.00	\$25,800,000.00
Improvements Other Than Buildings	\$87,000.00	\$0.00	\$0.00	\$87,000.00
Machinery, Equipment, and Vehicles	\$1,010,000.00	\$0.00	\$10,000.00	\$1,000,000.00
Books and Other	\$0.00	\$0.00	\$0.00	\$0.00

Governmental Activities - Accumulated Depreciation

Government or Enterprise	Beginning Balance as of January 1, 2025	Additions	Reductions	Ending Balance as of December 31, 2025
Infrastructure	\$1,000,000.00	\$0.00	\$0.00	\$1,000,000.00
Buildings	\$1,500,000.00	\$0.00	\$0.00	\$1,500,000.00
Improvements Other Than Buildings	\$15,000.00	\$0.00	\$0.00	\$15,000.00
Machinery, Equipment, and Vehicles	\$881,000.00	\$0.00	\$6,000.00	\$875,000.00
Books and Other	\$0.00	\$0.00	\$0.00	\$0.00



TIME FOR ...

QUESTIONS

Contact Information

Beth Goss

Government Technical Assistance &
Compliance Director

Cities.Towns@sboa.in.gov
gateway@sboa.in.gov
317-232-2513



Paul D. Joyce, CPA
State Examiner