ANNUAL FINANCIAL REPORT
ENHANCED REGULATORY
UPDATES

INDIANA LEAGUE OF MUNICIPAL CLERKS AND TREASURERS CONFERENCE
NOVEMBER 2021
EVANSVILLE

UNIT QUESTIONS
AFR UNIT QUESTIONS - NEW

7a. What is your capital asset threshold?

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

AFR UNIT QUESTIONS - NEW

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.

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.

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

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.
AFR UNIT QUESTIONS - NEW

18. Did your unit have Interfund Loans (Due to/Due from) during the year?
An interfund loan is a transfer that moves money from one fund to another fund that will need to be repaid.

Yes ☐ No ☐

AFR UNIT QUESTIONS - NEW

19. Do you have conduit debt?
A debt instrument issued in the name of a state or local government that is for the benefit of a third party that is primarily liable for the repayment of the debt instrument.

Yes ☐ No ☐

19a. Describe your conduit debt.
Revenue bonds to provide financial assistance to private-sector entities for the acquisition of facilities deemed to be in the public interest. The city is not obligated for repayment.

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.
20. Do you have landfill closure and postclosure care?
Costs incurred to provide for the protection of the environment that occur near or after the date that a municipal solid-waste landfill stops accepting solid waste and throughout the postclosure period.

Yes  No

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 cities and towns page under Gateway

FUND TYPES

• Previous training sessions on fund type classification
  
  • May 2019 Fall District Meeting
  • May 2021 AIM Budget Workshop

• Slides are available on our website for cities and towns under Presentations and Training Materials
  
  • www.in.gov/sboa
## FUND TYPE CLASSIFICATION – NEW SCHEDULE

### Annual Financial Report Main Menu

The sections below are the ones that are required to complete your annual financial report. Some of these sections are based on the answers that you gave to the questions on the previous screen. If you need to go back and change any of the answers to those questions, click on Unit Questions above.

<table>
<thead>
<tr>
<th>Unit Information</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit Questions</td>
<td>Complete</td>
</tr>
<tr>
<td>Identity Enterprises</td>
<td>Complete</td>
</tr>
<tr>
<td>Departments</td>
<td>Not Entered</td>
</tr>
<tr>
<td>Schedule of Officials</td>
<td>Complete</td>
</tr>
</tbody>
</table>

### Core Reporting

<table>
<thead>
<tr>
<th>Financial Data by Fund</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Select the fund type for funds entered in financial data by fund</td>
<td>50 Fund(s)</td>
</tr>
</tbody>
</table>

### Capital Assets

- **Using your Capital Asset records, complete the Schedule of Capital Assets (land, building, machinery, etc.) as of the end of the year. Show the total purchases of capital assets during the year (if any) in the Additions column. Show sales or other disposals of capital assets during the year (if any) in the Reductions column.**

<table>
<thead>
<tr>
<th>Capital Assets</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complete the Capital Schedule for assets you acquired or disposed of during the year.</td>
<td>1 Grant(s)</td>
</tr>
</tbody>
</table>
FUND TYPE CLASSIFICATION – NEW SCHEDULE

- General Fund – This fund is used to account for and report all financial resources not accounted for and reported in another fund.

- Chief Operating Fund of the city or town
FUND TYPE CLASSIFICATION

- Special Revenue Funds – These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.
  - Common examples:
    - MVH
    - LRS
    - Park Operating
    - Local Law Enforcement Cont. Education
    - LIT – Public Safety

FUND TYPE CLASSIFICATION

- Capital Projects Funds – These funds are used to account for and report financial resources that are intended for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
  - Common Examples
    - Capital Improvement Fund
    - Cumulative Capital Development Fund
FUND TYPE CLASSIFICATION

• Debt Service Funds – These funds are used to account for and report financial resources for principal and interest payments. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.

  • Common Examples
    ✓ Bond Interest and Redemption
    ✓ Sewer Bond

• Permanent Funds – These funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government’s programs that are, for the benefit of the government or its citizenry.

• Example – Endowment Fund
FUND TYPE CLASSIFICATION

• Enterprise funds – These funds are used to report any activity for which a fee is charged to external users for goods or services.

• Common Examples:
  ✓ Utilities
  ✓ Airport
  ✓ EMS

FUND TYPE CLASSIFICATION

• Internal service funds – These funds are used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost reimbursement basis.

• Common Examples:
  ✓ Self Insurance
  ✓ IT Services
FUND TYPE CLASSIFICATION

• Fiduciary funds report assets held in a trustee or agency capacity for others and therefore cannot be used to support the city or town. The fiduciary fund types are classified as follows:
  ✓ Pension (and other employee benefit) trust
  ✓ Investment trust
  ✓ Private purpose trust funds
  ✓ Custodial funds

FUND TYPE CLASSIFICATION

• Other funds types are classified as follows:
  • Clearing accounts are used to accumulate resources from withholding of employee payroll deductions and accrued employer payroll taxes. These resources will be submitted to the appropriate taxing bodies when due. The accumulated resources represent a liability of the city or town.
  • Common Examples
    ✓ Payroll
    ✓ Payroll Clearing fund(s)
CAPITAL ASSETS

SEE JULY MONTHLY MEETING VIDEO
*ON THE CITIES AND TOWNS PAGE UNDER PRESENTATION AND TRAINING MATERIALS  WWW.IN.GOV/SBOA

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>$8,000,000.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$8,000,000.00</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></th>
<th>Beginning Balance</th>
<th>Additions</th>
<th>Reductions</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$5,004,500.00</td>
<td>$1,400.00</td>
<td>$500.00</td>
<td>$5,005,400.00</td>
</tr>
</tbody>
</table>
# 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 — see video from July
- Calculate annual depreciation for 2021 — See video from July Monthly Meeting
- Confirm AFR balances for accumulated depreciation agree with records
DEBT SCHEDULE – 2020 VERSION

<table>
<thead>
<tr>
<th>Governmental Activities</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Delete</td>
<td>Debt Class</td>
</tr>
<tr>
<td></td>
<td>☒</td>
<td>General Obligation Bonds</td>
</tr>
<tr>
<td></td>
<td>☒</td>
<td>Notes and Loans Payable</td>
</tr>
</tbody>
</table>
AFR DEBT SCHEDULE

UPDATES FOR 2021

<table>
<thead>
<tr>
<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>Bond</td>
<td>General Obligation Bonds</td>
<td>$12,000.00</td>
<td>Required</td>
</tr>
<tr>
<td>Other - Long Term</td>
<td>Revenue Bonds</td>
<td></td>
<td>Required</td>
</tr>
</tbody>
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AFR DEBT SCHEDULE

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AFR DEBT SCHEDULE

UPDATES FOR 2021

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<th>Debt Class</th>
<th>Description or Purpose</th>
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<th>Additions</th>
</tr>
</thead>
<tbody>
<tr>
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<td>General Obligation Bonds</td>
<td>$12,000.00</td>
<td>Required</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

DIRECT AGREEMENTS
CHECKLIST
DIRECT TAX ABATEMENTS

☐ Keep tax abatement agreements, ordinances or resolutions for audit
☐ Keep DLGF Forms (e.g. Form 322-RE) for audit
☐ Gather information needed for AFR:
  ☐ Abatement Name
  ☐ Purpose of the Abatement Program
  ☐ Specific tax being withheld
  ☐ Amount of tax abatement for reported year (2021)
  ☐ Amount Receivable as a result of the tax abatement, if any
☐ Calculate amount of tax revenue forgone ("deduction" x local tax rate)
### AFR TAX ABATEMENTS SCHEDULE – NEW

**INDIRECT AGREEMENTS**

<table>
<thead>
<tr>
<th>Delete</th>
<th>Government Name</th>
<th>Name of Abatement</th>
<th>Specific tax being abated</th>
<th>Amount of tax revenues reduced 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>✓</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” x local tax rate)
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 numbers and names 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>000000003101010101010</td>
<td>$10,000.00</td>
</tr>
</tbody>
</table>

Total: $10,000.00

ARPA UPDATE

- Ordinance
- Separate Fund
- Local Plan
- Appropriation
- Claims Process
- Internal Controls

www.in.gov/sboa
- State Examiner Directive
- Accounting processes
- Accounting and Uniform Compliance Guidelines Manuals
- Webinars

www.ustreasury.gov
- American Rescue Plan Act
- Interim Final Rule
- Frequently Asked Questions
- Compliance and Reporting Guidance and Webinars

www.aimindiana.org
- ARPA Information
- Webinars
CONTACT INFORMATION

- Todd Caldwell or Susan Gordon
- Cities.towns@sboa.in.gov
- 317-232-2513