



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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## MEMORANDUM

To: School Business Officials

From: Chase Lenon, Director of Audit Services  
Jonathan Wineinger, Director of Audit Services

Date: February 11, 2020

Re: Update Information for units required to submit GAAP reports under IC 5-1-11.5

### TIMELY FILED REPORTS AND HOW TO SUBMIT GAAP REPORTS

The State Examiner Directive 2016-1 provides guidance for units that need to file annual financial reports in accordance with generally accepted accounting principles (GAAP) in order to issue bonds under Indiana Code 5-1-11.5. The Annual Financial Report (AFR) must be submitted through the Gateway System by August 29, 2020 on the cash basis as you have in the past. SBOA will then automatically grant a 90 day extension to submit GAAP basis financial statements. You will be required to upload the GAAP Financial Statements onto Gateway. There will be further communication on the process for uploading the GAAP statements onto Gateway before the upload is required. However, if your audit is performed by a certified public accountant other than SBOA under IC 5-11-1-24.4 (opt out process) you will not upload your GAAP statements. Instead you will follow the submission process as has been communicated by the SBOA Procured Audit Division.

### PENSION NOTE DISCLOSURES

As promised in the December bulletin here is further detail on pension note disclosures when doing GAAP statements.

The annuity savings account components of the Teachers Retirement Funds, both the 1996 and Pre-1996 plans, and Public Employees Retirement Fund pension plans were redefined as "defined contribution" effective January 1, 2018. Those governments issuing GAAP financial statements will need to inform financial statement preparers of this change as it affects the disclosures required by generally accepted accounting principles (GAAP) prescribed by the Governmental Accounting Standards Board (GASB) in the Notes to the Financial Statements. Repeating disclosures about these defined contribution components obtained from prior year's financial statements without updating them to reflect their new definition may result in a modified Independent Auditor's Report.

Steps to ensure financial statement disclosures meet the minimum requirements prior to auditors requesting them for review during the audit may include:

- Reviewing how these plans are described in the latest State of Indiana's Comprehensive Annual Financial Report available on the State Board of Accounts' website taking into account that the local government's perspective of these plans will be different from the State's perspective.
- Reviewing the applicable GASB pronouncement (GASB 68) and the codification of all authoritative GAAP for state and local governments via the Governmental Accounting Research System (<https://gars.gasb.org/>) to identify what disclosures are required.
- Using a publicly available checklist such as one from the Government Finance Officers Association (<https://www.gfoa.org/sites/default/files/GFOAGeneralPurposeChecklist.pdf>).

If you have any questions please do not hesitate to contact:  
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