Virtual Fall District Meeting
Indiana League of Municipal Clerks & Treasurers
October 2020

Indiana State Board of Accounts

End of Year Duties – Part 1

• Annual Financial Report – Gateway
• Form 100-R – Gateway
• Monthly & Annual Uploads – Gateway
Annual Financial Report – Gateway

• Required by IC 5-11-1-4

• Due 60 days after year end
  *March 1, 2020*

NO Major Changes to the Reporting / Gateway

• Internal Control Considerations

Annual Financial Report - Schedules

Schedules are generated based on responses to Risk Assessment Questions

- Capital Assets
- Debt
- Leases
- Accounts Payable/ Accounts Receivable
- Interfund Transfers
- Grants
- Financial Assistance to Non-Governmental Entities
- OPEB
- Pensions
Capital Asset Schedule

- Report asset amounts as of December 31st
- Make sure your Capital Asset Ledger is updated through year end

### Governmental Activities

<table>
<thead>
<tr>
<th>Government or Enterprise</th>
<th>Beginning Balance as of January 1, 2019</th>
<th>Additions</th>
<th>Reductions</th>
<th>Ending Balance as of December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$2,883,201.43</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$2,883,201.43</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>$1,591,230.56</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$1,591,230.56</td>
</tr>
<tr>
<td>Building</td>
<td>$17,732,553.14</td>
<td>$2,033,257.76</td>
<td>$0.00</td>
<td>$22,366,228.50</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>$10,870,708.00</td>
<td>$286,841.60</td>
<td>$18,391.00</td>
<td>$11,136,138.60</td>
</tr>
<tr>
<td>Construction</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Boats</td>
<td>$1,382,750.62</td>
<td>$26,110.00</td>
<td>$24,500.00</td>
<td>$1,444,420.62</td>
</tr>
</tbody>
</table>

Capital Asset Schedule Preparation

*In order to prepare for the next Annual Financial Report, you can use the following checklist as guidance:*

- Establish Capitalization Policy
- Maintain Capital Assets Ledger (prescribed form 369)
- Identify Capital Assets by Activity
- Identify Capital Assets by Major Class
- Confirm Beginning Balance for 2020
- Report Additions to Capital Assets
- Report Reductions in Capital Assets
- Compare Ending Balance to Capital Assets Ledger
Debt Schedule

- Report debt amounts as of December 31st
  - Debt Classification (revenue bond, general obligation, etc.)
  - Description of Debt
  - Ending Principal Balance at 12/31/20
  - Principal and Interest Balance Due in 2021

### Governmental Activities

<table>
<thead>
<tr>
<th>Class</th>
<th>Description or Purpose</th>
<th>Beginning Principal Balance as of Jan. 1, 2019</th>
<th>Additions</th>
<th>Reductions</th>
<th>Ending Principal Balance as of Dec. 31, 2020</th>
<th>Principal and Interest Due in 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Bonds</td>
<td>2015 Rev Str Special Revenue Tax Bonds Series 100A 12,500,000 at Wayne Farms</td>
<td>$2,010,000.00</td>
<td>$0.00</td>
<td>$120,000.00</td>
<td>$1,890,000.00</td>
<td>$195,110.00</td>
</tr>
<tr>
<td>General Obligation Bonds</td>
<td>2015 GO Bond/Mixed Use Development</td>
<td>$9,645,000.00</td>
<td>$0.00</td>
<td>$100,000.00</td>
<td>$1,285,000.00</td>
<td>$228,700.00</td>
</tr>
<tr>
<td>General Obligation Bonds</td>
<td>2016 GO Bond/WWP</td>
<td>$9,620,000.00</td>
<td>$0.00</td>
<td>$150,000.00</td>
<td>$1,421,000.00</td>
<td>$221,000.00</td>
</tr>
</tbody>
</table>

Debt Schedule Preparation

In order to prepare for the next Annual Financial Report, you can use the following checklist as guidance:

- Identify long-term debt by major class
- Identify each major class by activity
- Determine the beginning balance of each debt class by activity
- Determine additions and reductions in long-term debt balances
- Determine the ending balance of each debt class by activity
- Determine the portion of each long-term debt type due within one year
- Complete Debt Management Report information
- Update Debt Management Report as needed
Lease Schedule

- Lessor Name
- Description or Purpose
- Annual Lease Payment
- Lease Beginning and Ending Date

### Governmental Activities

<table>
<thead>
<tr>
<th>Delete</th>
<th>Lessor Name</th>
<th>Description or Purpose</th>
<th>Annual Lease Payment Due in 2020</th>
<th>Lease Beginning Date MM/DD/YYYY</th>
<th>Lease Ending Date MM/DD/YYYY</th>
</tr>
</thead>
<tbody>
<tr>
<td>X</td>
<td>Regional Equipment Finance Corporation</td>
<td>Police Vehicle and Equipment Lease</td>
<td>$915,595.86</td>
<td>04/03/2020</td>
<td>04/03/2021</td>
</tr>
</tbody>
</table>

Lease Schedule Preparation

*In order to prepare for the next Annual Financial Report, you can use the following checklist as guidance:*

- General description of lease arrangements
- Name of Lessor
- Lease beginning date
- Lease ending date
- Annual lease payment
- Complete DLGF Debt Management Report information in Gateway
- Update DLGF Debt Management Report as needed
Accounts Payable/Accounts Receivable Schedule

- Report Accounts Payable at December 31
- Report Accounts Receivable at December 31

Interfund Transfers

Transfer Schedule

<table>
<thead>
<tr>
<th>Delete</th>
<th>Transfer_From</th>
<th>Transfer_To</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0000001186 Rainy Day</td>
<td>0000001000 General</td>
<td>$5,000</td>
</tr>
<tr>
<td></td>
<td>0000001178 Motor Vehicle Highway</td>
<td>0000009001 Community Crossings Grant</td>
<td>$300,000</td>
</tr>
<tr>
<td></td>
<td>0000001169 Local Road and Street</td>
<td>0000009001 Community Crossings Grant</td>
<td>$10,000</td>
</tr>
<tr>
<td></td>
<td>0000001169 Local Road and Street</td>
<td>0000009001 Community Crossings Grant</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

Indicate any transfers either that do not occur on a routine basis or are inconsistent with the activities of the fund making the transfer.

Total: $0.00
Financial Assistance to Non-governmental Entities

- Generated by answer of “yes” on Unit Questions
- Enter information of financial assistance given to non-governmental entities
  - Volunteer Fire Departments
  - YMCA
  - Youth Leagues
  - Senior Citizen Center

Notify non-governmental entity of reporting requirements

Cities and Towns Bulletin, September 2016
www.in.gov/sboa
OPEB and Pensions

OPEB – One-hour presentation on October 29

PENSIONS

- Type of plan
- Benefits provided under the plan
- The Indiana Code that applies to the plan
- Description of vesting terms, if any
- Description of forfeiture terms, if any

Annual Financial Report – Miscellaneous

Items to **Include** in AFR:

- SRF / Bank of New York transactions
  - These are financial transactions of your city/town
  - Should be reported on your ledgers
  - Consequently reported on the AFR
Items *Not* to Include in AFR

- Redevelopment **Authorities** *(not to be confused with a redevelopment commission which is a department of the city/town)*
  - Separate entity per IC 36-7-14.5
  - Should be reported separately, not on city/town AFR
  - Accounting & Financial Reporting Regulation Manual – Part III
    “No funds from outside organizations associated with the entity shall be included.”

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Items *Not* to Include in AFR:

- Redevelopment **Authorities** *(continued)*
  - If you have a RDA that has not been set up in Gateway, please provide the following information:
    - RDA Legal Name
    - Street Address, City, and Zip
    - County Name
    - Contact Person
    - Phone & Email for Contact Person
    - Copy of Ordinance Creating the RDA
Annual Financial Report - Miscellaneous

Risk Assessment Questions

7. Does anyone review the completed bank statements?

24. Have items included in the most recent SBOA report been adequately corrected?

End of Year Duties AFR - Summary

Gather information / post/reconcile records to complete information for

- Financial Data By Fund
- Capital Assets
- Grants
- Long-term Debt
- Leases
- Financial Assistance to Non-Governmental Entities
- Pensions
- Inter-fund Transfers
- Risk Assessment Questions
Form 100-R – Certified Report of Names, Duties, & Compensation

- Required by IC 5-11-13-1
- Due during the month of January for the preceding year
  *January 31, 2021*
- No Changes to the Reporting
- Internal Control Considerations

Monthly and Annual Engagement Uploads

UPDATES COMING SOON!
Monthly Uploads in Gateway

Required Monthly Uploads, *January through December:*

- Bank Reconcilement
- Board Minutes
- Funds Ledger Totals

**UPDATES COMING SOON!**

Annual Uploads in Gateway

- Year End Bank Statement
- Year End Outstanding Checklist
- Year End Investment Statements
- Detail of Receipt Activity
- Detail of Disbursement Activity
- Current Year Salary Schedule
- Annual Vendor History Report

**Due March 1**

**UPDATES COMING SOON!**
End of Year Duties – Part 2

- Cancellation of Warrants
- Names & Addresses to County Treasurer
- Nepotism Certification
- Contracting with a Unit Certification

Cancellation of Warrants

Indiana Code 5-11-10.5: Cancellation of Warrants

Old Outstanding Checks •

All checks outstanding and unpaid for a period 2 years as of December 31 of each year shall be declared cancelled.

Example – At December 31, 2020: Check #1234 was written on February 27, 2018 and has not cleared the bank and is on the outstanding check list. At 12/31/20, it would be considered “cancelled”.

Check #9876 was written on November 2, 2019 and has not cleared the bank and is on the outstanding check list. At 12/31/20, this check would not be considered “cancelled” and should remain on the outstanding check list.
Cancellation of Warrants

Indiana Code 5-11-10.5: Cancellation of Warrants

- March 1 – fiscal officer prepares list of all outstanding checks for 2 years or more
- File list of checks with Council
- Fiscal officer keeps a copy

“Old” (or stale) checks are receipted back to your ledger into the fund(s) from which they were originally drawn and removed from the outstanding check list. If fund(s) can’t be determined – put in General fund.

Names & Addresses to County Treasurer

- June 1 & December 1

- Disbursing officer shall certify
  - name
  - address
  
of each person who has money due to them from the city/town.

- County Treasurer shall search their records to ascertain if anyone on the list is delinquent in payment of property taxes. [IC 6-1.1-22.14]
Names & Addresses to County Treasurer

IC 6-1.1-22-15 –

If the county treasurer finds that a person whose name is certified is delinquent in the payment of taxes, the treasurer shall certify the name of that person and the amount of delinquency to the official of the political subdivision who is to make payment to the person.

The disbursing officer shall periodically make deductions from money due the person and shall pay the amount of these deductions to the county treasurer. (our emphasis).

Nepotism Annual Certification

Indiana Code 36-1-20.2-16:

“Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer has not violated this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year.” [emphasis added]
Contracting with a Unit
Annual Certification

Indiana Code 36-1-21-6:

“Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer is in compliance with this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year.” [emphasis added]

End of Year Duties – Part 3

• Appropriation Transfers
• Encumbrances
• Promotion of Business Ordinance
• Salary Ordinance Adoption
• Dormant Fund Balances
Appropriation Transfers

Indiana Code 6-1.1-18-6: Transfers of appropriations

Transfers from one major budget classification to another within a department or office if:

- It is determined that the transfer is necessary;
- The transfer does not require the expenditure of more money than the total amount set out in the budget;
- The transfer is made at a regular public meeting and by proper ordinance or resolution.
- Such a transfer can be made without notice and without approval of DLGF.

Encumbrances

Encumbered Appropriations:

Those items under purchase order or contract are to be added for each appropriation account and the total carried to the new 2021 corresponding account.

The actual unpaid amount of the purchase orders or contracts should be totaled and shown as a separate amount on the appropriation ledger for 2021 (with proper explanation) and added to the 2021 appropriation for the same purpose.
Encumbrances

Encumbered Appropriations

By carrying out this procedure, the 2021 budget will not be expected to stand any expense not anticipated in making the budget.

We recommend:

• *the proper city/town officials make a listing of these encumbered items*
• *make it a part of their minutes in their last business meeting of the year*

The appropriations encumbered and carried forward can be used for no other purpose other than the purchase order or contract for which they were appropriated.
Promotion of Business Ordinance

- IC 36-7-2-7 – promotion of economic development and tourism
- Best interest of city or town
- Home Rule Ordinance
- Types of Promotion Expenses must be specifically listed in Ordinance
- Such expenses may include, but not necessarily be limited to, rental of meeting places, meals, decorations, memorabilia, awards, expenses incurred in promoting industrial, commercial, and residential development, expenses incurred in developing relations with other units of government and any other expenses of a civic or governmental nature deemed by the mayor or the town council to be in the interest of the city or town.”

Salary Ordinance Adoption

- Cities IC 36-4-7-3
  - Salary Ordinance must be adopted by November 1
- Towns – no statutory deadline
  - Salary Ordinance should be adopted by December 31
Dormant Fund Balances

- IC 36-1-8-5
  - Purpose of tax levy has been fulfilled with balance remaining
  - Transfer must be authorized by Council
  - May transfer to General Fund or Rainy Day Fund

End of Year Duties – Part 4

- Internal Control Considerations
Internal Controls - Year End Considerations

- Review and Document Procedures
- Review for evidence of procedures being performed as intended
- Evaluate effectiveness
- Change accordingly

Internal Controls – Adoption/Training/Certifications

Indiana Code 5-11-1-27(g)

“After June 30, 2016, the legislative body of a political subdivision shall ensure that:

1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and

2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision.”
Indiana Code 5-11-1-27(c) defines “personnel”:

“As used in this section, "personnel" means an officer or employee of a political subdivision whose official duties include receiving, processing, depositing, disbursing, or otherwise having access to funds that belong to the federal government, state government, a political subdivision, or another governmental entity.”

Remember:

✓ Council should adopt minimum standards - if they haven’t already

✓ Provide training for any new employees in 2020

✓ Certify on the AFR in Gateway correctly
Internal Controls – Adoption/Training/Certifications

AFR Unit Questions

<table>
<thead>
<tr>
<th>The following must be filed with the Annual Report per IC 5-11-1-27 (h).</th>
</tr>
</thead>
<tbody>
<tr>
<td>I certify that my unit has adopted the minimum internal control standards as required per IC 5-11-1-27(e).</td>
</tr>
<tr>
<td>If yes, I certify that all personnel defined by IC 5-11-1-27(c) received training concerning the internal control standards adopted by my unit.</td>
</tr>
</tbody>
</table>

Make sure you answer these questions correctly

Any Questions ??
Contact Information

Todd Caldwell, CFE       Susan Gordon, CPA
Directors of Audit Services

cities.towns@sboa.in.gov
317-232-2513

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