ENHANCED REGULATORY

AUDITOR SPRING CONFERENCE
APRIL 2022

ABATEMENTS
# Reporting Requirements

<table>
<thead>
<tr>
<th><strong>State Board of Accounts</strong></th>
<th><strong>DLGF and Newspaper</strong></th>
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</thead>
<tbody>
<tr>
<td>• Note disclosure to financial statements</td>
<td>• List of real and personal property abatement applications that resulted in abatements granted</td>
</tr>
<tr>
<td>• Amount of tax forgone</td>
<td>• Amount of each deduction</td>
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<tr>
<td>• Type of tax (real or personal)</td>
<td>• Years approved for abatement</td>
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<td>• Purpose of abatement</td>
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<tr>
<td>• Direct or Indirect</td>
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<tr>
<td>• Receivable</td>
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## Abatement Schedule in AFR

- **DIRECT AGREEMENTS**
  - Abatement Name: Who applied for the abatement or how is the abatement identified in your county.
  - Purpose of Abatement: Economic Development
  - Specific tax being abated: Real Property or Personal Property

- **INDIRECT AGREEMENTS**
  - Name of Government that approved the abatement. (City or Town)
ABATEMENT SCHEDULE IN AFR (CONT.)

- Amount of Tax revenues reduced as a result of the tax abatements; This is the amount of tax revenues forgone based on the agreement itself
  - Deduction/100 multiply by the tax rate = taxes forgone
    - 100,000/100 X .3236 = 323.60

- Receivable discloses any amount the entity has to pay to the county based on the abatement agreement. If there is an abatement fee, that would be disclosed here as a receivable. This amount can be zero if there is no abatement fee.

OTHER POLITICAL SUBDIVISIONS

- Cities and Towns will only have direct abatements- should have all the information they need to complete the schedule
- Other units could have indirect abatements. They do not have the information to complete the schedule and will look to the Auditors for that information.
  - Which abatements affect their taxing district
  - Amount of the deduction
  - Receivable – only if the abatement fee is paid/shared with them.
CAPITAL ASSETS AND ACCUMULATED DEPRECIATION

STEP 1 CAPITALIZATION POLICY

- Threshold
- Estimated Useful Lives
- Depreciation Method
STEP 2 CAPITAL ASSET VALUATION

- Historical Cost
- Replacement Cost $\times$ Cost Index Factor

**Table of Cost Indexes are in the December Bulletin every year**

STEP 3 DEPRECIATION CALCULATION

- Depreciation Calculation

  \[
  \frac{\text{Asset Value}}{\text{Useful Life}} = \text{Yearly Amount of Depreciation}
  \]

**Accumulated Depreciation is the total depreciation to date.**
STEP 4 AFR REPORTING


- Accumulated Depreciation Beginning Balance, (+)current year depreciation, (-)removed from service, (=) Ending Accumulated Depreciation Balance

YouTube Videos:


- Capital Asset Training - https://www.youtube.com/watch?v=oPIbqV1J9jo

- Capitalization Policies - https://www.youtube.com/watch?v=hyay7vx_al4
FUND TYPES

Resources:

• Chart of Accounts Instructions
• Fund and Account Tables
• Fund and Account Descriptions

**Available on the Auditors page of the SBOA website, scroll down to “Overview and Chart of Accounts” click the arrow to expand**
Gateway User Guide:

https://gateway.ifionline.org/userguides/AFRguide#nav_FundType

• How to enter the information
• Fund Types and what they are used for

GRANTS
## Template:

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<tr>
<th>A</th>
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**Government Technical Assistance & Compliance Directors**

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