



SBOA Update

IASBO Region 10

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Contact Information



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Hot Topics – ESSER Stipends



- IDOE provided guidance on stipends paid from CARES (ESSER) to support for activities related to the public health emergency.
- **SBOA will audit to IDOE guidance.**
 - Cannot be automatic or provided generally to all staff members without justification/documentation of the additional work performed.
 - Internal controls must be present.
 - School Board must approve stipends and set qualifications to receive them

Hot Topics – Food Service Management Companies



- **Documentation must be maintained to support services provided.**
- Invoices must be accompanied by support (source documents or supportive calculations).
 - Rebates, discounts, inventory or payable adjustments.
- **Internal controls must be present.**
- IDOE has provided required contracting procedures
SCNFinance@doe.in.gov

Hot Topics – Pregnancy Leave (Advance Payments)



- IC 20-28-10-5 allows for collective bargaining agreements to include compensation procedures.
- Schools are not able to pro-rate contract amounts.
 - Any payments for services not yet provided would be considered **Advance Payments**.

Hot Topics – Debt Service (Certified
Shares – Local Income Tax)



- **Local Income Taxes** can be deposited into the Operations Fund or the Referendum Capital Projects Fund.
 - **Not allowed to be deposited directly into Debt Service!**
- IC 6-3.6-6-18 allows units to pledge LIT to Debt Service.
 - **Must be formally pledged in a board resolution.**
 - Will not take exception to a transfer from the Operations Fund to the Debt Service Fund.



Chart of Account Updates (September)



- New ARPA Funds.
- GASB Fund Type definitions added to chapter 4.
- Receipt/Expenditure code description/matrix changes (AFR).
- Object Code updates – IDOE (salaries).

Annual Financial Report & ECA Risk
Reports – Due Dates



- Due August 29th (will consider submission on 8/30/21 timely).
- **Subpoenas** were sent in the middle of September to non-filers.

Gateway Updates (ECA Closure)



- If an ECA is combined or closed, you must notify SBOA.
- ECA Risk Reports should be filed for each year financial activity occurred.
- In the final year of operation, **the ECA should report \$0 cash balances in every fund in Gateway.**

Governmental Activities - Depreciable Assets

Government or Enterprise	Beginning Balance as of July 1, 2020	Additions	Reductions	Ending Balance as of June 30, 2021
Infrastructure	\$3,000.00	\$300.00	\$3,000.00	\$300.00
Buildings	\$4,000.00	\$400.00	\$4,000.00	\$400.00
Improvements Other Than Buildings	\$5,000.00	\$500.00	\$5,000.00	\$500.00
Machinery, Equipment, and Vehicles	\$6,000.00	\$600.00	\$6,000.00	\$600.00
Books and Other	\$7,000.00	\$700.00	\$7,000.00	\$700.00

Governmental Activities - Accumulated Depreciation

Government or Enterprise	Beginning Balance as of July 1, 2020	Additions	Reductions	Ending Balance as of June 30, 2021
Infrastructure	\$8,000.00	\$800.00	\$8,000.00	\$800.00
Buildings	\$9,000.00	\$900.00	\$9,000.00	\$900.00
Improvements Other Than Buildings	\$10,000.00	\$1,000.00	\$10,000.00	\$1,000.00
Machinery, Equipment, and Vehicles	<i>Required</i>	<i>Required</i>	<i>Required</i>	\$0.00
Books and Other	\$12,000.00	\$1,200.00	\$12,000.00	\$1,200.00

Capital Assets & Accumulated Depreciation



- YouTube Video:

<https://www.youtube.com/watch?v=P>

[PXQpo L7 8](#)

Capital Assets & Accumulated Depreciation (A/D)



- Key concepts:
 - Update your Capital Assets Policy.
 - Keep the Capital Assets Ledger updated.
 - Document Historical Cost and Estimated Useful life to calculate Depreciation.

Additional AFR Questions – Joint Ventures



- Question 15. “Do you participate in any joint ventures?”
- GASB Statement 14 para. 69:
 - A **joint venture** is a legal entity or 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 (a) **an ongoing financial interest** or (b) **an ongoing financial responsibility**. Generally, the purpose of a joint venture is to pool resources and share the costs, risks, and rewards of providing goods or services to the venture participants directly, or for the benefit of the general public or specific service recipients. Joint control means that no single participant has the ability to unilaterally control the financial or operating policies of the joint venture. If the organization is jointly controlled but the participants do not have an ongoing financial interest or ongoing financial responsibility, as defined in paragraphs 70 and 71, it is a jointly governed organization, rather than a joint venture.

Additional AFR Questions – Related Parties



- Question 16. “Are there related party transactions?”
- GASB Statement 62 para. 57:
 - A related party is one that either:
 - Can significantly influence the management or operating policies of the transacting parties (for example, through imposition of will)
 - Has an ownership interest in one of the transacting parties and can significantly influence the other to the extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests

Related Parties - Examples



- A **related party** can be:
 - A related organizations, joint venture or jointly governed organizations, (GASB 14)
 - **Elected and appointed officials** of the unit.
 - The **government's management**.
 - **Members of the immediate families** of elected or appointed officials.
 - **Other parties** if one party can significantly influence the management or operating policies of the other to the extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.
- Examples of related party transactions include:
 - Transactions between a related party with a **conflict of Interest**.
 - **Selling property at a price that differs significantly** from its appraised value.
 - **Exchanging property for similar property** in a nonmonetary transaction.

Additional AFR Questions – Tax Abatements



- Question 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.”
- **Ask your County Auditor!**

Additional AFR Questions – Interfund Loans



- Question 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.”

AFR – Investment Funds



- Investment Funds – FAQs (#64 to #72).
 - https://gateway.ifionline.org/userguides/AFRguide#nav_FrequentlyAskedQuestions
- If you have an investment fund (or clearing account) that records bank transactions for investments already accounted for in other reported funds – **do not include in the AFR!**
- These investment funds are subsidiary accounts that account for investment transactions rather than the traditional funds that account for cash balances/transactions.

Schedule of Expenditures of Federal Awards



- All Federal Medicaid Reimbursements should be reported on the SEFA.
- Common Mistakes:
 - Misidentification of pass-through awards.
 - Inclusion of items not defined as a federal award.
 - Either a federal financial assistance award, or a cost-reimbursement received directly from a federal awarding agency or indirectly from a pass-through entity.)
 - Missing or incorrect Assistance Listing (CFDA – old term) numbers.
 - Incorrect grouping of program clusters.
 - Incorrect reporting of expenditure amounts.
 - Subrecipient expenditures not properly reported on the face of the SEFA.



- Reimbursements for IEP services and MAC.
 - https://www.in.gov/doe/files/2021_06-30-SFY21_FINAL-rev.pdf
- Federal Rates for IEP services (MAC always 100% federal)
 - <https://www.in.gov/doe/files/fmap-rates-fffy-2009-2021.pdf>

Digital Learning Capacity Grants



- If from **state funds**: IC 20-20-13-6 would apply (David C. Ford)
 - Account for in Education Fund
- If from **Federal Funds** (includes funds passed through IDOE): Federal Fund
 - Part of ESSER (CARES) fund #7941.
 - 2nd Round of funding (ARP) – more specific funds created #7924 – 7934.

SEFA – Best Practice Document



- We developed best practice documents with a focus on internal controls.
- Long version - <https://www.in.gov/sboa/files/SEFA-long-version.pdf>
- Snapshot - <https://www.in.gov/sboa/files/SEFA-snapshot.pdf>

Recent ECA Engagements



- Limited compliance review
 - Not providing an “Audit Opinion”
- Instances of noncompliance are reported either in the public report or in a management letter to the board.

Common ECA Findings



- Internal Controls over ticket sales
 - Most Common
- Prescribed Forms
- Internal Controls over Fundraisers
- Late ECA Risk Report Submission
- Old Outstanding Checks
- Scholarship Funds
- Bank Account Reconciliations
- Condition of Records

Rainy Day Fund (RDF) - Resolution



- IC 36-1-8-5.1
 - Must specify the Purposes of the RDF.
 - Must specify the Sources of funding for the RDF.
- If referring to a board policy → it **must be a specific policy.**
 - If referenced with a date a policy was passed you may have to modify the resolution.

Special Purchases



- SBOA encourages using bidding/quote procedures when possible.
- IC 5-22-10-1: Special Purchasing provisions
- If electing to use a special purchase method:
 - Document School Attorney Opinion
 - List purchase on “Special Purchase Contract File List” (**page 36 of School Manual appendix**)

Monthly Uploads



- Amended Directive

- https://www.in.gov/sboa/files/Directive-2018-1-Monthly-and-Annual-Engagement-Uploads-Amended-11_9_2020.pdf

- Monthly Additions: Bank Statements, Outstanding Check List.

- ECA uploads **have not changed at this time.**

SBOA “Contracting-Out” Audits



- Due to the massive amount of federal funds distributed due to the CARES Act and ARP, we expect most units will have a federal audit requirement in 2020.
- State Examiner has authority to contract with CPA firms to perform audits in lieu of SBOA staff.
- The audit fees paid by schools will not increase as a result.

SBOA Fees – IC 5-11-4-3



- **Taxing Unit Rate: \$175/day** (\$23.33/hour)
- **Full Cost Rate***: \$712.50/day (\$95/hour)
 - *The full cost rate is the amount we would need to bill to each unit of government to be fully funded
- **Processing Fee: \$95 to \$2,990** depending upon unit/engagement
- CPA firm rates are higher than our full-cost.
- **We are subsidizing these audits.**
 - Amount SBOA pays to CPA firm:
 - (CPA firm rate - SBOA Full Cost) = SBOA cost.

COVID Grants Misc



- Will not take exception to a **negative grant fund** IF you show reimbursement documentation equaling the negative balance of the fund.
- Reimbursements must be claimed on a timely basis.
- Be careful to only spend funds on allowable items.
Read the grant agreement!

Withholding Funds



- Receipt Code 6550 Withholdings added: *Receipts for payroll withholdings, employee benefits and other clearing accounts.*
- Disbursement Code 60900 Withholdings added: *Disbursements for payroll withholdings, employee benefits and other clearing accounts.*
- **PLACEHOLDERS ONLY for Gateway reporting purposes!** Not required to change anything in your systems at this time.

SBOA Email List



- We have changed the way we communicate. If you have not done so already, please [sign up for email communications on our website](https://www.in.gov/sboa/7130.htm)
 - <https://www.in.gov/sboa/7130.htm>.
- The 'From' Addresses will appear as **Indiana@subscriptions.in.gov** or **Schools.Townships@subscriptions.in.gov**.

Questions?

