



Indiana Township Association Annual Meeting

Chase Lenon CPA, CGFM, CFE
Director of Audit Services

Jonathan Wineinger
Assistant Director of Audit Services

CONTACT INFORMATION



- Website - <https://www.in.gov/sboa/4445.htm>
- Phone - (317) 232-2512
- Email – Schools.Townships@sboa.in.gov

Website Overview



<https://www.in.gov/sboa/4445.htm>

TRAINING VIDEOS



SBOA YouTube Channel

- https://www.youtube.com/watch?v=ShYB6VfzvWY&list=PLQEiiW5bsE_rWath2jl4ep66WZ773xtJ2&index=5



New Legislation

2019 June Bulletin:

<https://www.in.gov/sboa/files/TwpBULL%20June%202019.pdf>

HEA 1177-2019



- DLGF Memo sent on 8-13-19
- Must adopt a capital improvement plan (by 9-30-20) if “Capital Improve Funds” exceed:
 1. One hundred fifty percent (150%) of the township’s total annual budget estimate prepared under IC 6-1.1-17-2 for the ensuing year; and
 2. Two hundred thousand dollars (\$200,000).
- Capital Improvement Funds: Any fund that can be used for capital improvements. **NOT Debt funds or Township Assistance**



- Capital Improvement funds:
 - General (**Township**) fund
 - township **fire fund** under IC 36-8-13
 - **cumulative fire fund** under IC 36-8-14
 - **equipment replacement fund** for a fire protection territory under IC 36-8-19-8.5
 - **cumulative township vehicle and building fund** under IC 36-9-17.5
 - **cumulative building fund** under IC 36-10-7.5-19
 - **public park fund** under IC 36-10-7-7
 - any other fund established by a for the payment of capital improvements



- Township Trustee shall prepare the plan and the Township Board shall adopt the plan
- The Township Board must hold a **public hearing** on proposed plan or amended plan prior to adoption
- Township must submit a copy of the adopted plan to DLGF via Gateway



- Established IC 36-6-6-16 (**One-time Transfers**):
 - This section does not apply for a township that has been designated a distressed political subdivision under IC 6-1.1-20.3
 - Authorizes the township board to make a one time transfer from any township fund (except a debt service fund) to another township fund



- One-Time Transfers:

- Monies transferred under IC 36-6-6-6 may be used for any lawful purpose of the fund to which money is transferred to
- Money transferred into a fund may not be spent until the expenditure has been included in a budget certified by the DLGF under IC 6-1.1-17-16
- Transfers by a township **must take place not later the September 1, 2020**
- For a township required to complete a CIP under IC 36-6-9, **the plan must be adopted by the township board before any transfers can take place**



- One-Time Transfers:
 - Action must take place at a public meeting
 - Transfers among multiple funds are allowed, however all transfers must be authorized by the township board one time



- All members or employees of a volunteer fire department, who also serve on the fiscal body of a local government unit, **must abstain from voting on the unit's budget.**
 - Previously, rule only applied to firefighters.
- If a majority of the board is precluded from voting → should petition the County Fiscal Body



- **Important** to properly report Debt
 - Information used to schedule audit
- Debt types: General Obligation Bonds, Revenue Bonds, Tax Anticipation Warrants, Notes and Loans Payable, Claims and Judgements, Other Bonds

ENHANCED REGULATORY REPORTING



2019 GATEWAY – ANNUAL FINANCIAL REPORT (AFR) CHANGES



- Purpose of changes:
 - Be proactive
 - To report similar to certain GAAP requirements
 - Satisfy legislators and bond rating companies
 - Legislation already passed requiring certain units to report financial statements in accordance with GAAP

2019 GATEWAY – ANNUAL FINANCIAL REPORT (AFR) CHANGES



- GAAP Reporting:

- More requirements for units – many units would have to outsource or hire accountants to comply
- More days to audit – additional audit costs to units

2019 GATEWAY – ANNUAL FINANCIAL REPORT (AFR) CHANGES



- Changes Effective for the 2019 AFR due **February 29**, 2020
 - Will include:
 - The collection of additions and reductions to debt
 - Capital Assets
 - Information to be included in additional note disclosures

ENHANCED REGULATORY REPORTING



- Changes in long-term debt will be included as a note to the financial statement for audit periods ending 12/31/2019
- Capital Asset Activity will be reported as *Supplementary Information* for audit periods ending 12/31/19

Properly Maintaining Capital Assets



- What is a capital asset?
 - Capital Asset Per GASB 34:

“The term capital asset includes land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure and all other tangible assets that are used in operations that have initial useful lives beyond a single reporting period.”

Properly Maintaining Capital Assets



• Infrastructure

- Long-lived capital assets
- Normally stationary in nature
- Can be preserved for a significant number of years than most capital assets
- Examples – roads, bridges, tunnels, drainage systems

Properly Maintaining Capital Assets



- Construction in Progress

- Where work has not been completed in the current reporting fiscal year

Properly Maintaining Capital Assets



- Must have a capital asset policy
 - **Policy is required to detail the capitalization threshold**
- Capital asset threshold is management decision

Properly Maintaining Capital Assets



- Other items to consider (Not required)
 - Who is responsible for maintaining capital asset ledger
 - Other procedures and internal controls being implemented to ensure person responsible for maintaining capital asset ledger is receiving all information need to properly maintain capital asset ledger

Properly Maintaining Capital Assets



- General Form 369
 - Form may be electronically duplicated or may utilize another format as long as the information (and function) that is required on the prescribed form is maintained.

CAPITAL ASSET LEDGER



General Form No. 369 (Rev. 2019)

CAPITAL ASSETS LEDGER

FUND _____

DEPARTMENT OR BUILDING _____

Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Life of Asset	Date of Disposal of Capital Asset	Amount Received on Disposal or Trade in	Types of Capital Assets							Total Capital Assets
								Land	Infrastructure	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Construction in Progress	Books and Other	
1															
2															
3															
4															
5															
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SAMPLE

Don't Know Historical Cost?



1. Develop an inventory of all capital assets owned
2. Obtain an estimate of the replacement costs
3. Determine the year of acquisition
4. Multiply the estimated replacement cost by the factor for the year of acquisition from the Table of Cost Indexes (September 2019 Bulletin)

Properly Maintaining Capital Assets



- The Beginning Balance of each type of Capital Asset , Additions, Reductions and Ending balance should be maintained on the prescribed form and be used to support the amounts entered into Gateway.

ENHANCED REGULATORY REPORTING



Financial Statement Changes:

- The combining schedule from the supplementary information will now be shown as the Statement of Receipts, Disbursements and Cash and Investment Balances

2018 FINANCIAL STATEMENT EXAMPLE

DECATUR TOWNSHIP, MARION COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

Fund	Cash and Investments 01-01-18	Receipts	Disbursements	Cash and Investments 12-31-18
GENERAL FUND	\$ 674,373	\$ 668,086	\$ 582,195	\$ 760,264
POOR RELIEF	121,233	138,769	78,512	181,490
FIRE FIGHTING FUND	3,713,592	10,819,458	8,923,554	5,609,496
RAINY DAY FUND	507,189	820,000	38,037	1,289,152
EXCESS LEVY	4,391	-	-	4,391
CUMULATIVE FIRE FUND	194,653	249,758	231,237	213,174
BUILDING DEBT FUND	24,053	-	-	24,053
PAYROLL DEDUCTIONS	(244)	1,617,665	1,617,622	(201)
FIRE DEBT	10,600	-	-	10,600
FEDERAL GRANTS	1	811,874	811,874	1
SMALL CLAIMS COURT	4,216	1,642,168	1,640,542	5,842
	\$ 5,254,057	\$ 16,767,778	\$ 13,923,573	\$ 8,098,262
Totals				

The notes to the financial statement are an integral part of this statement.

2019 FINANCIAL STATEMENT EXAMPLE

Example Township, Example County
Statement of Receipts, Disbursements, and
Cash and Investment Balances - Regulatory Basis
For the Year Ended December 31, 2019

	GENERAL FUND	EMS	PARK	POOR RELIEF	FIRE FIGHTING FUND	Rainy Day Fund	CUMULATIVE FIRE FUND
Cash and investments - beginning	\$ 83,281	\$ 348,955	\$ 35,939	\$ 436,301	\$ 253,221	\$ 26,527	\$ 661,588
Receipts:							
Taxes	98,658	33,421	118,182	141,062	208,391	-	123,855
Intergovernmental	8,228	2,988	5,077	8,578	18,634	-	11,075
Charges for services	-	175,297	-	-	-	-	-
Other receipts	6,805	1,576	1,464	1,204	8,416	-	1,334,390
Total receipts	113,691	213,282	124,723	150,844	235,441	-	1,469,320
Disbursements:							
Personal services	73,967	99,736	4,350	-	-	-	15,528
Supplies	8,199	15,695	12,785	-	86,304	-	10
Other services and charges	29,929	42,422	107,095	67,750	99,143	30,000	5,413
Capital outlay	12,535	-	-	-	-	-	619,954
Other disbursements	3,398	6,445	28	-	-	-	1,272,658
Total disbursements	128,028	164,298	124,258	67,750	185,447	30,000	1,913,563
Excess (deficiency) of receipts over disbursements	(14,337)	48,984	465	83,094	49,994	(30,000)	(444,243)
Cash and investments - ending	\$ 68,944	\$ 397,939	\$ 36,404	\$ 519,395	\$ 303,215	\$ (3,473)	\$ 217,345

The notes to the financial statements are an integral part of this statement.

ENHANCED REGULATORY REPORTING



- Notes to the Financial Statement:
 - Summary of Significant Accounting Policies
 - A section has been added to report the unit's capitalization threshold for what qualifies as a capital asset

ENHANCED REGULATOR REPORTING



- Long-Term Debt:
 - Removed from supplementary information and presented as a note disclosure
 - Will include beginning balances, additions, reductions and ending balances
 - A schedule of principal and interest payments until maturity

2018 SCHEDULE OF LEASES AND DEBT



CLAY TOWNSHIP, HAMILTON COUNTY
 SCHEDULE OF LEASES AND DEBT
 December 31, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Carmel Clay Municipal Building Corporation	Fire Station Renovations and Construction of a New Fire Training Building	\$ 247,500	2/1/2016	1/15/2035
Carmel Clay Parks Building Corporation	Construction of Park and Recreation Facilities	<u>2,236,000</u>	1/15/2016	1/15/2025
Total governmental activities		<u>2,483,500</u>		
Totals		<u><u>\$ 2,483,500</u></u>		

Note X: Long-term Debt**A. Changes in Long-term Debt**

Changes in long-term obligations for the year ended December 31, 2019, are as follows:

Township	Beginning Balance 1/1/2019	Additions	Reductions	Ending Principal Balance 12/31/19	Due Within One Year
Notes and Loans Payable (Park Improvement)	\$ 720,000	\$ 72,756	\$ 92,756	\$ 700,000	\$ 127,863
Notes and Loans Payable (Ladder Truck)	484,433	201,621	111,054	575,000	105,845
Total	\$ 1,204,433	\$ 274,377	\$ 203,810	\$ 1,275,000	\$ 233,708

B. Debt Service Requirements to Maturity

Debt service requirements on long-term debt at December 31, 2019, are as follows:

Township Debt Service

Year Ended

December 31

	Notes and Loans Payable - Park Improvement		
2020	\$ 106,770	\$ 21,093	\$ 127,863
2021	112,222	15,642	127,864
2022	115,313	12,551	127,864
2023	118,563	9,300	127,863
2024	121,868	5,996	127,864
2025	125,264	2,599	127,863
	<u>\$ 700,000</u>	<u>\$ 67,181</u>	<u>\$ 767,181</u>

	Notes and Loans Payable - Ladder Truck		
	Principal	Interest	Total
2020	\$ 83,926	\$ 21,919	\$ 105,845
2021	92,897	12,948	105,845
2022	95,455	10,391	105,846
2023	98,146	3,959	102,105
2024	100,882	4,963	105,845
2025	103,694	2,151	105,845
	<u>\$ 575,000</u>	<u>\$ 56,331</u>	<u>\$ 631,331</u>

2019 LONG TERM DEBT NOTE

ENHANCED REGULATORY REPORTING



- Leases:
 - Removed from supplementary Information
 - Included as a Note to the Financial Statements
 - Note to include description of lease and lease term and schedule of principal and interest payment until maturity

2019 LEASES NOTE DISCLOSURE EXAMPLE



Note X. Leases

The Township has entered into a lease for a building. The lease term began on January 15, 2017, and ends on July 15, 2027. The lease is being paid in semiannual installments as defined in the schedule of rental payments of the lease agreement.

Principal and interest requirements to maturity as of December 31 2019, are as follows:

Year Ended December 31	Principal	Interest	Total
2020	\$ 29,976	\$ 2,372	\$ 32,348
2021	29,976	1,746	31,722
2022	29,976	1,130	31,106
2023	29,976	490	30,466
2024	29,976	334	30,310
2025-2027	<u>149,880</u>	<u>3,065</u>	<u>152,945</u>
Totals	<u>\$ 299,760</u>	<u>\$ 9,137</u>	<u>\$ 308,897</u>

ENHANCED REGULATORY REPORTING



- Interfund Activity:
 - Show the amount transferred from one fund to another
 - Include general description of interfund transfers
 - Include explanation for any transfers that are significant or transfers that are not considered routine for the activities of the fund

INTERFUND ACTIVITY NOTE DISCLOSURE EXAMPLE



Note X. Interfund Activity

Interfund transfer activity for the year ended December 31, 2019, is as follows:

<u>Transfer From</u>	<u>Transfer to</u>								<u>Total</u>
	<u>General</u>	<u>Poor Relief</u>	<u>EMS</u>	<u>Fire Fighting Fund</u>	<u>Cumulative Fire Fund</u>	<u>Park</u>	<u>Park District Donation Fund</u>	<u>Payroll Deductions</u>	
General	\$ -	\$ 5,000	\$ -	\$ -	\$ 15,000	\$ -	\$ 13,814	\$ 54,634	\$ 88,448
Poor Relief	2,000	-	-	-	-	-	-	-	2,000
Reimbursement Fund	-	-	-	23,664	-	-	-	-	23,664
EMS	-	-	-	-	387,999	-	-	-	387,999
Park District Donation Fund	-	-	-	-	-	-	-	-	-
Park	-	-	2,899	-	-	5,925	1,200	300	10,324
Total	\$ 2,000	\$ -	\$ 2,899	\$ 23,664	\$ 387,999	\$ 5,925	\$ 15,014	\$ 54,934	\$423,987

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Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted receipts collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

In the year ended December 31, 2019, the Township made a one-time transfer of \$387,999 from the EMS fund to the Cumulative Fire Fund to subsidize, in part, the Township's share of the Perry Valley Regional Fire Protection District's capital program.



- Deficit Fund Balance:
 - Indicate which funds have deficits and the dollar amount at year-end.
 - Reason for deficit will not be included in the notes.

EXAMPLE OF DEFICIT FUND BALANCE NOTE DISCLOSURE



Note X. Deficit Fund Balances

The following funds have deficit fund balances at December 31, 2019:

Rainy Day Fund	\$ (3,473)
Reimbursement Fund	<u>(1,348)</u>
Total deficit fund balances	<u><u>\$ (4,821)</u></u>



- Significant Contingent Liabilities
- Significant Commitments
 - Include description and dollar amount

EXAMPLE NOTE DISCLOSURES



Note X. Significant Contingent Liabilities

A jury awarded \$50,000 to a former employee of the Township for alleged wrongful termination of employment. The Township has appealed the judgment on the basis of errors in the judge's instructions to the jury and insufficiency of evidence to support the amount of the jury's awards.

The final resolution of this matter is not expected to have a material effect on the Township's financial position.

Note X. Significant Commitments

The Township has a contractual obligation to purchase a fire truck during the year ended December 31, 2019, in the amount of \$200,000.

ENHANCED REGULATORY REPORTING



- Pensions:

- Requirements refer to plans provided by the Unit, not plans under INPRS such as PERF
- Must include: Description, Funding Policy, Benefits offered, Actuarial valuation and vesting terms

ENHANCED REGULATORY REPORTING



- Other Postemployment Benefits:
 - Included in Note Disclosure:
 - Benefits Offered
 - Contribution rates
 - Actuarial information, if any
 - Instructions on how to obtain plan information

ENHANCED REGULATORY REPORTING



- Mock Report:

https://www.in.gov/sboa/files/Mock%20Report_2019_Township.pdf

ENHANCED REGULATORY REPORTING



- Schedule of Capital Assets:
 - Includes beginning balance, additions, reductions, and ending balances
 - For audit period ending 12/31/19 will be presented as supplementary information
 - For audit period ending 12/31/20 will be presented as a note disclosure

2018 SCHEDULE OF CAPITAL ASSETS



CLAY TOWNSHIP, HAMILTON COUNTY SCHEDULE OF CAPITAL ASSETS December 31, 2018

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 1,363,000
Infrastructure	8,430
Buildings	12,850,179
Machinery, equipment, and vehicles	<u>1,748,891</u>
 Total governmental activities	 <u>15,970,500</u>
 Total capital assets	 \$ <u><u>15,970,500</u></u>

2019 SCHEDULE OF CAPITAL ASSETS EXAMPLE



Capital Assets

Capital asset activity for the year ended December 31, 2019, was as follows:

Township Assets	Beginning Balance 01/01/19	Additions	Reductions	Ending Balance 12/31/19
Land	\$ 31,000	\$ 60,000	\$ 10,000	\$ 81,000
Buildings	328,000	375,167	53,167	650,000
Improvements other than Buildings	3,750	56,250	-	60,000
Machinery, Equipment and Vehicles	3,249	-	3,249	-
Construction in Progress	-	-	-	-
Total Township Capital Assets	\$ 365,999	\$ 491,417	\$ 66,416	\$ 791,000

SCHEDULE OF CHANGES



- <https://www.in.gov/sboa/files/Schedule%20of%20Changes%20for%20Officials.pdf>