

Annual Financial Report and Audit Reports

Treasurer Virtual Conference
August 2020

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SBOA Glossary of Accounting and Audit Terms

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Preface

The Indiana State Board of Accounts has the statutory duty to examine all accounts and financial affairs of every public office and officer, state office, state institution, and entity within the State of Indiana. It is our mission to provide its citizens with complete confidence in the integrity and financial accountability of state and local government. In our continuance to provide the highest level of professional service to governmental units and the public, we have created a glossary of accounting and auditing terms that are relevant to the audit work conducted within the State of Indiana and our agency.

The glossary contains definitions of accounting, reporting, and auditing terms that are commonly used in the course of conducting our engagements and often appear in the reports issued by our agency.

Basis of Accounting

- The basis of accounting refers to when revenues, expenditures, expenses and transfers are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made. In government accounting, there are three types of basis of accounting: cash basis, accrual basis, and modified accrual basis. (National Council on Governmental Accounting Statements – NCGAS 1, paragraph 58)



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Cash Basis and Accrual Basis

- Cash basis of accounting records revenues and transfers in when cash is received, and expenditures or expenses and transfers out when cash is disbursed. (NCGAS 1, paragraph 59)
- Accrual basis of accounting records most transactions as they occur, regardless of when cash is received or disbursed. (NCGAS 1, paragraph 59)



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Regulatory and GAAP

- Regulatory is a basis of accounting that the entity uses to comply with the requirements or financial reporting provisions of a regulatory agency to whose jurisdiction the entity is subject (AU-C 800.7)
- GAAP – Generally Accepted Accounting Principles are uniform minimum standards of and guidelines to financial accounting and reporting. Adherence to GAAP assures that financial reports of all state and local governments – regardless of jurisdictional legal provisions and customs – contain the same types of financial statement and disclosures. (NCGAS 1, paragraph 3)



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Fund Accounting

- Fund Accounting is an accounting system organized on the basis of funds. Each fund is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that are comprised of receipts, disbursements, and its investment and cash balance.
- Counties use the Standard Chart of Accounts for Indiana Counties



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Fund Accounting

- General Fund
 - Main operating fund
 - Office budget
- Special Revenue Funds
 - Statutory Funds
 - Local Authority Funds
- Capital Project Funds
- Debt Service Funds



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Annual Financial Report

- Completed and submitted by the County Auditor
- Basis for the Audit Report Financial Statements
- Changes in AFR
 - Memo issued April 27, 2020 on delays to the Enhanced Regulatory Report
 - Changes proposed for 2020 will be postponed



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Treasurer's Office

- Cash Book
- Financial Report 46TR
- Supplemental AFR – After Settlement Collections



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FINANCIAL RECORDS

Auditor Fund
Ledger

Treasurer
Cash and
Investments

Departments
Fund records
and Cash



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Compilation of Financial Statements

- Annual Financial Report from Gateway
- Supplemental Reports
- Notes to the Financial Statements



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Audit Expectations

- Treasurer and Auditor reconciled funds ledger
- Treasurer cash book reconciled to bank and investment statements
- Financial report is supported by the financial records



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Independent Auditors Report

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the County for the year ended December 31, 2019, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.



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Debits and Credits – Just for fun

• Journal Entry for your fund

	Debit	Credit
• Cash	\$500	
• Charges for services		\$500

- Debit means left and Credit means right. A debit increases an asset and a credit decreases an asset however, a debit decreases a liability (bonds payable) an a credit increases a liability.



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Questions????

- Contact us at
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