



231 E. Main Street, Westfield IN 46074 317-867-5888



2015 EDUCATIONAL CONFERENCE

BASIC ACCOUNTING PRINCIPLES

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Serving Local Government & Utilities

Municipal Bonds, Leases, User Fees, Budgets, Regulatory Compliance, Financial Feasibility, Economic Development Programs, Consulting

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Principals of Governmental Accounting

The Indiana State Board of Accounts has outlined the regulation related to reporting of financial information for all local governmental units and quasi agencies of the State. The purpose of this regulation is to establish a consistent basis of accounting for the local governmental units identified and for quasi agencies of the State. The Indiana State Board of Account's authority for establishing this regulation is I.C. 5-11-1-2, 5-11-1-4, and 5-11-1-6.

I.C. 5-11-1-2 states:

The state board of accounts shall formulate, prescribe, and install a system of accounting and reporting in conformity with this chapter, which must comply with the following:

- Be uniform for every public office and every public account of the same class and contain written standards that an entity that is subject to audit must observe.
- Exhibit true accounts and detailed statements of funds collected, received, obligated, and expended for or on account of the public for any and every purpose whatever, and by all public officers, employees or other individuals.
- Show the receipt, use, and disposition of all public property and the income, if any, derived from the property.
- Show all sources of public income and the amounts due and received from each source.
- Show all receipts, vouchers, contracts, obligations, and other documents kept, or that may be required to be kept, to prove the validity of every transaction.

Fund Accounting

Fund accounting enables governmental entities to easily monitor and report compliance with spending purposes (fund restrictions), spending limits (budget), and other fiscal accounting objectives. 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. The purpose of the funds maintained by a governmental entity is established from various sources and depends on the individual fund. Some funds are established and governed by state statute. The sources and uses of these funds are limited to what is authorized per the statute. Other funds are established and governed by the governmental entity itself. These funds are established by a resolution or ordinance which indicates what the authorized sources and uses of the fund are. Some funds are established to account for money held by the governmental entity for another organization. The money in these funds, while reported in the financial statements, is not truly money of the governmental unit. An example of this type of fund would be a payroll withholding fund. Money would be collected in this fund as it is withheld from employee paychecks and would be held in this fund until it is remitted to the proper taxing authority. While the governmental entity would maintain control of this money and would have a fiduciary responsibility to account for it properly, the money would not be available for use at the discretion of the governmental entity.

Township Funds

***Fund accounting** is an accounting system emphasizing accountability rather than profitability, used by non-profit organizations and governments. In this system, a fund is a self-balancing set of accounts, segregated for specific purposes in accordance with laws and regulations or special restrictions and limitations.*

GENERAL FUND - It is the primary operating fund of the Township. Much of the usual activities of the Township are supported by the general fund.

TOWNSHIP ASSISTANCE – This fund is used for poor relief financial assistance for the citizens of the Township.

RAINY DAY - A rainy day fund is a reserved amount of money to be used in times when regular income is disrupted or decreased in order for typical operations to continue. The fund is usually used to help supplement budget shortfalls in years where revenues do not match expenditures. This is critical to the operations, as services may have to be cut in the absence of reserve funds.

FIRE FIGHTING FUND – This fund is used for expenditures related to fire / EMS operations that are governed by the Township or provided through contractual relationships.

CUMULATIVE FIRE FIGHTING – A property tax supported fund for accumulating cash in advance of a capital purchase for the fire department.

RECREATION – This fund is set up for parks and recreation related expenditures.

Accounting Terms and Definitions

Appropriations – Approved by Advisory Board and/or DLGF during the annual budget process which dictates the amount of the annual expenditures by the Township.

Cash – Monies on hand or invested that are recorded in the Township's ledger.

Maximum Permissible Levy – the maximum amount of levy allowed by law for controlled funds. (State-wide levy adjustment for Pay 2016 2.6%)

Controlled Levy - Examples of funds which fall under controlled levy are the General, Township Assistance and Recreation Funds. Fire Funds have a separate controlled levy.

Non-Controlled Levy – Examples of funds which fall under non-controlled levy, but have maximum rates, are debt service and cumulative funds.

Funds – A set of accounts established for the purpose of carrying out a specific purpose or activity.

Levy Excess – That amount of money which is actually raised in excess of 100% of the fund levy approved by the DLGF.

Circuit Breaker Credits – Property tax relief that limits or reduces property taxes for certain individuals based on their property tax class.

Typical Revenue Sources

Property Taxes

License Excise Taxes

Commercial Vehicle Excise Taxes (CVET)

Financial Institutions Taxes (FIT)

Local Option Income Taxes (COIT / CAGIT)

Fire Contract Payments

Court Fees

Rent

Typical Expense Accounts by Fund

General Fund:

Personal Services:

- Salaries and Wages
- Employee Benefits

Supplies:

- Office Supplies
- Repair & Maintenance Supplies
- Other Supplies

Other Services and Charges:

- Professional Services
- Communication and Transportation
- Printing and Advertising
- Care of Cemeteries
- Insurance
- Rentals

Capital Outlays:

- Building Improvements
- Vehicles
- Office Equipment and Furniture

Township Assistance:

Personal Services:

- Salaries and Wages

Supplies:

- Operating Supplies

Township Assistance:

- Housing
- Utilities
- Food
- Health Care
- Funeral, Burials, Cremations

Typical Expense Accounts by Fund

Firefighting Fund:

Personal Services:

- Salaries and Wages
- Employee Benefits

Supplies:

- Operating Supplies
- Repair and Maintenance Supplies

Other Services and Charges:

- Insurance
- Fire / EMS Contracts

Capital Outlay:

- Equipment

Park and Recreation Fund:

Personal Services:

- Other Personal Services – seasonal employees

Supplies:

- Operating Supplies
- Repair and Maintenance Supplies

Other Services and Charges:

- Insurance
- Service Contracts

Capital Outlay:

- Park Equipment
- Other Equipment

Compensation of Officers and Employees



The township board sets the salaries, wages, rates of hourly pay and remuneration other than statutory allowances of all officers and employees of the township. (I.C. 36-6-6-10)

The salaries set by the township board need to be recorded in the township board minutes.

The salaries of elected or appointed officers may not be altered during the fiscal year. the township legislative body may reduce the salary of an elected or appointed trustee. However, the trustee is entitled to a salary not less than the salary fixed for the first year of the term of office that immediately preceded the current term of office.

The trustee may add or eliminate other positions and / or change the salary of any other employee; only if the funds and appropriations are available.

It is recommended that the township board sets the salaries in conjunction with the budget cycle, using Township Form 17.

RESOLUTION No. ____, 2015
ESTABLISHING SALARIES OF TOWNSHIP OFFICERS AND EMPLOYEES

BE IT RESOLVED by the Township Board of _____ Township
_____ County, Indiana,

That pursuant to IC 36-6-6-10(b), the salaries stated below are fixed for the officers and employees of the township year 2016.

POSITION OR OFFICE	Number of Positions	Compensation	Per Year
TOWNSHIP TRUSTEE OFFICE			
Trustee	1		\$20,000
Clerk - Part Time	1	\$14.00 / hour	\$11,000
TOWNSHIP BOARD			
	3	@ 852.00	\$2,556
EMERGENCY ASSISTANCE OFFICE			
Investigator / Case Worker - Part Time	1	\$14.00 / hour	\$11,000
FIRE			
Fire Chief	1		\$60,000
Firefighters	3	@\$45,000	\$135,000

ADOPTED this ____ day of October, 2015

Members of the Township Board

Attest: _____
Township Trustee



Major Accounting / Financial Trustee Duties

Receive and disburse township funds.

Maintain financial and appropriation records. The financial records show the total of all township receipts and disbursements. The appropriation records show what has been spent against the approved budget.

Submit an annual personnel report (Form 100R) via Gateway (must be submitted no later than January 31st of each year). (I.C. 5-11-13-1)

Verify nepotism policies have been implemented and submitted.

Verify and submit the Debt Management app in Gateway each year no later than March 1st.

Complete and submit the OPEB app (retiree benefits and expenditures) in Gateway each year no later than March 1st. (I.C. 36-1-8-17.5)

Present a complete report of all receipts and disbursements from the preceding calendar year, including fund balances to the township board on or before the third Tuesday after the first Monday in February of each year. The report is to remain with the chairperson of the township board for taxpayer inspection. Within ten days after the report is presented to the township board, the trustee is required to file a copy of the report, along with vouchers, with the county auditor's office. (I.C. 36-6-4-12, I.C. 36-6-6-9)

No later than sixty days after the close of each fiscal year, the trustee must file a State Board of Accounts Annual Financial Report (AFR) via Gateway. The AFR contains all receipts and disbursements for the preceding calendar year. Other components of the AFR include: outstanding debt, disbursement by vendor, TA-7 and capital assets. (I.C. 5-11-1-4)

Ledger (Yard Book) Converted to Excel

FINANCIAL AND APPROPRIATION RECORD																
Prescribed by State Board of Accounts E-5454				Township Form No. 1C (Rev. 1986) E-5454												
DATE JUNE 2015	VOUCHER NUMBER	NAME	NATURE OF RECEIPT OR DISBURSEMENT	TOTAL ALL FUNDS			TOWNSHIP FUND			TOWNSHIP						
				Received A-1	Disbursed A-2	Balance A-3	Received B-1	Disbursed B-2	Balance B-3	GENERAL GOVERNMENT			Other Disbursements			
										Personal Services 1	Supplies 2	Other Services and Charges (Includes Travel Expenses) 3	Capital Outlays 4	Investments Purchased 5	Interfund Transfers 6	
1			ORIGINAL APPROPRIATION AND ADDITIONAL APPROPRIATIONS - TOTAL FO	X X X	X X X	X X X	X X X	X X X	X X X	17,550.00	1,500.00	25,310.00		X X X	X X X	1
2			Totals Carried Forward from Line 35 of Preceding Page	15,709.10	21,363.86	(2,534.57)	3,181.60	7,883.73	13,691.42	2,154.26	900.14	4,829.93				2
3																3
4	x	1	3699		122.16											4
5			3700		80.80											5
6	x	3	3701		250.00											6
7	x	20	3702		250.00											7
8	x	20	3703		330.55											8
9	x	20	3704		1,475.23											9
10	x	20	3705		83.97			83.97				83.97				10
11	x	25	3706		19,500.00											11
12	x	25	3707		9,135.00											12
13	x	25	3708		19,500.00											13
14	x	25	3709		8,120.00											14
15	x	25	3710		8,719.58											15
16	x	25	3711		54.57											16
17		30	3712		2,450.00			2,450.00				2,450.00				17
18		25	3713		146.09											18
19		30	3714		111.98			111.98				111.98				19
20		30	3715		24.26											20
21		30			3.00			3.00			3.00					21
22		30			2.31		2.31									22
23		10			2,501.50											23
24		11			288.00		288.00									24
25		11			4.99		4.99									25
26		23			64,097.80		27,013.16									26
		24			200,000.00		50,000.00									26
27																27
28					266,894.60	70,357.19	196,537.41	77,308.46	2,648.95	74,659.51	-	3.00	2,645.95			28
29																29
30																30
31																31
32																32
33																33
34																34
35					282,603.70	91,721.05	194,002.84	80,490.06	10,532.68	88,350.93	2,154.26	903.14	7,475.88	-		35
					X X X	X X X	X X X	X X X	X X X	X X X	15,395.74	596.86	17,834.12		X X X	X X X

Ledger (Yard Book) Converted to Excel – Township Assistance

Prescribed by State Board of Accounts			POOR RELIEF APPROPRIATIONS								Township Form No 1F (2000)		
Received -1	Disursed 2	Balance -3	Administration				Direct Assistance		Other Assistance	Investments Purchased 8	Interfund Transfers 9		
			Personal Services 1	Supplies 2	Other Services & Charges 3	Capital Outlay 4	Medical, Hospital and Burial 5	Other Direct Relief 6	Other Assistance 7				
X X X	X X X	X X X							30,000.00		X X X	X X X	1
15,029.00	13,550.81	(2,319.45)							13,550.81				2
													3
													4
	27.82								27.82				5
	200.00								200.00				6
	150.00								150.00				7
													8
													9
													10
													11
													12
													13
													14
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													16
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													18
													19
													20
													21
													22
2,501.50													23
													24
													25
													26
2,501.50	377.82	2,123.68	-	-	-	-	-	-	377.82				27
													28
													29
													30
													31
													32
													33
													34
17,530.50	13,928.63	(195.77)							13,928.63				35
X X X	X X X	X X X							16,071.37		X X X	X X X	

Purpose of Ruled Columns

The “A” columns provide for a control account of all funds and will be used to balance to the bank statement:

A-1 – Received for all Funds

A-2 – Disbursed for all Funds

A-3 – Balance for all Funds

The “B” columns provide the controls for the Township Fund. The columns headed by numbers are for the appropriations for each budget character, as originally approved by DLGF. If the 1782 has not been issued by January 1st, use the adopted budget as the beginning appropriation amounts. When the 1782 is issued, confirm that the adopted budget was certified by DLGF. Other disbursements column are used for Investment Purchased and Interfund Transfers.

Add lettered and number columns for all other funds.

Financial and Appropriation Record Entries

When starting a new year, use a series of new pages. Carry the ending balance in column A-3, line 35 from the previous year to column A-3, line 2. Do the same for each fund. The sum of all of the lettered-3 columns, lines 2 must equal column A-3, line 2.

Receipts and disbursements will be posted monthly using lines 3 through 34.

To post a receipt:

1. Indicate the date received
2. Receipt number (under the Voucher Number column)
3. Name from where funds are received
4. The nature or purpose of the receipt
5. Enter the amount in A-1
6. Enter the amount in lettered-1 Fund(s) in which the receipt is associated
7. All receipts in lettered-1 funds must equal the month-to-date amount in A-1

Financial and Appropriation Record Entries (continued)

To post a disbursement:

1. Indicate the date disbursed
2. Voucher number (check number)
3. Name of payee
4. The nature or purpose of the disbursement
5. Enter the amount in A-2
6. Enter the amount in lettered-2 Fund(s) for which the disbursement is associated
7. Enter the same amount in the corresponding appropriation number column
8. All disbursements in the lettered-2 and numbered columns must equal the month-to-date amount in A-2

DEDUCTIONS FROM SALARIES AND WAGES						
Federal With. Tax M-1	Social Security M-2	State With. Tax M-3	M-4	M-5	Disbursed from Columns M-1 to M-5 M-6	Balance of Deductions M-7
						1
						2
						3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
						15
						16
						17
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						25
						26
						27
						28
						29
						30
						31
						32
						33
						34
						35

Financial and Appropriation Record Entries (continued)

Payroll:

Columns M-1 to M-5 are to be used to record the receipts of all deductions from salaries and wages. Column M-6 records the disbursement to federal and state departments designated to receive the withholdings. Column M-7 accounts for balances withheld, but not yet disbursed to the proper authorities.

When posting payroll checks, enter the NET AMOUNT in the A-2 column. The GROSS AMOUNT is to be entered in the appropriate fund disbursed column and the correct appropriation column to which the disbursement applies. The amounts withheld must be entered into the appropriate “M” columns. The net amount in Column A-2, plus the amounts in the “M” columns must equal the disbursed amount in Column 1.

When posting the disbursement (checks issued and / or online payments made through INTax) of taxes withheld, enter the amount to Column A-2 and M-6 ONLY.

Complete Column M-7 only in the event that the amount in Column M-6 is not equal the total of Columns M-1 through M-5.

Proving Financial and Appropriation Record

Each month the record must be reconciled with the bank statement(s) and then “closed”. Total all columns for the month. Indicate which checks have been cleared by the bank. Indicate which receipts have been cleared by the bank.

Total any outstanding checks. (Checks that are outstanding and unpaid for two or more years as of December 31st of each year should be declared as void. Write a receipt using the amounts of the checks and receipt the funds into the fund from which the check originally written. If it cannot be determine which fund originally disbursed the check, receipt the funds into the Township General Fund.) (I.C. 5-11-10.5-2, I.C. 5-11-10.5-5)

The total receipts of all the separate funds must agree with Column A-1 and the total disbursements of all the separate funds must agree with Column A-2, plus any balance in Column M-7. The total fund balances must agree with Column A-3, less the balance in M-7.

Verify that the total of all appropriations account equal the total of Column A-2, plus the balance of Column M-7.

The amount in Column A-3 must be the same as the ending bank statement balance, less any outstanding checks.

Township Trustee's Receipt (Form 16 – 1997)

Each item of money received by the Township must be logged on Form 16 – 1997. Indicate the fund or funds to which the receipt is to be posted, identify from whom the money was received, identify the purpose of the money, indicate the amount of money received, indicate the type of payment received (i.e. cash, check, EFT, etc.). If appropriate, give the original receipt to the payor and retain all duplicates in a bound record book.

Township Trustee Check – Form 6 – Revised 1967

The Township Trustee Check is used for all disbursements; i.e. payment of all expenses and payroll. The disbursement is to be printed in triplicate with pre-numbered checks. The duplicate is the “voucher” copy which is presented to the county auditor’s office. The triplicate is the trustee’s copy. The original check or facsimile of the original check returned by the bank is also retained by the trustee’s office, as final proof of payment.



Form 100R (Compensation of Public Employees) – Gateway Filing

The Form 100R is a list of **all** of the employees that worked for the township during the prior year, the business address, job title and total compensation paid. This should include all employees employed during the year whether they still are employed at the end of the year or not. It includes full-time, part-time, seasonal employees and township board members. If a W2 was issued to an employee, then that employee needs to be listed on the 100R. The 100R is to be submitted via Gateway, no later than January 31st of each year.

If a township has no compensated employees, the 100R still must be submitted via Gateway. Simply indicate that the township has 0 employees.

Once the 100R has been submitted, an Attestation Form will need to be downloaded, completed and sent to the address listed on the form within five days of the submission.

The 100R cannot be submitted until the Nepotism and Contracting Policies have been uploaded and/or verified.

Nepotism Policy

Definition: The practice among those of power or influence (i.e. elected official) of favoring relatives or friends especially by giving them jobs or contracts.

An Elected official is considered as follows:

- (1) the Township Trustee
- (2) a member of the Township Board
- (3) the Township Small Claims Court Judge or Constable.

A Relative is considered as follows:

- (1) A spouse.
- (2) A parent or stepparent.
- (3) A child or stepchild, including an adopted child or stepchild.
- (4) A brother, sister, stepbrother, or stepsister, including a brother or sister by half blood.
- (5) A niece or nephew.
- (6) An aunt or uncle.
- (7) A daughter-in-law or son-in-law.

I.C. 36-1-20.2-9 requires all taxing units to adopt a policy regarding the employment of relatives at the unit and for contractual services. These are commonly referred to as an anti-nepotism policies. These resolutions must be uploaded to Gateway with the 100R.

Failure to adopt a policy may prevent the approval of the budget or additional appropriations.

Example of Nepotism in Employment Resolution

WHEREAS, the Indiana General Assembly adopted HEA 1005 in the 2012 Regular Session, which added IC 36-1-20.2 to the Indiana Code regarding Nepotism; and,
WHEREAS, IC 36-1-20.2-9(a) requires a local unit of government to adopt a nepotism policy that includes at a minimum the requirements set out in the statute; and,
WHEREAS, the Township Board has considered the requirements of the Act and wishes to comply with its provisions:
NOW THEREFORE, BE IT RESOLVED that the Township Board adopts the following policy on nepotism in employment:

NEPOTISM IN EMPLOYMENT

Section 1. DEFINITIONS

A. "Relative" means any of the following:

- (1) A spouse.
- (2) A parent or stepparent.
- (3) A child or stepchild, including an adopted child or stepchild.
- (4) A brother, sister, stepbrother, or stepsister, including a brother or sister by half blood.
- (5) A niece or nephew.
- (6) An aunt or uncle.
- (7) A daughter-in-law or son-in-law.

B. "Employed" means an individual who is employed by the Township on a full-time, part-time, temporary, intermittent, or hourly basis. The term does not include an individual who holds only an elected office. The term includes an individual who is a party to an employment contract with the Township.

C. "Direct line of supervision" means an elected officer or employee who is in a position to affect the terms and conditions of another individual's employment, including making decisions about work assignments, compensation, grievances, advancement, or performance evaluation. The term does not include the responsibilities of the executive, legislative body, or fiscal body of the Township, as provided by law, to make decisions regarding salary ordinances, budgets, or personnel policies of the township.

D. "Member of the fire department" means the fire chief or a firefighter appointed to the department.

Section 2 EMPLOYMENT POLICY

A. Individuals who are relatives may not be employed by the Township in a position that results in one (1) relative being in the direct line of supervision of the other relative.

B. This Subsection (B) applies to an individual who:

- (1) is employed by the Township on the date the individual's relative begins serving a term of an elected office of the Township; and
- (2) is not exempt from the application under Section 3 of this Policy.

Notwithstanding, Subsection 2(A), an individual may remain employed by the Township and maintain the individual's position or rank even if the individual's employment would violate this Policy. However, an individual described in this Subsection, may not be promoted, unless such promotion is within the merit ranks of a merit fire department, if the promotion would otherwise violate this Policy.

C. This Policy does not abrogate or affect an employment contract with the Township that:

- (1) an individual is a party to; and
- (2) is in effect on the date the individual's relative begins serving a term of an elected office of the Township.

Section 3. EXEMPTIONS

A. An individual who is employed by the Township on July 1, 2012, is not subject to this Policy unless the individual has a break in employment with the Township. The following are not considered a break in employment with the Township:

- (1) The individual is absent from the workplace while on paid or unpaid leave, including vacation, sick, or family medical leave, or worker's compensation.
- (2) The individual's employment with the Township is terminated followed by immediate reemployment by the Township, without loss of payroll time.

B. For purposes of this Policy, the performance of the duties of:

- (1) a precinct election officer (as defined in IC 3-5-2-40.1) that are imposed by IC 3; or
 - (2) a volunteer firefighter;
- is not considered employment by the Township.

C. If the Township Trustee's office is located in the Township Trustee's personal residence, the Township Trustee may hire only one (1) employee who is a relative. The employee:

- (1) may be hired to work only in the Township Trustee's office;
- (2) may be in the Township Trustee's direct line of supervision; and
- (3) may not receive total salary, benefits, and compensation that exceed five thousand dollars (\$5,000) per year.

Section 4. CERTIFICATION

A. Each elected officer of the Township shall annually certify in writing, subject to the penalties for perjury, that the officer has not violated this Policy. An officer shall submit the certification to the Trustee of the Township not later than December 31 of each year.

B. The annual report filed by the Township with the State Board of Accounts under IC 5-11-13-1 must include a statement by the Trustee of the Township stating whether the Township has implemented a policy under IC 36-1-20.2.

DATED this _____ day of _____, 2012.

AYE NAY

ATTEST:

Trustee



Example of Nepotism in Contracting Resolution

RESOLUTION OF THE _____ TOWNSHIP BOARD,
_____ COUNTY, INDIANA

WHEREAS, the Indiana General Assembly adopted HEA 1005 in the 2012 Regular Session, which added IC 36-1-20.2 to the Indiana Code regarding Nepotism; and,
WHEREAS, IC 36-1-20.2-9(a) requires a local unit of government to adopt a nepotism policy that includes at a minimum the requirements set out in the statute; and,

WHEREAS, the Township Board has considered the requirements of the Act and wishes to comply with its provisions:
NOW THEREFORE, BE IT RESOLVED that the Township Board adopts the following policy on nepotism in contracting
NEPOTISM IN CONTRACTING

Section 1. DEFINITIONS

A. "Relative" means any of the following:

- (1) A spouse.
- (2) A parent or stepparent.
- (3) A child or stepchild, including an adopted child or stepchild.
- (4) A brother, sister, stepbrother, or stepsister, including a brother or sister by half blood.
- (5) A niece or nephew.
- (6) An aunt or uncle.
- (7) A daughter-in-law or son-in-law.

B. "Elected official" means:

- (1) the Township Trustee
- (2) a member of the Township Board
- (3) the Township Small Claims Court Judge or Constable.

Section 2 CONTRACTING POLICY

A. The Township may enter into a contract or renew a contract for the procurement of goods and services or a contract for public works with:

- (1) an individual who is a relative of an elected official; or
 - (2) a business entity that is wholly or partially owned by a relative of an elected official;
- only if the requirements of this Section are satisfied and the elected official does not violate IC 35-44-1-3.

B. The Township may enter into a contract or renew a contract with an individual or business entity described in Subsection (A) if all of the following are satisfied:

- (1) The elected official files with the Township a full disclosure, which must:
 - (a) be in writing;
 - (b) describe the contract or purchase to be made by the Township;
 - (c) describe the relationship that the elected official has to the individual or business entity that contracts or purchases;
 - (d) be affirmed under penalty of perjury;
 - (e) be submitted to the Township Board and be accepted by the Township Board in a public meeting prior to final action on the contract or purchase; and
 - (f) be filed, not later than fifteen (15) days after final action on the contract or purchase, with:
 - (i) the state board of accounts; and
 - (ii) the clerk of the circuit court in the county where the Township takes final action on the contract or purchase;
- (2) The appropriate agency of the Township:
 - (a) makes a certified statement that the contract amount or purchase price was the lowest amount or price bid or offered; or
 - (b) makes a certified statement of the reasons why the vendor or contractor was selected; and
- (3) The Township satisfies any other requirements under IC 5-22 or IC 36-1-12.
- (4) The elected official complies with the disclosure provisions of IC 35-44-1-3, if applicable.

C. This Section does not affect the initial term of a contract in existence at the time the term of office of the elected official of the Township begins.

Section 3. CERTIFICATION.

A. Each elected officer of the Township shall annually certify in writing, subject to the penalties for perjury, that the officer is in compliance with this Policy. An officer shall submit the certification to the Trustee of the Township not later than December 31 of each year.

B. The annual report filed by the Township with the State Board of Accounts under IC 5-11-13-1 must include a statement by the Trustee of the Township stating whether the Township has implemented a policy under IC 36-1-20.2.

DATED this _____ day of _____, 2012.

AYE NAY

ATTEST:

Trustee





Debt Management in Gateway



[Debt Management](#)

At the beginning of each year, townships will need to sign a statement affirming that the information in Gateway Debt Management app has been thoroughly and accurately reported for all debt reporting. All outstanding debt submitted through Gateway will remain and will not need to be reentered. Any new debt must be reported within 30 days of incurring the debt. Any retired debt should be marked as retired.

Even if a township does not have any outstanding debt, the trustee will still need to sign the affirming statement each year.

This process must be completed by March 1st of each year.



Other Post Employment Benefits (OPEB) - Gateway Filing

Other Post-Employment Benefits (OPEB) are those benefits that may be provided to employees after employment ends. Those benefits are separate from the normal pension offered by the township. OPEB's may include medical insurance, prescription drug, dental, vision, life insurance, long-term care benefits, and long-term disability benefits.

Townships that do not offer OPEB are still required to submit a report indicating as such.

The information must be submitted via Gateway no later than March 1st of each year.

Receipts, Disbursements and Fund Balances Report to Township Board

By the third Tuesday after the first Monday of February of each year, the township trustee is required to submit the total receipts, disbursements and fund balances of the preceding year to the township board. For those townships that use a State Board of Accounts approved financial software, a Fund Report (or version thereof) is sufficient. For those townships that use a yard book to record the financial transactions, either a handwritten tally of all receipts, disbursements and funds balances or the Cash and Investments Combined Statement from Gateway is sufficient.

Within 10 days of the township board presentation, the report, along with the vouchers, are to be given to the county auditor's office.

Trustees may want to consider additional financial reporting to the township board on a more frequent basis, i.e. monthly, quarterly. Examples might include receipts, disbursements and current fund balances, along with remaining appropriation balances by fund and by line-item.

State Board of Accounts Annual Financial Report (AFR)



No later than sixty days after the close of each fiscal year, the trustee must submit an AFR via Gateway. The AFR contains detailed receipts and disbursements, along with other reporting requirements, such as:

Beginning in 2013, I.C. 5-11-20 required that governmental entities include pension information on their employee retirement plans as part of the AFR. If the township offers only Public Employees Retirement Fund (PERF) pension the township will not need to provide any additional information on the AFR. If the township has any other pension plans where the township makes contributions to the plan or funds any part of the benefits, the township will need to provide additional information on the AFR.

Per I.C. 36-6-4-13, townships are required to prepare and publish a statement of expenditures, showing the combined gross payment, according to classification of expense, to each person. In Gateway, this is the Disbursements by Vendor section of the AFR.

Also unique to townships is the required Form TA – 7, which is the township assistance statistical report.

Once the AFR has been submitted, an Attestation Form will need to be downloaded, completed and sent to the address listed on the form within five days of the submission.

Within four weeks after the third Tuesday following the first Monday in February, the trustee must publish the required sections of the AFR one time. Whenever officers of a township are required to publish a notice affecting the township, they shall publish the notice in two newspapers published in the township. If there is only one newspaper published in the township, then the notice shall be published in that newspaper and, if another newspaper is published in the county and circulates within the township, in the other paper. If no newspaper is published in the township, then publication shall be made in a newspaper published in the county and that circulates in the township. (I.C. 5-3-1-4)

Failure to submit and advertise the AFR may prevent the approval of the budget or additional appropriations until the AFR has been submitted.

Recording of Capital Assets

State Board of Accounts has prescribed that every governmental unit should have a complete inventory of all capital assets owned which reflect their **acquisition value**. Such inventory should be recorded in the Capital Assets Ledger form, General Form No. 369.

The township should have an established capitalization policy that sets a dollar amount as a threshold to be used in determining which acquisitions should be included in the inventory of capital assets.

If the township is renting without an option to purchase, those assets would not be included in the inventory of capital assets.

Definitions of capital assets:

Land

The records of the township should reflect land owned, its location, its acquisition date and the cost (purchase price). If the purchase price is not available, appraised value may be used.

Buildings

A capital asset account for buildings should reflect the location of each building and the cost value (being the purchase or construction cost) and the cost of improvements, if applicable. If a building is acquired by gift, the account should reflect its appraised value at the time of acquisition.

Improvements Other Than Buildings

A capital asset account should reflect the acquisition value of permanent improvements, other than buildings, which have been added to the land. Examples of such improvements are fences, retaining walls, sidewalks, gutters, tunnels and bridges. The improvements should be valued at the purchase or construction cost.

Equipment

Examples of equipment include machinery, trucks, cars, furniture, typewriters, calculators, computers, desks, safes, cabinets, books, etc. The value of such items should be carried in the inventory at the purchase cost.

Construction Work in Progress

Where construction work has not been completed in the current reporting calendar year, the cost of the project should be carried as "construction work in progress." When the project is completed, it will be placed on the inventory applicable to the assigned asset accounts. An example could be the construction of a fire station.

Additional Appropriations

In the event the township finds that the certified appropriations for the current budget year are insufficient and the township has sufficient cash on hand, the township may request additional appropriations from the Department of Local Government Finance (“DLGF”) on those funds that are certified by DLGF. The deadline to submit additional appropriation requests to DLGF is December 15, 2015.

The additional appropriations process is as follows:

Step 1 – The trustee must publish notice of the proposed additional appropriations. The notice shall: state the time and place of the public hearing, include fund name and number, include a breakdown of additional appropriation by fund, and be published one time not less than 10 days before the public hearing. Whenever officers of a township are required to publish a notice affecting the township, they shall publish the notice in two newspapers published in the township. If there is only one newspaper published in the township, then the notice shall be published in that newspaper and, if another newspaper is published in the county and circulates within the township, in the other paper. If no newspaper is published in the township, then publication shall be made in a newspaper published in the county and that circulates in the township. (I.C. 5-3-1-4)

Step 2 – The trustee shall hold the public hearing as advertised. Action shall be taken to approve, modify or disapprove the proposed additional appropriation as advertised. If the township board tables the request until the following meeting, it does not have to be re-advertised providing the tabling of the request is stated publicly and included in the minutes.

Step 3 – After the public hearing, the unit must complete and file a Certified Copy of Additional Appropriations (“Certified Copy”), financial information, revised Form 2s, if applicable, and any other relevant information to DLGF. To download a copy of the Certified Copy go to: <https://secure.in.gov/dlgf/8945.htm> scroll to Budget Reference Information, then click on Additional Appropriation Form.

Step 4 – When DLGF receives the Certified Copy that requires its approval, DLGF will determine whether sufficient funds are available during the current calendar year and will issue a written determination within 15 days. DLGF approval is only required for funds that receive revenue from property taxes levied under IC 6-1.1 (i.e. those funds on your Budget Order).

Step 5 – The township may request a reconsideration of a determination by filing a written request with DLGF within 15 days of receipt of the determination. DLGF must act upon a request for reconsideration within 15 days. A request for consideration must also specifically state the reason for the request.

Transfer of Appropriations Between Major Classifications

The trustee may transfer appropriations from one major budget classification to another within the same fund and department if:

1. they determine that the transfer is necessary;
2. the transfer does not require the expenditure of more money than the total amount set out in the budget
3. the transfer is made at a regular public meeting and by proper resolution.

A transfer may be made under I.C. 6-1.1-18-6 without the approval of DLGF.

Transfer of Funds to and from the Rainy Day Fund

The trustee may at any time, by resolution, transfer to the General Fund or any other appropriated funds money that has been deposited in the Rainy Day Fund.

A trustee can transfer unused and unencumbered funds from its General Fund or other property tax levy funds (excluding debt service funds) to the Rainy Day Fund, pursuant to a resolution that authorizes and identifies the amount, which cannot exceed 10% of the township's total annual budget for that fiscal year.

Encumbrances

Encumbrances are commitments (any open purchase order or contract) of appropriated funds incurred in one budget year that is paid in the following budget year.

Example:

The township has a project which was appropriated in the current budget year. Payment for the project was not made until the following budget year. That payment amount would therefore be considered to be encumbered.

By setting up an encumbrance, the appropriation for the subsequent year's budget is not reduced when the township makes the payment to the contractor. The mechanics for recording the encumbrance(s) may be different for those townships with computerized financial transactions versus non computerized financial transactions. It would be good practice to notate encumbrance intentions in the minutes of the last meeting of the year.

For the following year's budgeting purposes, the illustration below shows how the encumbrance could appear on the budget form entitled Current Year Financial Worksheet (formerly the Line 2 Worksheet):

Line 2	
APPROPRIATIONS	
1. Current Year Approved Budget	\$100,982
2. Encumbrances Brought Forward	\$2,200
3. Changes to Appropriations:	
a) Additional Appropriations (January to June)	\$0
b) Reductions January through June	\$0
4. Other Non-Appropriated Obligations	\$0
5. Total Approved Appropriations	\$103,182

Temporary Loans

Per I.C. 36-1-8-4, regarding temporary loans:

The township board may, by resolution, permit the transfer of a prescribed amount, for a prescribed period, to a fund in need of money for cash flow purposes from another fund of the township, if all these conditions are met:

- (1) It must be necessary to borrow money to enhance the fund that is in need of money for cash flow purposes.
- (2) There must be sufficient money on deposit to the credit of the other fund that can be temporarily transferred.
- (3) The prescribed period must end during the budget year of the year in which the transfer occurs.
- (4) The amount transferred must be returned to the other fund at the end of the prescribed period.
- (5) Only revenues derived from the levying and collection of property taxes or from operation of the township may be included in the amount transferred.

Conflict of Interest Definition



A public servant who knowingly or intentionally has a pecuniary interest in or derives a profit from a contract or purchase connected with an action by the government entity served by the public servant, commits a conflict of interest, a Class D felony. (I.C. 35-44-1-3(a))

Pecuniary interest is an interest that a public servant has in a matter because of a reasonable likelihood or expectation of appreciable financial gain with whom the public servant is associated.

Exception for Compensation and Expenses

A public servant is not prohibited from receiving compensation for services provided as a public servant or for expenses incurred by the public servant as provided by law. (I.C. 35-44-1-3(b))

Conflict of Interest Disclosure

Disclosure requirements:

1. Be in writing;
2. Describe the contract or purchase to be made by the township;
3. Describe the pecuniary interest that the public servant has in the contract or purchase;
4. Be affirmed under penalty of perjury;
5. Be submitted to the township board and be accepted by the township board in a public meeting of the township board prior to final action on the contract or purchase;
6. Be filed within fifteen days after final action on the contract or purchase with; (a) the state board of accounts; and (b) with the clerk of the circuit court in the county where the township takes final action on the contract or purchase; and
7. Contain, if the public servant is appointed, the written approval of the trustee that appointed the public servant.

To download a fillable PDF file of the Conflict of Interest form, go to:

<http://www.in.gov/sboa/4445.htm>, then scroll down to Electronic Forms.

Prescribed Forms

Prescribed Forms

The State Board of Accounts is charged by law with the responsibility of prescribing and installing a system of accounting and reporting which shall be uniform for every public office and every public account of the same class. (I.C. 5-11-1-2)

A prescribed form is one which is put into general use for all offices of the same class, whereas an approved form is a computerized form for special use in a particular office.

All governmental units are required by law to use the forms prescribed by the State Board of Accounts; however, if desirable to have a prescribed form modified to conform for computer applications, a letter and copies of the proposed form may be submitted to the State Board of Accounts for approval.

No form should be printed and placed into use, other than a prescribed form, without prior approval.

Although the State Board of Accounts prescribes forms, copies of the forms must be purchased from a public printer or other source.

Exact Replica

As a result of advances in computer technology, some computer hardware, software, and application systems can now produce exact replicas of the forms prescribed by the State Board of Accounts. The State Board of Accounts prescribes the required accounting system forms, but does not specify the source from which the forms must be obtained. Therefore, the State Board of Accounts will not take exception to the use of forms which provide exact replications of the prescribed forms created by computer printer or utilizing continuous form computer paper. These exact replications must be identical to the prescribed forms in format, titles and locations of data. The exact replicas are not required to be submitted to the State Board of Accounts for approval and each form should be identified as "Prescribed by the State Board of Accounts" in the same location as is printed on the prescribed forms. The use of computer-generated prescribed forms should be brought to the attention of the Field Examiner during the next regularly scheduled audit. The forms and computer system generating the forms are subject to a technical computer audit based upon the results of the Field Examiner's risk assessment.

Key Date Reminders

All budget forms must be submitted via Gateway within 48 hours of the adoption meeting.

The executed Form 4 (Budget Adoption Resolution) needs to be scanned and uploaded into Gateway at the same time.

October 30, 2015 is the last day for budget adoptions by the township boards, and November 2, 2015 as the last day to submit the required budget forms and upload the required budget information via Gateway.

If a township issued debt in 2015 which requires a levy in 2016, the following information also needs to be scanned and uploaded to Gateway:

1. Proof of publication of the public hearing
2. Executed copy of the adopted resolution
3. Notice of determination
4. Proof of publication of the notice of determination
5. Certificate of No Remonstrance – obtained from the county auditor's office
6. Final amortization schedule

Any additional appropriations requests, must be submitted to DLGF no later than December 15, 2015

The salary and wage (Form 17) must be adopted by the township board no later than December 31, 2015.

Questions

