

# LIBRARY BULLETIN

AND UNIFORM COMPLIANCE GUIDELINES  
ISSUED BY STATE BOARD OF ACCOUNTS

JUNE 2019

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## 2019 LAWS AFFECTING LIBRARIES

The following list of laws enacted by the General Assembly is related to libraries. This is not intended to be an expression of a legal opinion nor is it intended to provide a complete summary of every addition or amendment contained in the public law. If you have any questions regarding legal interpretation, please consult your library attorney. We have listed the laws in public law order sequence.

Additional information regarding the 2019 public laws may be found on the General Assembly website at [www.iga.in.gov](http://www.iga.in.gov). The "Session" tab contains a Table of Citations for all Indiana Code citations affected by new legislation, a complete Digest of Enactments summarizing each new public law, an Enrolled Act Summary showing the effective dates of each public law section, and other cross references between public law number and bill number. The "Legislation" tab contains each new public law.

### Senate Enrolled Act (SEA) 22 – Public Law 144-2019 Pension Matters

Pension matters. Makes additional conforming changes with previous legislation for the purpose of allowing a retired member of PERF or TRF to make partial withdrawals from the member's annuity savings account. Rephrases provisions concerning the election to begin receiving PERF or TRF benefits while employed that applies to certain elected officials and other employees who have attained the age of 70. Rephrases the method for calculating service credit for leaves of absence taken by PERF members. Rephrases certain provisions in the statutes governing the public employees' defined contribution plan and the teachers' defined contribution plan to remove references to the annuity savings accounts in PERF and TRF, which are no longer used to implement the two defined contribution plans. Adds the public employees' defined contribution plan to the list of public pension and retirement funds that comprise the Indiana public retirement system.

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SEA 460 – Public Law 189-2019  
Broadband Development - Utilities

Establishes the rural broadband fund for the purpose of awarding grants: (1) before August 1, 2019, under the existing statute governing grants for qualified broadband projects for unserved areas in Indiana; and (2) after July 31, 2019, under new procedures governing grants for eligible broadband projects for rural areas in Indiana. Requires the office of community and rural affairs (office) to establish procedures for the awarding of grants from the fund after July 31, 2019, by state agencies to eligible broadband service providers for eligible broadband projects in rural areas of Indiana. Provides that the procedures established by the office must establish specified priorities for the awarding of grants, based on the available Internet speeds in a particular area. Provides that the procedures established by the office may not permit the awarding of a grant from the fund for any proposed broadband project in an area in which eligible broadband service is available. Provides that the procedures established by the office may not permit the office to award a grant from the fund for any project in a rural area for which funding has been allocated from certain federal funding programs. Provides that the procedures established by the office must establish a system of priorities for awarding grants, weighted as determined by the office in guidelines adopted by the office that gives preference to eligible broadband projects that meet certain specified criteria. Requires an eligible broadband service provider awarded a grant to sign with the office a grant agreement that: (1) outlines a start date and an end date for completion of the project; and (2) conditions the release of any grant funds on the progressive completion of the project. Beginning in 2020, requires the office to submit to the general assembly an annual report on the awarding of grants under these procedures during the most recent state fiscal year.

Provides that every three years, beginning in 2021, the state board of accounts shall conduct an audit of the awarding of grants from the fund during the most recent three state fiscal years. Provides that a communications service provider that holds a certificate of territorial authority shall be designated as a public utility solely as that term is used in federal law that allows a state to exempt a public utility from the federal law's requirement that the state must charge fair market value for the use of real property acquired by the state using federal transportation funding. Provides that the department of transportation (INDOT) may not charge an access rate or any other recurring charge or recurring fee for communications infrastructure that is located before May 1, 2019, in any rights-of-way that are owned or controlled by INDOT. Specifies that INDOT may charge routine right-of-way permit fees to enter INDOT's rights-of-way for the maintenance of existing facilities. Provides that the department may create a broadband corridor program to manage communications infrastructure along or within limited access highway rights-of-way. Specifies that for purposes of the broadband corridor program, "communications infrastructure" does not include privately owned vertical structures used primarily for providing wireless communications service. Provides that: (1) INDOT may not unreasonably discriminate among entities requesting access to broadband corridors or other INDOT controlled rights-of-way; and (2) the bill's provisions prohibiting INDOT from discriminating among such entities do not abrogate or limit INDOT's statutory authority to safely and efficiently manage and operate the state highway system and associated highway rights-of-way. Provides that, before July 1, 2020, INDOT shall adopt rules to provide that, as used throughout the department's administrative code regarding utility facility relocation for purposes of construction contracts, "utility" has the meaning set forth in federal law concerning utility relocations, adjustments, and reimbursement. Effective July 1, 2019

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House Enrolled Act (HEA) 1116 – Public Law 164-2019  
Various Local Government Matters

Allows the governing body of a state or local government agency to discuss in an executive session strategy regarding a real estate transaction by the governing body.

Allows the fiscal officer of a political subdivision to appropriate funds received from any private entity or individual for the purpose of repairing or replacing damaged property. (Current law allows only appropriation of funds from an insurance company.)

Allows a political subdivision to receive electronic bids for public work projects that exceed a certain amount, if the bid solicitation states the procedure for transmitting the electronic bid and the means of transmission protects the bid contents. Requires a political subdivision that receives electronic bids to provide electronic access to the notice of the bid solicitation through the computer gateway administered by the state office of technology in addition to newspaper publication.

Eliminates the requirement that a negotiable note for a public work project or eligible efficiency project be repaid by a political subdivision on January 1 and July 1 of each year of the note's term.

Resolves conflicts with HEA 1019-2019 and HEA 1115-2019. Effective July 1, 2019

HEA 1343 – Public Law 252-2019  
Libraries

Provides that, in the case of a public library outside Marion County, the fiscal body of a city, town, or county that established the public library, the governing body of which is not comprised of a majority of officials who are elected to serve on the governing body, may adopt a resolution to require the public library to submit its proposed budget and property tax levy to the city, town, or county fiscal body for binding review and approval in the same manner that is required under current law if the public library's cash on hand plus its expected revenues is greater than 150% of the public library's proposed budget. (These amounts exclude gifts, bequests, and philanthropic funds and debt funds.)

Provides that the fiscal body of the city, town, or county may not reduce the public library's proposed operating budget or tax levy in a budget year by more than 10% of the public library's operating levy.

Effective July 1, 2019

HEA 1375 – Public Law 209-2019  
State Board of Accounts

Makes various changes to statutes concerning the state board of accounts (board). Provides that an individual may confidentially report suspected malfeasance, misfeasance, or nonfeasance that involves an individual who has responsibility for administering public funds on behalf of an entity. Expands the list of individuals to whom the board may disclose examination workpapers and investigation records.

Makes corresponding changes. Effective July 1, 2019

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HEA 1427 – Public Law 257-2019  
Local Government Matters

Provides that, if a political subdivision publishes or submits to the department of local government finance's (DLGF) computer gateway a notice that contains an error or omission that inaccurately reflects the tax rate, tax levy, or budget actually proposed or fixed by the political subdivision by an amount that is less than 0.1%, the notice is a valid notice and the DLGF shall correct the error or omission.

Excludes political subdivisions that do not have the power to impose property taxes from the requirement to upload a digital copy of certain contracts on the Indiana transparency Internet web site.

Repeals the electronic digital signature act.

Makes changes to the time frame for the board of tax review to conduct a hearing and issue a determination.

Requires that the budget notice that political subdivisions must publish on the DLGF's computer gateway must also include information concerning the percentage change between the current and proposed tax levies of each fund. Specifies that a political subdivision shall file the budget adopted by the political subdivision with the DLGF not later than five business days after the budget is adopted. Authorizes the DLGF to adopt rules for procedures related to local government budgeting. Specifies that the adoption, amendment, or repeal of such a rule by the DLGF may not take effect before March 1 or after July 31 of a particular year.

Requires a political subdivision to adopt the needed changes to its budget, tax levy, or rate in a public meeting if the political subdivision's tax levy is increased by the DLGF to an amount that exceeds the amount originally advertised or adopted by the political subdivision. Provides for an extension of time to submit a city's budget in the case of a veto after October 1.

Provides that a civil taxing unit may not request permission to impose a property tax on account of revenue shortfalls, if the revenue shortfall preceded the most recent certified budget for the civil taxing unit by more than five years.

Changes the timeline for providing local income tax distribution numbers to local units.

Provides that certain statutes relating to the lease of real property by a political subdivision do not apply to a lease if the total annual cost of the lease is less than \$250,000. Validates a lease entered into by a political subdivision before January 1, 2019, with an annual cost of less than \$250,000 if the political subdivision's leasing agent did not comply with these statutes when the lease was entered into.

voids an annexation remonstrance waiver (waiver) executed before July 1, 2003. voids a waiver executed after June 30, 2003, and before July 1, 2019, unless the waiver was recorded in the county where the property is located before January 1, 2020. voids a waiver executed after June 30, 2019, unless the waiver was recorded in the county where the property is located within 30 business days after the date the waiver was executed. Provides that a waiver executed after June 30, 2003, that was properly recorded expires 15 years after the date the waiver was executed. Provides that waivers voided under the bill do not invalidate annexations that were effective before July 1, 2019.

Urges the legislative council to assign to an appropriate interim study committee, for study during the 2019 interim of the general assembly, the topic of local income taxes, including revenue allocations and uses. Urges the study of the advisability of eliminating the mortgage property tax deduction and the advisability of increasing the homestead standard deduction.

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HEA 1427 – Public Law 257-2019  
Local Government Matters - continued

Urges the study of automatic enrollment of employees in a political subdivision's deferred compensation plan.

Effective various dates

## **EXPRESSIONS OF SYMPATHY**

All of us at the State Board of Accounts sincerely appreciate the many expressions of sympathy received at the passing of our dear friend and fellow public servant, Charlie Pride, Sr.

Charlie Pride Sr. passed away May 21, 2019 at the age of 68.

He was born on April 30, 1951 in Washington, Indiana and is survived by his wife Cheryl, sons Charlie Jr. and Nicholas, daughter Bridget, and their families, which includes 4 grandchildren.

Charlie was a graduate of Vincennes University (business administration), Indiana State University (marketing), and Indiana State University again in 1977 (accounting). He became a CPA in 1981.

In 2013, Charlie received the Governor's Long Term Service Award. He was awarded the Russell C. Lloyd Distinguished Service Award from the Indiana Association of Cities and Towns in 2014. After retirement, Charlie was awarded the Sagamore of the Wabash by Governor Pence – which is the highest distinction awarded by the Governor to a citizen in Indiana.

Charlie started his career with the State Board of Accounts in 1978 and retired in 2014. During that time, he was a Field Examiner, County Office Supervisor for 7 years, and the Office Supervisor for 23 years for Cities, Towns, and Libraries.

## **SPRING LIBRARY WORKSHOPS**

The State Board of Accounts would like to thank the Indiana State Library for organizing the Spring Library Workshops which were held on June 17 and June 20, 2019.

The SBOA presentation and training materials are available on the library page of our website at [www.in.gov/sboa](http://www.in.gov/sboa).

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## HOT TOPICS

Information regarding the 2019 Gateway Annual Financial Report (AFR) changes can be found on the library page of our website at [www.in.gov/sboa](http://www.in.gov/sboa). A complete Schedule of Regulatory Changes for 2019 and 2020 is available, as well as example regulatory reports for 2019.

Also, under the Uniform Compliance Guidelines - Manuals section of the library page, you will find an updated Accounting and Financial Regulatory Reporting Manual for 2019.

## CISCO WEBEX MEETINGS

The State Board of Accounts is implementing new technology tools to assist with communication and trainings in the near future. This new technology will allow for video conferencing and file sharing to enhance communication. We recommend downloading the Cisco Webex Meetings Desktop Application from <https://www.webex.com/downloads.html>.

You will still be able to attend the Webex Meetings by clicking a link that you will receive once you are invited to join a future meeting without the application. However, we have found that there are less technical issues when using the application rather than a web browser. Once the application is installed, you will not need to enter your email or enter any URL. You will not have to login at all. The purpose of installing the desktop app is for when you're invited into a Webex meeting and you click a link to join, it will open in the desktop application.

## COMMUNICATIONS

Attached at the end of this document is the State Board of Accounts letter dated June 5, 2019 regarding significant changes in what you report on your annual financial report (AFR), the structural audit process we will follow when an audit of federal funds is required, and what your financial statement report will look like. Please read this document carefully.

Additional SBOA email communications for this quarter are listed below.

### Phishing Emails

The following email notification was sent by the State Board of Accounts on April 24, 2019: "Please be aware that periodically phishing emails requesting payment for unpaid audit costs are sent out impersonating various SBOA staff. It is not a normal practice for the State Board of Accounts to send requests for unpaid audit costs via email. Any invoices or bills regarding your audit costs will come via the US Postal Service, unless there is communication from SBOA to you by phone seeking an alternative method. We stress that In the case where we do plan to send you a billing statement via email, you will have been contacted directly by one of our SBOA personnel by phone call prior to receiving the email. If you ever have any questions regarding audit cost requests, please do not hesitate to contact us."

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## COMMUNICATIONS - Continued

### Audit Forms

The following email notification was sent by the State Board of Accounts on April 18, 2019: "Beginning this week, once your unit has been assigned an engagement, the State Board of Accounts will send planning forms along with your Financial Statements, Schedule of Federal Expenditures (SEFA), if applicable, and Notes to Financial Statement(s) to you prior to the arrival of the engagement team.

Please note that the Audit Manager and Lead Examiner assigned to your engagement will both be copied on the e-mail so that you may contact that appropriate individuals regarding any questions or concerns involving the completion of the forms or compilation of documents.

Additionally, this communication will include a Unit Request List in order to provide you with the opportunity to start locating and compiling the appropriate documentation prior to arrival of the engagement team."

### Glossary of Accounting and Auditing Terms

The following email notification was sent by the State Board of Accounts on April 10, 2019: "The Indiana State Board of Account's mission is 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.

We have provided sources for these definitions for further reference. The most authoritative source is provided but additional sources maybe available. There are terms listed within this glossary that are not explicitly defined in authoritative guidance. In these instances, the State Board of Accounts has compiled definitions based on research and our staffs' knowledge and experience.

Our reports are intended to provide objective information about the financial condition and compliance with the laws and regulations governing the units and entities we examine. It is our hope that the glossary is a beneficial resource in reviewing our reports and gives a proper perspective of the findings contained within our reports. An online version of this glossary is also available on our website at the following web address. <https://www.in.gov/sboa/5291.htm>

The letters, memorandums, and other communications incorporated into the Library Bulletin are considered part of the Uniform Compliance Guidelines issued by the State Board of Accounts."

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## INVENTORIES OF CAPITAL ASSETS

Every library should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger, General Form 369. A complete inventory should be taken at least once a year for good internal control and for verifying account balances carried in the accounting records.

### Capitalization Policy

The governing body should establish a capitalization policy that sets a dollar amount as a threshold to be used in determining which items will be recorded.

### Land

The records of each library should reflect land owned, its location, its acquisition date and cost (purchase price).

### Infrastructure

A capital asset account for the cost of infrastructure should reflect the location of each road, bridge, tunnel, drainage system, water, wastewater or stormwater system, dam, or lighting system.

### 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, if improvements are made to the building, the cost of such improvements would be included. If a building is acquired by gift, the account would reflect its appraised value at the time of acquisition.

### Improvement Other Than Buildings

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

### Equipment

Tangible property of a permanent nature, other than land, buildings and improvements, should be inventoried. Examples include machinery, trucks, cars, furniture, desks, safes, cabinets, 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 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.



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## ESTABLISHING THE ESTIMATED COST OF CAPITAL ASSETS

When it is not possible to determine the historical cost of capital assets owned by a governmental unit, the following procedure should be followed.

Develop an inventory of all capital assets which are significant for which records of the historical costs are not available. Obtain an estimate of the replacement costs of these assets. Through inquiry determine the year or approximate year of acquisition. Then multiply the estimated replacement cost by the factor for the year of acquisition from the Table of Cost Indexes. The resulting amount will be the estimated cost of the asset.

In some cases estimated replacement cost can be obtained from insurance policies; however, if estimated replacement costs are not available from insurance policies, you should obtain or make an estimate of the replacement costs.

If the replacement cost is estimated to be \$76,000.00 and the asset was constructed about 1930, then the estimated cost of the asset should be reported as \$5,320.00.

$$\$76,000.00 \times .07 = \$5,320.00$$

See Table of Cost Indexes  
1923-2018

<u>Year</u>	<u>Index</u>	<u>Year</u>	<u>Index</u>	<u>Year</u>	<u>Index</u>	<u>Year</u>	<u>Index</u>
2018	1.00	1994	0.59	1970	0.15	1946	0.08
2017	0.98	1993	0.58	1969	0.15	1945	0.07
2016	0.96	1992	0.56	1968	0.14	1944	0.07
2015	0.94	1991	0.54	1967	0.13	1943	0.07
2014	0.94	1990	0.52	1966	0.13	1942	0.06
2013	0.93	1989	0.49	1965	0.13	1941	0.06
2012	0.91	1988	0.47	1964	0.12	1940	0.06
2011	0.90	1987	0.45	1963	0.12	1939	0.06
2010	0.87	1986	0.44	1962	0.12	1938	0.06
2009	0.85	1985	0.43	1961	0.12	1937	0.06
2008	0.86	1984	0.41	1960	0.12	1936	0.06
2007	0.83	1983	0.40	1959	0.12	1935	0.05
2006	0.80	1982	0.38	1958	0.12	1934	0.05
2005	0.78	1981	0.36	1957	0.11	1933	0.05
2004	0.75	1980	0.33	1956	0.11	1932	0.05
2003	0.73	1979	0.29	1955	0.11	1931	0.06
2002	0.72	1978	0.26	1954	0.11	1930	0.07
2001	0.71	1977	0.24	1953	0.11	1929	0.07
2000	0.69	1976	0.23	1952	0.11	1928	0.07
1999	0.66	1975	0.21	1951	0.10	1927	0.07
1998	0.65	1974	0.20	1950	0.10	1926	0.07
1997	0.64	1973	0.18	1949	0.09	1925	0.07
1996	0.63	1972	0.17	1948	0.10	1924	0.07
1995	0.61	1971	0.16	1947	0.09	1923	0.07

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## APPROPRIATIONS OF FEDERAL AND STATE FUNDS

When funds are provided by the federal government either directly to or through a state agency for any program or project, the following procedures should be followed:

**Advance Grants.** Advance grants should be handled as follows:

1. Where funds are “advanced” directly by the federal government for a specific purpose prior to making any disbursements, the money should be placed in a separate project fund and disbursements subsequently made from that fund. No appropriation of the federal funds is required.
2. Where federal funds are “advanced” through a state agency or department with no state funds added thereto prior to making any distributions, the money should be placed in a separate project fund and subsequent disbursements made from that fund. No appropriation of the federal funds is required.
3. Where federal funds are “advanced” by a state agency or department and state funds are included along with the federal funds in one check or voucher and the funds are for a specific purpose, the money should be placed in a separate project fund and disbursements made from that fund. Appropriation(s) must be obtained for the combined total (i.e., federal and state) prior to any disbursement being made from that project fund.

**Reimbursement Grants.** Reimbursement grants should be handled as follows:

Where a federal or state grant provides for payments to be made directly on a “reimbursement” basis after payment of expenses, the entire amount of the federal or state reimbursement may be appropriated by the library board without using the additional appropriation procedures under IC 6-1.1-18-5, if the funds are provided or designated by the state or the federal government as a reimbursement of expenditures. [IC 6-1-1.1-18-7.5].

No separate fund for the project or program is required unless the terms of the grant require one.

**Matching Grants.** Matching Grants should be handled as follows:

When a federal grant or program requires expenditures or “matching” funds to be provided from library funds, an appropriation must be obtained for the amount of such expenditures or local matching funds. Individual program requirements will dictate whether the appropriation should be obtained within the applicable library fund for expenditures there from or whether an appropriation should be obtained within the applicable library fund for a transfer to a required separate fund. This matter should be set out in the terms and conditions entered into between the library officials of the federal agency.

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## APPROPRIATIONS OF FEDERAL AND STATE FUNDS - Continued

**Summary.** To summarize, no appropriations of federal funds are necessary:

1. when advanced directly from the federal government for a specific purpose prior to making disbursements, and the money is placed in a separate project fund with disbursements made from that fund; or
2. when federal funds are received in advance through a state agency for a specific purpose prior to making disbursements and the money is placed in a separate project fund with disbursements made from that fund and there is no state match.

Please keep in mind, if a library wishes to obtain an appropriation for all funds to be spent (i.e., federal, state, and local), there is certainly no prohibition in state statutes.

## APPROVED DEPOSITORIES

Depositories used by libraries must be approved as depositories for State funds. The Indiana Board for Depositories' website contains the most recent listing of approved depositories. The list can be accessed at [www.in.gov/tos/deposit/](http://www.in.gov/tos/deposit/).

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## RECORD RETENTION

IC 5-15-6-3 states:

“No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration.”

IC 26-2-8-111 states in part:

“(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) Accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
  - (2) Remains accessible for later reference...
- (e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a).”

More information on record retention is available on the Indiana Archives and Records Administration website at [www.in.gov/iara](http://www.in.gov/iara), including retention schedules and electronic records management.

## CLAIMS FOR PAYMENTS TO STATE AND FEDERAL AGENCIES

The State Board of Accounts’ audit position is that when statutory payments are due to state or federal agencies, there is no requirement for the state or federal agency to file an invoice or claim for such payments. This audit position would include payments for social security obligations, public employees’ retirement fund contributions, federal, state, or county taxes withheld, sales tax, and other such amounts due state or federal agencies. The disbursing officer should prepare an accounts payable voucher and attach any copies of payroll deduction reports, federal or state invoices, communications, etc., to document the payment. The accounts payable voucher will provide a posting media indicating to whom paid, fund on which drawn, accounts to be charged, and the approval by the proper boards.



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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June 5, 2019

Dear Officials,

State Board of Accounts is making significant changes in what you report on your annual financial report (AFR) to us through gateway, the structural audit process we will follow when an audit of federal funds is required, and what your financial statement report will look like, so please read carefully.

These changes are a result of recognizing that your financial statement users' needs have changed and will continue to change. We all must recognize and acknowledge the importance of how financial statements and financial statement opinions are utilized and make sure to provide the needed information in such a way that is immediately identifiable and useful.

## **Annual Financial Report Submitted Through Gateway**

The users' needs of your financial reporting have been changing. These changes are being reflected in recent statutory changes as well as requirements by those who issue debt and those that provide bond credit ratings that impact your unit. Transparency, accountability and comparability are among the factors sought for proper evaluations. The trend is toward the established concepts inherent in Generally Accepted Accounting Principles (GAAP) financial statements.

To be good stewards of our statutory responsibilities, State Board of Accounts has reevaluated reporting requirements that we require of you. Currently, the financial activity reported by you through Gateway for your AFR is on a regulatory basis that SBOA has formulated.

Starting with calendar year 2019 financial activity that is reported in 2020, we are implementing enhancements to these regulatory reporting requirements. These enhancements will provide common GAAP disclosures utilized for evaluation purposes by many users of financial statements. This will have the immediate impact of providing the information that users are requiring. This will also position all units with a basic framework for any further trends in GAAP disclosures.

The current reporting changes may be found on our website under hot topics for your particular unit type webpage at [www.in.gov/sboa](http://www.in.gov/sboa). You will find a schedule that identifies the specific financial information that you will need to have available for input. Please review carefully. Some of the items will take planned effort to accumulate and/or identify.

We have already begun training on these new requirements and will continue to do so at our conferences as well as on our website.

## **Audit of Federal Funds**

Many of you receive federal funds that require a single audit under the requirements of the Federal Office of Management and Budget. These single audit requirements are commonly called Uniform Guidance. The provision for the performance of this type of audit has not changed and we will continue to perform this audit service for you.

What has changed is how our audit teams are structured and how your audit reports will be formatted as a deliverable.

In the past there would be one audit team assigned to perform all aspects of the audit. The same team would audit financial statement related activity, general compliance requirements, and the federal uniform guidance requirements.

It has been determined that performing all aspects of the audit at one time, with one team is not the most efficient. Both the financial statement related activities and the federal uniform guidance requirements have unique auditing components that are more efficient when performed by persons that have become experts in these respective areas.

To this end, starting with all audits commenced after July 1, 2019, SBOA will have two audit teams assigned when a unit is required to have a federal audit performed in addition to the audit of a unit's financial statement activity.

We will strive to have these two teams' arrival and departure run concurrently, however, there may be some scheduling variation. If this occurs you will be informed of what to expect.

There will also be a separate billing process in place for both stages of the audit. This will enable you to identify the actual costs associated with the federal portion of your audit in order to better assess the total cost of receiving federal grant dollars.

Finally, there will be two separate reports issued. There will be one for financial statements that will include the associated opinion and one for the federal single audit with those associated opinions. This is not a new format for SBOA as we have successfully split and reported these elements separately at the State, Universities, and for certain other audited entities.

Supplemental reports for significant and impactful compliance issues will still be issued separately in the form with which you are currently familiar.

More details regarding the changes and what these changes will mean to you will be forthcoming in the near future.

If you have any questions or concerns please do not hesitate contact us at:

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Sincerely,

Debbie Gibson CPA, CFE  
Director of Audit Services