INDIANA BOND BANK
REQUEST FOR INFORMATION
TO SERVE AS

ACCOUNTANTS

for the

INDIANA BOND BANK

I. PURPOSE

The purpose of this Request for Information ("RFI") is to invite qualified accounting firms to submit information which outlines their ability to serve as accountants for the Indiana Bond Bank ("Bond Bank"). The accounting firm selected will be requested to provide the customary services of accountants (see Scope of Services). This is not an invitation to bid or a request for proposal under any applicable provisions of the Indiana Code. The Bond Bank creates no obligation, express or implied, by issuing this RFI or by receipt of any proposals submitted pursuant hereto. The award of any contract as a result of this RFI shall be at the sole discretion of the Bond Bank. Neither this RFI nor any proposal submitted in response hereto is to be construed as a legal offer.

II. BACKGROUND OF THE INDIANA BOND BANK

The Indiana Bond Bank is a quasi-governmental entity (a separate body, corporate and politic) established by the Indiana General Assembly in 1984 (I.C. 5-1.5).

The Bond Bank is governed by a Board of Directors, which consists of seven members. The Treasurer of State and the Public Finance Director serve as members of the Board as part of their official functions. The remaining five members are appointed to three year terms by the Governor. The Treasurer of State is statutorily appointed to serve as Chair of the Board.

The primary mission of the Bond Bank is to assist local government in the process of issuing debt. As of April 1, 2016, the Bond Bank has issued almost \$21.45 billion in bonds/notes and has approximately \$1.12 billion outstanding. The daily operations of the Bond Bank are self-supporting. No financial assistance is provided through the State of Indiana.

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www.in.gov/bond

In general, the Bond Bank operates as a financing conduit. The Bond Bank purchases the bonds of various communities and in turn issues its own obligations in the financial markets. This pooling process allows local communities to realize certain savings that are achieved through the sharing of otherwise fixed costs and economies of scale. These savings are realized both in terms of dollars and through the streamlining of various procedures and related documents.

The purpose of the Bond Bank is to buy and sell securities and to make loans to qualified entities. Pursuant to the *Indiana Code*, qualified entity (QE) means:

(1) A political subdivision (as defined in IC 36-1-2-13);

(2) A state educational institution (as defined in IC 20-12-0.5-1(b));

(3) A leasing body (as defined in IC 5-1-1-1(a));

(4) A not-for-profit utility (as defined in IC 8-1-2-125);

(5) Any rural electric membership corporation organized under IC 8-1-13;

(6) Any corporation that was organized in 1963 under Acts 1935, c. 157 and that engages in the generation and transmission of electric energy;

(7) Any telephone cooperative corporation formed under IC 8-1-17;

(8) Any commission, authority, or authorized body of any QE;

(9) Any organization, association, or trust with members, participants, beneficiaries that are all individually QEs;

(10) Any commission, authority, or instrumentality of the state.

(11) Any other participant (as defined in IC 13-11-2-151.1);

(12) A charter school established under IC 20-5.5 (before its repeal) or IC 20-24 that is not a qualified entity under IC 5-1.4-1-10;

(13) A volunteer fire department (as defined in IC 36-8-12-2); OR

(14) A development authority (as defined in IC 36-7.6-1-8).

In order to meet its public purpose, the Bond Bank has developed several types of programs. Each program has been tailored to specific financing needs.

III. Scope of Services

A. General Requirements

1. General Outline of Accounting Policies and Procedures

The Bond Bank is accounted for as an enterprise fund. Revenue and expenses are recognized on the accrual basis. Revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized in the period incurred. The financial statements are prepared in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board.

Accounting for the above is done on a general ledger with approximately fifty divisions, a division for each bond issue. The bond issues are grouped by program. The financial statements generated from the general ledger provide a detailed breakdown of the various bond issues within each program along with a total for that program. Accounting procedures are maintained for the following types of programs during the fiscal year:

Special Program Bonds - Bonds issued to assist QEs with various long-term financing needs, primarily including expansion of water and sewer systems. Many series of the Special Program Bonds have been refunded. The Indiana Bond Bank also issued prepaid gas bonds.

Advance Funding Program Notes - Notes issued to provide QEs with short-term cash flow financing during the periods of time prior to the semi-annual receipt of property taxes. The Midyear Funding Program is a part of the overall Advance Funding Program. The Year End Assistance Program is used when a qualified entity does not settle its property taxes for the prior year and does not pay off its warrants in the Advance Funding Program.

Common School Fund Bonds – Bonds are issued to purchase outstanding advancements made from the Common School Fund to finance technology or construction costs.

School Severance Bonds – Bonds are issues to purchase General Obligation bonds of school corporations issued for severance liabilities. Most series of the School Severance Bonds have been refunded.

Qualified School Construction Bonds (QSCB) – Bonds issued to provide below market interest rates for school construction projects.

Fuel Budgeting Program – This program provides the mechanism for qualified entities to protect their fuel budgets by participating in a financial hedge.

Interim Loan Program – Notes are issued to assist QEs with interim financing for constructions projects. These loans are taken out with permanent financing upon the completion of the construction period by the United States Department of Agriculture – Rural Development.

New Programs – The Bond Bank may from time to time create and establish new programs to address the financing needs of Qualified Entities.

2. Reviewing New Bond Issues and Preparing Opening Entries

The following documents are referenced to prepare the opening entry of a new bond issue and confirm the amounts posted to the trust statements:

Trust Indenture

Official Statement (if applicable)

Examination of Arithmetical Accuracy

Sources and Uses of Proceeds

Investment Agreements (if applicable)

Beginning Trust Statements

Other pertinent information in the Bond Transcript

Create New Division - A new division is set up on the general ledger and formatted to the proper program on the financial statements. The opening entry is prepared from a review of the above information and posted to the general ledger.

Summarize Cost of Issuance - A schedule is prepared summarizing the costs of issuance of the bond.

Create Amortization Schedules - Amortization schedules are prepared for the costs of issuance, discount on long-term bonds and discount on investments in QEs.

3. Transactions

Each bond issue (approximately fifty issues are currently outstanding) receives a series of trust statements as prescribed in the trust indentures. The trust statements will be provided monthly via e-mail. On a regular basis the activity occurring in the trust statements is reviewed and prepared in journal entry form. The transactions are posted to the general ledger on a quarterly basis by the respective divisions. Amortization schedules and other details are referred to when posting the transactions. A quarterly trial balance and detailed general ledger is printed for each division after the transactions are posted.

Cash and investment reconciliations are completed quarterly for each division. The cash and investment reconciliations are reconciled to the trial balances.

A spreadsheet is maintained during the year for each bond issue documenting the investments in obligations of the QEs. The spreadsheet includes the prior year's ending balance by QE and reductions for payments made. The corresponding interest income is also maintained separately on the spreadsheet. Both principal and interest are reflected on the schedule monthly.

A similar spreadsheet is also prepared for the outstanding bonds and notes payable detailing the beginning balance and current years principal and interest payments. Any discrepancies in payments or other postings are discussed with the various trustees throughout the year. The Bond Bank's outstanding debt can be found on its website at www.in.gov/bond.

4. Adjusting Entries

Accrued Interest Receivable- Accrued interest receivable is calculated on short and long term investments (the debt service reserve is the most common). Accrued interest receivable is also calculated on the investments in obligations of QEs for each bond issue. A schedule is prepared calculating the QEs' accrued interest from the date of the last payment for each bond issue.

Accrued Interest Payable- Accrued interest payable is calculated on bonds and notes payable from date of the last payment.

Discount on Investment in QEs- The discount on investment in QEs is accreted into income over the life of the investment.

Discount on Long-term Bonds- The discount on long-term bonds is amortized over the life of the outstanding debt.

Premium and Discount on Long-term Investments- The premiums and discounts on long-term investments are amortized.

Deferred Revenue- Deferred revenue is set up and recognized ratably each period if applicable to the bond issue.

QE Contra- If remaining funds in a bond issue revert to the QE, a contra account is established and adjusted accordingly.

5. Operating Fund

Obtain detail of the Indiana Bond Bank's operating account and prepare for the audit. Prepare supporting documentation for the accounts and make adjustments if required. The Operating Fund is maintained on a cash basis during the year and accrual entries are posted at the fiscal year end. Following are some of the procedures performed:

Cash- Verify bank reconciliation agrees to trial balance.

Investments- Obtain trust statements and reconcile to general ledger.

Accrued Interest Receivable- Calculate accrued interest receivable and post adjustment.

Fixed Assets- Maintain depreciation schedule and post depreciation expense at year end.

Accounts Payable- Develop accounts payable list at year end and post adjustment.

Income & Expense Accounts- Analyze income and expense accounts for the year.

6. Reconciling Year End Trial Balances to Detail

The following procedures are performed at the end of the fiscal year for each bond issue to verify the general ledger balances are accurate:

Cash- The cash reconciliations are prepared and tied to the general ledger balances.

Investments- A summary of the investments held in the trust accounts is prepared and reconciled to the general ledger.

Accrued Interest Receivable- A summary of accrued interest receivable schedules is prepared and reconciled to the general ledger.

Investments in QEs- A spreadsheet has been maintained throughout the year reflecting the QE investment balances at the beginning of the year less the payments made during the year. The ending QE balances per the schedule are confirmed to the QE amortization schedules. The total, per the schedule, is then reconciled to the general ledger.

Discount on Investment in QE- Balance on the general ledger is reconciled to the amortization schedule.

Deferred Issuance Costs- On new bond issues the balance is reconciled to the summary of costs of issuance. On existing issues the balance is confirmed that no changes were incurred.

Accumulated Amortization COI - Balance on the general ledger is reconciled to the amortization schedule.

Accrued Interest Payable- The balance is reconciled to the accrued interest payable calculation.

Bonds Payable- Confirm balance agrees to amortization schedule.

Discount on Long-term Bonds- Balance on the general ledger is reconciled to the amortization schedule.

Interest Income- A reconciliation is prepared detailing all interest income received during the year for each bond issue. The reconciliation reflects the beginning and ending accrued interest receivable balance and an itemization of interest income from each type of investments.

Interest Expense- A reconciliation of accrued interest payable and the interest payments made during the year is prepared to reconcile the interest expense of each bond issue.

Interfund Balances- Interfund balances are reconciled between the various programs and the operating fund.

Other Accounts- All other accounts are reconciled to supporting schedules.

7. Year End Financial Statements

The following financial statements are compiled at year end:

Balance Sheet

Statement of Revenues and Expenses

The Balance Sheet and Statement of Revenues and Expenses are prepared by program and in aggregate. Supporting schedules are included in the financial statements detailing the various bond issues within each program.

The Statement of Cash Flows and Detail for the Note Disclosures is also prepared for the yearend audit.

8. Statement of Cash Flows

When the statement of cash flows is completed, schedules are prepared supporting the following amounts:

Purchases of Investments

Purchases of Obligations of QEs

Maturities of Investments

Maturities of Obligations of QEs

Proceeds from Debt Issuances

Debt Issuance Costs Paid

Repayment of Bonds and Notes Payable

9. Detail for the Note Disclosures

The following information is prepared at year end to assist the auditors in preparing the Notes to the Financial Statements.

Cash Equivalents- A schedule is prepared for cash equivalents, classifying each security as a money market fund, U.S. Government Agency Obligations, repurchase agreements, or investment agreements with banks.

Investments- A schedule is prepared for investments classifying each security as U.S. Government Agency Obligations, investment agreements with banks and investment agreements with insurance companies.

In addition to determining the appropriate classification of the investments, the market value will also need to be provided.

Investments in Obligations of QEs- A schedule is prepared summarizing each QE investment by program.

Long-term Debt- A schedule of five year maturities on all bond issues is prepared. The statutory debt limit is scheduled out for the debt note. The debt reserve balances are scheduled out for the debt note. A schedule of all outstanding bonds and notes payable is prepared at the year end.

10. Client Assistance Schedules Prepared for the Auditors

The following schedules are prepared at the request of the auditors each year:

Investment in QEs- Detail of amounts due from each QE as of the fiscal year end. The schedule contains information related to approximately 300 QEs and is used for the preparation of accounts receivable confirmations.

Progression of Long-Term Debt- An aggregate schedule of Bonds Payable reflecting year end balances new bond issues and maturities during the year.

Progression of Discount on Investment in QEs- An aggregate schedule of the unamortized balance of discount on investment in QEs. The schedule reconciles the new bond issues and amortization recognized during the year.

Progression of Discount on Long-Term Investments- An aggregate reconciliation of new discounts, amortization and year end balances.

Progression of Long-Term Debt Premiums and Discount- An aggregate schedule of the unamortized balance of premiums and discounts on long-term debt. The schedule includes amortization during the year and amounts from new bond issues.

Progression of Accrued Interest Payable- A reconciliation of the year end accrued interest payable balances and interest expense.

Progression of Deferred Revenue- An aggregate reconciliation of the changes in deferred revenue.

Progression of Costs of Issuance- An aggregate reconciliation of deferred issuance costs and amortization.

Analysis of Changes in Net Income for each Bond Issue

11. Accounting Issues

Implement new GASB pronouncements

All adjusting entries necessary to implement GASB pronouncements

Record Defeasance of Debt

Adjust Arbitrage Liability

Record Maturities of Bonds Called

Recommendations on Accounting for New Programs

12. Contact with Auditors

Assist in planning stages of Audit

Assist during audit in answering questions and preparing additional information as requested

Attend Audit Committee meetings

13. Contact with Trustees

Discuss various issues with trustees during the year

B. Term of Engagement

The Accounting firm selected will be engaged for the time period July 1, 2016 through June 30, 2018 and includes accounting services for the Indiana Bond Bank completed during the period. However, accounting services in progress on June 30, 2016 will be completed by the accountants previously engaged, if applicable. Either party may terminate such agreement upon thirty (30) days' written notice.

C. Engagement Letter

The accounting firm selected will be expected to sign an engagement letter. A draft of an engagement letter is attached to this request as Exhibit A. The draft form of engagement letter may be substituted or amended. Any changes are subject to review by the General Counsel of the Indiana Bond Bank. <u>Your proposal must include a statement that your firm is willing to sign the engagement letter as outlined in the Exhibit, or include a form of your proposed engagement letter with a summary of the key substantive differences (if any) between the form of engagement letter attached hereto and your proposed form of engagement letter.</u>

D. Qualifications

The accountant who will have oversight responsibility for the engagement must be a Certified Public Accountant.

IV. SPECIFIC PROPOSAL REQUIREMENTS

Proposals should contain direct responses to the following questions or requests for information and be organized so that the specific questions being answered are readily identifiable. Responses to each question or request for information should each begin on a new page with the questions repeated at the top of the page. Proposing firms are <u>required</u> to respond to all of the following questions and requests for information.

A. Summary

Each proposal should include a summary of not more than two (2) pages which highlights the reasons why your firm should be selected for Accounting Services. The summary must also contain a statement that the individual signing the proposal has the authority to commit the firm to the terms proposed.

B. Basic Information Requirements (limit to one page)

Name of the firm

Name and title of individual preparing and responsible for the proposal

Mailing address

Telephone and facsimile numbers

C. Basic Information re: the Proposer (limit to two pages)

Name(s) and brief resume(s) of the accountant(s) who will have daily responsibility for the engagement. Please identify other transactions in which they have had an active role which might be relevant to the engagement.

Name and brief resume of the accountant who will have oversight responsibility for the engagement.

Name(s) and brief resume(s) of any additional staff members who will provide support to the accountant(s) who will have daily responsibility for the engagement.

A description of the general capabilities of your firm including information relating to total size and staffing, research capability, professional staff and clerical support.

D. References

References including names, addresses and current telephone numbers of specific individuals should be provided for three clients for whom your firm has served as accountants. Please include ONLY three (3) references.

E. Fee Proposal

Provide a fee schedule on a per hour basis including the rates for the types of personnel which will be assigned to the engagement with an annual accounting service fee cap. If you provide ranges, the high amount of any range will be recorded as your response.

Provide an annual fixed fee for the engagement. The fixed fee may take into consideration any new programs or issues implemented by the Bond Bank in a separate item beyond the fixed fee.

Out-of-Pocket Expenses: Specify the types of expenses for which your firm would seek reimbursement for services performed as Indiana Bond Bank Accountants.

Fees and expenses relating to general Bond Bank matters may be billed on a monthly basis. The Bond Bank should be provided invoices detailing services rendered, time expended, and disbursements incurred.

V. ADDITIONAL INFORMATION

A. Selection

1. Criteria

Selection of Accountants of the Indiana Bond Bank shall be solely at the discretion of the Indiana Bond Bank and shall be based upon the following criteria:

Experience of accountant(s) assigned to the engagement;

Availability of facilities and resources;

Past experience of firm in the role of Accountants;

Fee proposal;

Any other quality or characteristic deemed in the best interest of the Indiana Bond Bank.

2. Selection Date

It is anticipated that a preliminary selection will be made during the week of May 30, 2016; however, it may be made before or after that date. The selection is considered at the next Board of Directors meeting.

The Bond Bank reserves the right to reject any and all proposals.

B. Clarification of Information

It is the responsibility of the offerer to inquire about and clarify any aspect of the RFI that is not understood. Questions for clarification must be addressed in **writing** to Ron Mangus, Executive Director at rmangus@inbondbank.com. Written responses will be provided. Under the Indiana Open Door law, all questions and responses will be available to the public.

The Bond Bank specifically requests that no contact concerning this RFI be made with any member of the Indiana Bond Bank (other than Ron Mangus), its Financial Advisor (Crowe Horwath, LLP), its General Counsel (Barnes & Thornburg) or the Treasurer's Office during the selection process. Failure to honor this request will be viewed negatively in the selection process.

VI. PROPOSAL PREPARATION AND SUBMISSION REQUIREMENTS

A. RFI Response and Confidentiality

In order to be considered for selection, proposers must submit a complete signed response to this RFI. The proposal must be submitted by email to bondbank@inbondbank.com by noon, **Wednesday May 25, 2016**.

All proposals must reference "ACCOUNTANT SELECTION" in the email. Proposals must be received by email at bondbank@inbondbank.com. A written copy may follow in the mail or hand-delivery to Indiana Bond Bank, 10 W. Market St., Suite 2980, Indianapolis, IN 46204.

Respondents are advised that materials contained in proposals are subject to the Indiana Public Records Act and may be viewed and/or copied by any member of the public, including news agencies and competitors. In accordance with said Public Records Act I.C. 5-14, respondents claiming a statutory exception to the Indiana Public Records Act must place the putatively confidential documents in a sealed envelope clearly marked "Confidential" and must indicate on the outside envelope of their proposal that confidential materials are included and specify which statutory exception provision applies.

B. Proposal Preparation

Proposals must be signed by an authorized representative of the firm. Failure to submit all information requested may result in the proposal being considered "non-responsive", and, therefore, rejected.

Proposals should be prepared simply, providing straightforward, concise responses to satisfy RFI requirements. No printed brochures or materials other than written responses to the specific requirements should be provided. The total length of the response must not exceed 10 pages.

C. Discretion in Determining Deviations and Compliance

The Bond Bank reserves the right to determine which of the responses have met the minimum qualifications expressed in this RFI. The Bond Bank shall have the sole right to determine whether any deviation from the requirements of this RFI is substantial in nature, and the Bond Bank may reject unacceptable responses. In addition, the Bond Bank may reject in whole or in part any and all responses, may waive minor irregularities, and may negotiate with any respondent in any manner deemed necessary to serve the best interests of the Bond Bank.

D. Costs

The Bond Bank shall not be liable for any expenses incurred in the preparation of responses to this RFI.

E. Additional Information

The Bond Bank reserves the right to request clarifying information from the respondent. Furthermore, the Bond Bank may request an oral interview of the respondent.

F. Notification

The Bond Bank is not required to furnish a statement of the reason(s) why a response was not deemed to be the most advantageous nor will it be required to furnish any information regarding this RFI other than the original solicitation document.

G. Bond Bank Financial Information

The Bond Bank Financial Statements and outstanding debt can be found on the Bond Bank's website at www.in.gov/bond under financial reports.

INDIANA BOND BANK
PBC CONTROL
For the Year Ended June 30, 2016

Cash

			Received
1	Operating account bank reconciliation as of June 30, 2016	IBB	
2	Operating account bank statements for June and July 2016	IBB	
3	PERF Calculation	IBB	
4	Employee Earnings Summary	IBB	

Investment in QE

5	Summary of Qualified Obligations as of June 30, 2016	IBB	
6	Detail of Advance Funding - Investment in QE	IBB	
7	Rollforward of Investments in QE for past three years indicating purchases and sales	Accountants	
8	Schedule of Discount on Investments in QE & Long-Term Investments	Accountants	
9	Schedules to support investment information in footnotes	Accountants	
10	Explanation and schedule of QE contra balances	Accountants	
11	Estimate of Interest Income using average balance and average interest rate	Accountants	
13	Short Term Investments	Accountants	
14	Progression of Premium on Investments in QE	Accountants	

Accrued Interest Receivable

15	Detail schedule of Accrued Interest Receivable balance at June 30, 2016	Accountants	

Note Receivable

16	Detail of notes receivable balance at June 30, 2016	N/A	
17	Detail of any BAN agreements entered into in fiscal year 2016	N/A	
18	Analysis of the allowance for doubtfull accounts as of June 30, 2016	IBB	

Bonds & Notes Payable

19	Summary of Outstanding Debt as of June 30, 2016	IBB	
20	Schedule of new issues in FY 2016 indicating program, date, and amount	IBB	
21	Outstanding Debt Concentration analysis as of June 30 (for the past five years)	IBB	
22	Progression of LT debt at book value, including discounts and premiums	Accountants	
23	Schedule by issue of debt service reserve balances as of June 30, 2016	Accountants	
24	Access to Debt Agreements	IBB	
25	Estimate of interest expense using average balance and average interest rate	Accountants	
26	Outstanding bonds backed by incremental property tax revenues	IBB	
27	Bonds backed by letter of credit arrangements/private insurer	IBB	
28	Detail of any current year refunding & associated savings calculation	Accountants	
29	Calculation of FMV of SWAPs at June 30, 2016	Accountants	
30	Analysis of the interest rate SWAPs at June 30, 2016, pursuant to GASB 53	Accountants	
31	Listing of all Variable Rate Demand Bonds	Accountants	

Accrued Interest Payable

32	Detail of accrued interest payable at June 30, 2016	Accountants	

Deferred Revenues/Deferred Charges

33	Progression of Deferred Revenues	Accountants	
34	Progression of Deferred Charges	Accountants	

Note Payable to Bank

35	Detail of notes payable at June 30, 2016	N/A	

Other Assets

36	Lead schedule of other assets comparing current year to prior year	Accountants	

Accounts Payable

37	Lead schedule of accounts payable comparing current year to prior year	Accountants	

Statement of Revenue/Expense

38	Lead schedule of fee income and misc income comparing current to prior year	Accountants	
39	Lead schedule of operating expenses comparing current year to prior year	Accountants	

GASB 34 Items

40	Management Discussion & Analysis	Accountants	
41	Preliminary Draft of Financial Statements		
	--Classified Balance Sheet	Accountants	
	--Income statement broken out by Operating and Nonoperating	Accountants	
42	Statement of Cash Flows prepared under the Direct Method	Accountants	
43	Equity Rollforward shown by three categories (unrestricted; restricted, and capitalized net of related debt)	Accountants	
44	Debt service requirements reported in accordance with GASB 38	Accountants	
45	Schedules requested as part of State of Indiana GASB 34 compliant CAFR prepration and supporting document	Accountants	

Other

46	GASB 68 (Pension Liability) information as requested from INPRS	IBB	
47	Board of Directors Minutes	IBB	
48	Balance Sheet/Income Statement with detail by program	Accountants	
49	Arbitrage rebate liability calculation	Crowe Horwath	
50	Access to Crowe Horwath's financial reviews of Qualified Entities	IBB	
51	Pending Leases for HELP Program	IBB	
52	Statutory Debt Limits	Accountants	
53	Fair market value calculation of the Fuel Hedge programs hedging activity, pursuant to GASB 53	IBB	