

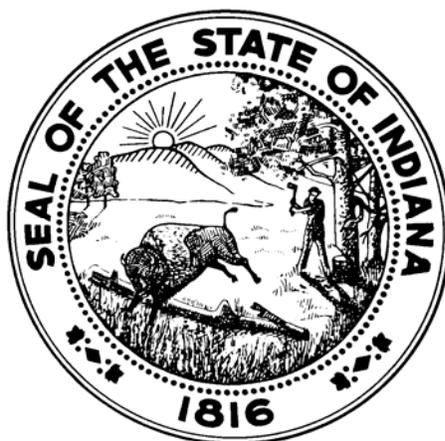
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

ANNUAL FINANCIAL REPORT

2006

FISHERS REDEVELOPMENT AUTHORITY

HAMILTON COUNTY, INDIANA



FILED
06/20/2007

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Linda Gaye Cordell

01-01-04 to 12-31-07

President of the
Redevelopment Authority

Jonathan Kroehler

01-01-04 to 12-31-07



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF FISHERS REDEVELOPMENT
AUTHORITY, HAMILTON COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities and each major fund of the Fishers Redevelopment Authority, as of and for the year ended December 31, 2006, which collectively comprise the Authority's primary government basic financial statements. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Authority as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended, in conformity with accounting principles generally accepted in the United States.

The Authority has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

STATE BOARD OF ACCOUNTS

May 4, 2007

FISHERS REDEVELOPMENT AUTHORITY
STATEMENT OF NET ASSETS
December 31, 2006

<u>Assets</u>	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 2,304,446
Deferred debits	586,963
Investment in capital lease	<u>36,105,000</u>
 Total assets	 <u>38,996,409</u>
 <u>Liabilities</u>	
Payable from restricted assets:	
Accrued interest payable	700,750
Noncurrent liabilities:	
Due within one year	1,595,000
Due in more than one year	<u>34,064,513</u>
 Total liabilities	 <u>36,360,263</u>
 <u>Net Assets</u>	
Restricted for:	
Debt service	2,304,446
Unrestricted	<u>331,700</u>
 Total net assets	 <u>\$ 2,636,146</u>

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

FISHERS REDEVELOPMENT AUTHORITY
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2006

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets Governmental Activities</u>
Primary government:			
Governmental activities:			
General government	\$ 75,565	\$ -	\$ (75,565)
Interest on long-term debt	<u>1,650,149</u>	<u>1,573,339</u>	<u>(76,810)</u>
Total governmental activities	<u>1,725,714</u>	<u>1,573,339</u>	<u>(152,375)</u>
Total primary government	<u>\$ 1,725,714</u>	<u>\$ 1,573,339</u>	<u>(152,375)</u>
General revenues:			
Unrestricted investment earnings			<u>31,858</u>
Change in net assets			(120,517)
Net assets - beginning			<u>2,756,663</u>
Net assets - ending			<u>\$ 2,636,146</u>

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

FISHERS REDEVELOPMENT AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2006

<u>Assets</u>	<u>Debt Service</u>
Cash and cash equivalents	\$ 2,304,446
Fund balances:	
Reserved for:	
Debt service	\$ 2,304,446
Total fund balances	\$ 2,304,446
Amounts reported for governmental activities in the statement of net assets are different because:	
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	36,691,963
Other Liabilities, interest payable, are not due and payable in current period, and, therefore are not in the funds.	(700,750)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(35,659,513)
Net assets of governmental activities	\$ 2,636,146

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

FISHERS REDEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2006

	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues:			
Lease rental payments	\$ 3,163,339	\$ -	\$ 3,163,339
Other	<u>28,653</u>	<u>3,205</u>	<u>31,858</u>
 Total revenues	 <u>3,191,992</u>	 <u>3,205</u>	 <u>3,195,197</u>
Expenditures:			
General government	-	75,565	75,565
Debt service:			
Principal	1,590,000	-	1,590,000
Interest	<u>1,592,412</u>	<u>254</u>	<u>1,592,666</u>
 Total expenditures	 <u>3,182,412</u>	 <u>75,819</u>	 <u>3,258,231</u>
Excess (deficiency) of revenues over (under) expenditures	 <u>9,580</u>	 <u>(72,614)</u>	 <u>(63,034)</u>
Other financing sources (uses):			
Transfers in	1,773	-	1,773
Transfers out	<u>-</u>	<u>(1,773)</u>	<u>(1,773)</u>
 Total other financing sources and uses	 <u>1,773</u>	 <u>(1,773)</u>	 <u>-</u>
Net change in fund balances	11,353	(74,387)	(63,034)
Fund balances - beginning	<u>2,293,093</u>	<u>74,387</u>	<u>2,367,480</u>
Fund balances - ending	<u>\$ 2,304,446</u>	<u>\$ -</u>	<u>\$ 2,304,446</u>

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

FISHERS REDEVELOPMENT AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2006

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (Statement of Revenues, Expenditures and Changes in Fund Balances).	\$ (63,034)
The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,532,517
Payments received on a capital lease provide current financial resources to governmental funds but have no effect on net assets.	<u>(1,590,000)</u>
Change in net assets of governmental activities (statement of activities)	<u><u>\$ (120,517)</u></u>

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

CITY OF FISHERS REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Fishers Redevelopment Authority (primary government) was established under the laws of the State of Indiana. The primary government had been created for the purpose of financing, constructing, acquiring, and leasing certain local public improvements, economic development, and redevelopment projects.

The accompanying financial statements present the activities of the primary government. There are no significant component units which require inclusion.

B. Government-Wide and Fund Financial Statements

Government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which direct expenses of a given function or segments are offset by program revenues. Direct expenses are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the primary government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Interest associated with the current fiscal period are all considered to be susceptible to accrual and has been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the primary government receives cash.

CITY OF FISHERS REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

The primary government reports the following major governmental funds:

The debt service fund (debt service) accounts for the accumulation of resources and payments of general obligation bonds. Financing is provided by semiannual lease payments from the Town of Fishers.

The capital projects fund (capital projects) accounts for expenditures related to the construction of various infrastructure projects. Financing is provided by the issuance of general obligation bonds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided.

When both restricted and unrestricted resources are available for use, it is the primary government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The primary government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statute (IC 5-13-9) authorizes the primary government to invest in securities, including but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Investment income, including changes in the fair value of investments, is reported as revenue in the operating statement.

2. Capital Assets

Major outlays for capital assets and improvements are capitalized as projects are constructed.

3. Long-Term Obligations

In the government-wide financial statements long-term debt is reported as a liability. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

CITY OF FISHERS REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

4. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

II. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures and changes in fund balance includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government - wide statement of activities. One element of that reconciliation explains that "The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this difference are as follows:

Principal repayments on lease rental revenue bonds	\$ 1,590,000
Other debt related costs:	
Amortization of bond issue costs	(60,476)
Change in accrued interest on bonds	20,653
Net amortization of bond premiums, discounts and deferral of loss	(17,660)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	\$ 1,532,517

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public

CITY OF FISHERS REDEVELOPMENT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

funds of the political subdivision. Balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of December 31, 2006, the Redevelopment Authority had the following investments:

Investment Type	Primary Government Market Value
U.S. Treasuries and securities	\$ <u>2,304,446</u>

Investment Policies

Indiana Code 5-13-9 authorizes the Building Corporation to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the unit to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the Town and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the Redevelopment Authority may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the unit's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

CITY OF FISHERS REDEVELOPMENT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Redevelopment Authority does not have a formal investment policy for custodial credit risk for investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Building Corporation must follow state statute and limit the state final maturities of the investments to no more than two years.

Investment Type	Investment Maturities (in Years)		
	Less Than 1	1-2	More Than 2
U.S. Treasuries and securities	\$ 2,304,446	\$ -	\$ -

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Since all investments are U.S. government securities, they are not considered to have credit risk.

B. Interfund Balances and Activity

Interfund Transfers

Interfund transfers at December 31, 2006, were as follows:

Transfer Out	Transfer In Debt Service
Capital projects	\$ 1,773

The primary government typically uses transfers to transfer excess funds from the debt service fund to the capital projects fund.

C. Long-Term Liabilities

1. Lease Rental Revenue Bonds

The primary government issues bonds to be paid by income derived from the acquired or constructed assets. Lease rental revenue bonds outstanding at year end are as follows:

CITY OF FISHERS REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Purpose	Interest Rates	Amount
2001 General Obligation (Allisonville Road and 116th Street)	3.25% to 5.00%	\$ 16,430,000
2003 General Obligation (116th and 126th Street)	2.00% to 4.80%	11,425,000
2005 Refunding Bonds (YMCA Facility)	2.55% to 4.60%	<u>8,250,000</u>
Total		<u>\$ 36,105,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ended December 31	Governmental Activities	
	Principal	Interest
2007	\$ 1,595,000	\$ 1,538,720
2008	1,665,000	1,484,583
2009	1,725,000	1,424,208
2010	1,785,000	1,360,570
2011	1,860,000	1,292,707
2012-2016	10,615,000	5,241,431
2017-2021	13,450,000	2,516,449
2022-2026	<u>3,410,000</u>	<u>301,652</u>
Totals	<u>\$ 36,105,000</u>	<u>\$ 15,160,320</u>

2. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2006, was as follows:

<u>Primary Government</u>	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
Lease rental revenue	\$ 37,695,000	\$ -	\$ 1,590,000	\$ 36,105,000	\$ 1,595,000
Plus premium amount	276,670	-	27,034	249,636	-
Less discount amount	(36,255)	-	(3,308)	(32,947)	-
Less deferral of loss	<u>(703,562)</u>	-	<u>(41,386)</u>	<u>(662,176)</u>	-
Lease rental revenue	<u>\$ 37,231,853</u>	<u>\$ -</u>	<u>\$ 1,572,340</u>	<u>\$ 35,659,513</u>	<u>\$ 1,595,000</u>

IV. Other Information

Risk Management

The primary government is exposed to various risks of loss related to torts. The primary government has not provided coverage for their risks of loss. The Town of Fishers has provided coverage for the primary government's risks of loss.

FISHERS REDEVELOPMENT AUTHORITY
EXIT CONFERENCE

The contents of this report were discussed on May 10, 2007, with Linda Gaye Cordell, Clerk Treasurer. Our audit disclosed no material items that warrant comment at this time.