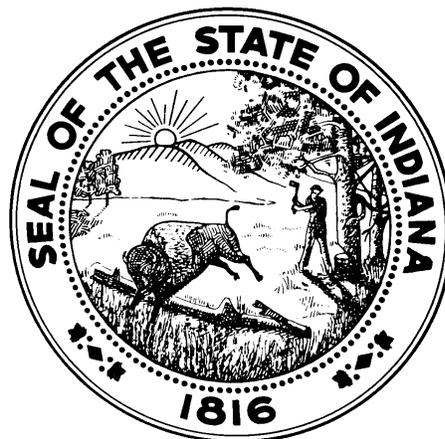


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF

CIVIC CENTER BOARD OF MANAGERS
CITY OF SOUTH BEND
ST. JOSEPH COUNTY, INDIANA

January 1, 2007 to December 31, 2007



FILED
08/27/2008

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OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|--|---|--|
| Controller | M. Catherine Fanello John Murphy (Interim) M. Catherine Fanello | 04-14-05 to 10-04-07 10-05-07 to 03-02-08 03-03-08 to 12-31-11 |
| Facility Manager | Global Spectrum, L.P. | 01-01-07 to 12-31-09 |
| Mayor | Stephen J. Luecke | 01-01-04 to 12-31-11 |
| President of the Civic Center Board of Managers | Vivian Sallie | 01-01-07 to 12-31-08 |
| President of the Common Council | Timothy A. Rouse | 01-01-07 to 12-31-08 |



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AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CIVIC CENTER BOARD OF MANAGERS

We have audited the records of the Civic Center Board of Managers, City of South Bend, for the period from January 1, 2007 to December 31, 2007, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Results and Comments. The financial transactions of this office are reflected in the Annual Report of the City of South Bend for the year 2007.

STATE BOARD OF ACCOUNTS

June 12, 2008

CIVIC CENTER BOARD OF MANAGERS
CITY OF SOUTH BEND
AUDIT RESULTS AND COMMENTS

COLLECTION OF AMOUNTS DUE

Annually, Century Center bills the Marriott Hotel for certain reimbursable expenses for the Skywalk that connects the Marriott Hotel to Century Center. This billing is set out in an agreement between both parties. As of May 20, 2008, Century Center has not yet billed the Marriott Hotel for these reimbursable expenses for 2007. Century Center received \$17,662 for 2006.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CENTURY CENTER OPERATIONS AND CONDITION OF RECORDS

The South Bend Civic Center Board of Managers was created by the Common Council of the City of South Bend, Ordinance 5888-75, for the purpose of supervising, managing, operating and maintaining the Civic Center, known as Century Center, and its programs.

Beginning January 1, 2007, Century Center was managed by Global Spectrum, L.P., per a management agreement between the Civic Center Board of Managers, acting on behalf of the City of South Bend, and Global Spectrum. For the year 2007 Global Spectrum managed the facility in compliance with the management agreement.

Indiana Code 36-10-10-32 sets out the duties for the Board of Managers, City Controller and Assistant Controller in managing Century Center. The Controller or Assistant Controller, as appointed, shall keep an accurate account of all money due the convention center and the board of managers; and all money received, invested, and disbursed; in accordance with generally recognized governmental accounting principles and procedures. All accounting forms and records shall be prescribed or approved by the state board of accounts.

CIVIC CENTER BOARD OF MANAGERS
CITY OF SOUTH BEND
AUDIT RESULTS AND COMMENTS
(Continued)

The accounting forms and records in use were not prescribed or approved by the State Board of Accounts.

The December 31, 2007, liability for debt was not shown on the balance sheet, and some earned revenues from contractual agreements were not billed or shown as receivable.

The write-off of accounts receivable in 2007 was not preapproved by the Civic Center Board of Managers.

Some financing charges were incurred in 2007; some finance charges were paid in 2007.

Some instances were noted in which records were not posted timely. In one case, a deposit on April 24, 2007, was not recorded until May 20, 2007.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CIVIC CENTER BOARD OF MANAGERS
CITY OF SOUTH BEND
EXIT CONFERENCE

The contents of this report were discussed on June 9, 2008, with Vivian Sallie, President of the Civic Center Board of Managers.

The contents of this report were also discussed on June 12, 2008, with Stephen J. Luecke, Mayor; M. Catherine Fanello, Controller; and Timothy A. Rouse, President of the Common Council. These officials concurred with our findings.