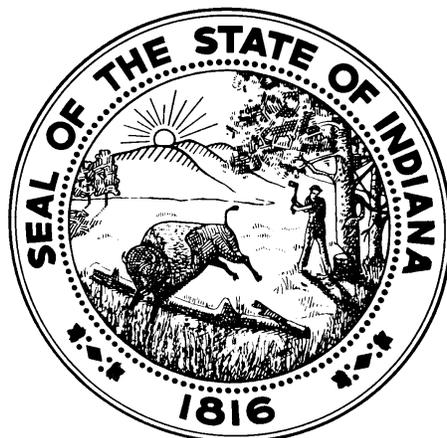


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT  
OF

EVANSVILLE-VANDERBURGH  
COUNTY BUILDING AUTHORITY  
VANDERBURGH COUNTY, INDIANA

January 1, 2008 to December 31, 2008



**FILED**  
12/31/2009



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OFFICIALS

| <u>Office</u>                       | <u>Official</u> | <u>Term</u>          |
|-------------------------------------|-----------------|----------------------|
| General Manager                     | David Rector    | 01-01-08 to 12-31-09 |
| Treasurer                           | Andrew Goebel   | 01-01-08 to 12-31-09 |
| President of the Board of Directors | John Stanley    | 01-01-08 to 12-31-09 |
| President of the Board of Trustees  | Ralph Kissinger | 01-01-08 to 12-31-09 |



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
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INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE EVANSVILLE-VANDERBURGH COUNTY  
BUILDING AUTHORITY, VANDERBURGH COUNTY, INDIANA

We have examined the financial information presented herein of the Evansville-Vanderburgh County Building Authority (Authority), for the period of January 1, 2008 to December 31, 2008. The Authority's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Authority for the year ended December 31, 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

October 27, 2009

EVANSVILLE-VANDERBURGH COUNTY BUILDING AUTHORITY  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
As Of And For The Year Ended December 31, 2008

|                                     | Cash and<br>Investments<br>01-01-08 | Receipts             | Disbursements        | Cash and<br>Investments<br>12-31-08 |
|-------------------------------------|-------------------------------------|----------------------|----------------------|-------------------------------------|
| <b>Governmental Funds:</b>          |                                     |                      |                      |                                     |
| Operating                           | \$ 989,203                          | \$ 7,144,443         | \$ 7,858,630         | \$ 275,016                          |
| Lease Rental 2003                   | 1,412,347                           | 2,804,912            | 2,795,382            | 1,421,877                           |
| Operation and Reserve 2003          | 80,179                              | 32,464               | 662                  | 111,981                             |
| Operation and Reserve 2003 Jail     | 9,174                               | 7,755                | 9,326                | 7,603                               |
| Sinking Fund 2003                   | -                                   | 2,795,161            | 2,793,657            | 1,504                               |
| Capitalized Interest 2003           | 14                                  | 2,557,554            | 2,557,568            | -                                   |
| Depreciation Fund                   | 1,465,377                           | 688,049              | 214,268              | 1,939,158                           |
| Depreciation Fund Auditorium        | 2,300,315                           | 433,834              | -                    | 2,734,149                           |
| Depreciation Fund Jail              | 314,049                             | 119,378              | -                    | 433,427                             |
| Depreciation Fund Correction Center | 157,027                             | 59,673               | -                    | 216,700                             |
| Construction Fund                   | -                                   | 5,437                | -                    | 5,437                               |
| Special Projects                    | 468,847                             | 422,947              | 709,887              | 181,907                             |
| Jail Fund                           | -                                   | 102,500              | 19,660               | 82,840                              |
| <b>Fiduciary Funds:</b>             |                                     |                      |                      |                                     |
| Payroll                             | 1,611                               | 1,068,575            | 1,068,626            | 1,560                               |
| Tax Fund                            | 358                                 | 457,613              | 455,690              | 2,281                               |
| Health Reimbursement Account        | 95                                  | 5,100                | 4,569                | 626                                 |
| <b>Totals</b>                       | <b>\$ 7,198,596</b>                 | <b>\$ 18,705,395</b> | <b>\$ 18,487,925</b> | <b>\$ 7,416,066</b>                 |

The accompanying notes are an integral part of the financial information.

EVANSVILLE-VANDERBURGH COUNTY BUILDING AUTHORITY  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Authority was established under the laws of the State of Indiana for the purpose of acquiring land and financing, acquiring, improving, constructing, reconstructing, renovating, equipping, and operating governmental buildings and systems and leasing them to governmental entities. The Building Authority operates under an appointed governing board.

Note 2. Fund Accounting

The Authority uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

On or before August 31, the fiscal officer of the Building Authority submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through passage of a resolution, approves the budget of the next year.

Note 4. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Authority 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.

EVANSVILLE-VANDERBURGH COUNTY BUILDING AUTHORITY  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 5. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Authority contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Authority authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Note 6. Subsequent Event

The Authority obtained a loan for \$500,000 on July 16, 2009, for security upgrades. The loan is to be repaid from increased rent/lease payments from the County.

EVANSVILLE-VANDERBURGH COUNTY BUILDING AUTHORITY  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2008

The Authority has entered into the following debt:

| Description of Debt  | Ending<br>Principal<br>Balance | Principal and<br>Interest Due<br>Within One<br>Year |
|--|--------------------------------|---|
| Governmental activities:   |                                |   |
| Loans payable:   |                                |   |
| Energy Savings Loan - Centre   | \$ 74,187                      | \$ 74,187   |
| Energy Savings Loan - Civic Center Complex                                       | 495,231                        | 214,269   |
| Bonds payable:   |                                |   |
| Revenue bonds:   |                                |   |
| Proceeds used to refund bonds issued to<br>construct the Centre                  | 23,735,000                     | 2,844,806   |
| Proceeds used to refund bonds issued to<br>construct the Vanderburgh County jail | <u>32,370,000</u>              | <u>2,549,531</u>                                    |
| Total governmental activities debt   | <u>\$ 56,674,418</u>           | <u>\$ 5,682,793</u>                                 |

EVANSVILLE-VANDERBURGH COUNTY BUILDING AUTHORITY  
EXAMINATION RESULTS AND COMMENTS

PRESCRIBED FORMS

The following prescribed or approved forms were not in use:

Ledger of Receipts, Disbursements, and Balances (Form 358)  
Ledger of Appropriations, Encumbrances and Balances (Form 359)  
Mileage Claim (Form 101)

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 Special Districts, Chapter 10)

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping that were present during our period of examination:

- (1) Receipts were not written for all transactions.
- (2) Principles of fund accounting are not followed. Transactions of various funds were intermingled.
- (3) Some fund balances are not correct in the unit's records.

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 Special Districts, Chapter 10)

INTERNAL CONTROLS

Information presented for examination indicates that the accounting software used permits changes to transactions without a sufficient trail of changes made. A complete ledger of transactions was not available for examination.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of managements' objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

EVANSVILLE-VANDERBURGH COUNTY BUILDING AUTHORITY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

OLD OUTSTANDING CHECKS

Our review of the bank reconciliations as of September 30, 2009, revealed checks outstanding in excess of two years.

IC 5-11-10.5-2 states in part:

"All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void."

IC 5-11-10.5-3 states in part:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the board of finance of the political subdivision or the fiscal body of a city or town. The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

IC 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision."

MILEAGE REIMBURSEMENT

Some employees were reimbursed for mileage without filing Mileage Claim, General Form 101.

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 Special Districts, Chapter 10)

EVANSVILLE-VANDERBURGH COUNTY BUILDING AUTHORITY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

TRAVEL POLICY

A travel policy was not presented for examination.

Each governmental unit should adopt a written travel policy in conformity with applicable statutes. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapters 10 and 14)

Reimbursement for lodging and meals should be based upon actual receipts for amounts paid unless otherwise authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapters 10 and 14)

PERSONAL EXPENSES

The general manager was reimbursed for saline and hair spray expenses on December 5, 2009.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special District, Chapter 14)

EVANSVILLE-VANDERBURGH COUNTY BUILDING AUTHORITY  
EXIT CONFERENCE

The contents of this report were discussed on October 27, 2009, with David Rector, General Manager; Andrew Goebel, Treasurer; and Judith Bishop, Office Manager. The official response has been made a part of this report and may be found on pages 12 through 13.

# EVANSVILLE-VANDERBURGH COUNTY BUILDING AUTHORITY



1 NW MARTIN LUTHER KING JR. BLVD.  
ROOM 317 — ADMINISTRATION BUILDING  
CIVIC CENTER COMPLEX  
EVANSVILLE, INDIANA 47708

Telephone (812) 435-5801  
Fax (812) 435-5994

## DIRECTORS

John W. Stanley, *President*  
Joseph T. Theby, *Vice-President*  
Stephen Titzer, *Secretary*  
Andrew E. Goebel, *Treasurer*  
Matthew Singer, *Member*

## TRUSTEES

Ralph W. Kissinger, *President*  
Pamela Gallagher, *Vice-President*  
Steven Sweeney, *Secretary*  
Jack McNeely, *Member*  
Daniel J. Tuley, *Member*

W. David Rector, *General Manager*

November 17, 2009

State Board of Accounts  
302 West Washington Street  
Room E 418  
Indianapolis, IN 46204-2765

Re: Official Response

To Whom It May Concern:

The Evansville-Vanderburgh County Building Authority (hereinafter referred to as the EVCBA) wishes to file this response to the remarks we were advised would be included in our annual audit from the exit conference held on October 27, 2009.

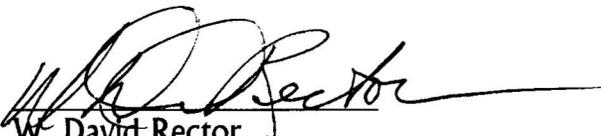
The EVCBA responses to the noted citations under the headings in the "examination results and comments" provided by State Board of Accounts Auditor are as follows:

### 1. Condition of Records

- a. Receipts were not written for all transactions
  - i. EVCBA response: Although it is the EVCBA's policy to complete a receipt for all transactions the noted exception was from the Evansville Metropolitan Planning Organization. Attached is a bank deposit ticket from Old National Bank reflecting a deposit of the check from EMPO and also a copy of the deposit receipt from Old National Bank reflecting the money was deposited.
- b. EVCBA staff will be focused on assuring receipts are prepared for all transactions with an audit trail and depositing checks received daily, if above a de minimus amount.

2. Principles of Fund Accounting are not followed. Transactions of various funds were intermingled.
  - a. EVCBA response: The QuickBooks software meets the requirements for comprehensive financial reporting that the Directors' believe is appropriate and necessary for this entity. The QuickBooks software used for our accounting is a widely used program and in our opinion is much more appropriate for our needs than the limited application software suggested by the State Board of Accounts. We understand that the other Building Authority in the State uses an accounting system that is similar to ours.
3. Some fund balances are not correct in the unit's records
  - a. EVCBA response: The item noted was an insurance overpayment in the amount of \$59.24 to employee Anne Volz. Attached is a copy of the check refunding this money from Miss Volz.
4. Internal controls
  - a. EVCBA response: The EVCBA complies with an audit conducted by Harding Shymanski proposing internal controls for the EVCBA and approved by the Board of Directors. Further, a statement under this heading by the State Board of Accounts "a complete ledger of transactions was not available for audit". We believe that information was made available to the State Board of Accounts Auditor. We value the State Board of Accounts examination of all our records.
5. Old outstanding checks
  - a. EVCBA response: The outstanding checks noted by the State Board of Accounts are being held based upon advice by EVCBA legal counsel.
6. Mileage reimbursement
  - a. EVCBA response: We would note that the use of mileage claim form 101 has never been noted in the prior years' audits conducted by the State Board of Accounts. Mileage is submitted by claim and is approved by the EVCBA Board of Directors.
7. Travel Policy
  - a. EVCBA response: A travel policy has never been noted as a requirement in prior State Board of Account audits. However, all travel expenses are submitted by claim and approved the EVCBA Board of Directors. The Board will adapt a travel policy.
8. Personal Expenses
  - a. EVCBA response: Attached is a copy of a check reimbursing the EVCBA for \$4.18 from the General Manager.

Sincerely,

  
W. David Rector  
General Manager

WDR/lrs