

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

FINANCIAL STATEMENT EXAMINATION REPORT
OF
MIAMI COUNTY ECONOMIC DEVELOPMENT AUTHORITY
MIAMI COUNTY, INDIANA
January 1, 2011 to December 31, 2011



FILED
03/05/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	James E. Tidd	01-01-11 to 12-31-13
Treasurer	James Yates Thomas Webster	01-01-11 to 12-31-11 01-01-12 to 12-31-13
President of the Board	Donald Cates Max Weaver James Yates	01-01-11 to 10-11-11 10-12-11 to 12-31-11 01-01-12 to 12-31-13



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE MIAMI COUNTY ECONOMIC
DEVELOPMENT AUTHORITY, MIAMI COUNTY, INDIANA

We have examined the accompanying financial statement of the Miami County Economic Development Authority (Authority), for the year ended December 31, 2011. The financial statement is the responsibility of the Authority's management. Our responsibility is to express an opinion on the financial statement 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 statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Authority prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis noted above is a different basis than that used in the prior year.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Authority for the year ended December 31, 2011.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Authority for the year ended December 31, 2011, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Authority's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

February 4, 2013

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FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the Authority. The financial statement and notes are presented as intended by the Authority.

MIAMI COUNTY ECONOMIC DEVELOPMENT AUTHORITY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Hangar 200 Project - Construction	\$ -	\$ 757,833	\$ 758,239	\$ (406)
County Wide	(2,404)	73,375	133,417	(62,446)
Property Management	1,126,632	1,040,059	546,798	1,619,893
Revolving Loan	61,489	-	-	61,489
Tax Increment Financing	96,843	211,317	179,845	128,315
Urban Enterprise Zone Association	6,266	7,953	-	14,219
Totals	<u>\$ 1,288,826</u>	<u>\$ 2,090,537</u>	<u>\$ 1,618,299</u>	<u>\$ 1,761,064</u>

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

MIAMI COUNTY ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Authority was established under the laws of the State of Indiana. The Authority operates under an appointed governing board.

The accompanying financial statement presents the financial information for the Authority.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Taxes consist of tax increment financing distributions from the Miami County Treasurer.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, rent and building management fees

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

MIAMI COUNTY ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENT
(Continued)

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The Authority may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the Authority. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Authority. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Authority in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level.

Note 3. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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.

MIAMI COUNTY ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Risk Management

The Authority may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Authority to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 5. Pension Plans

The Authority contributes to pension plans unique to the Authority. Information regarding these plans may be obtained from the Authority.

Note 6. Subsequent Events

The Miami County Economic Development Authority (MCEDA) has signed a 30 year lease with Dean Baldwin Painting. Terms of the lease require expansion of a hangar already owned by MCEDA. The total estimated project costs associated with this expansion are \$13,893,000. To obtain funding for the project, MCEDA has secured a grant from the Economic Development Administration in the amount of \$3,100,000; a grant from the Office of Community and Rural Affairs for \$2,000,000 (which will be run through Miami County); a loan from the United States Department of Agriculture in the amount of \$7,191,400; a grant from the Indiana Economic Development Corporation in the amount of \$234,000; and local CEDIT funds of up to \$1,500,000. The United States Department of Agriculture loan is based on a 30 year term and a rate of 3.375 percent.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Authority's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Authority's Annual Reports information for years 2011 and later can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Reports of the Authority which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was approved by management of the Authority. It is presented as intended by the Authority.

MIAMI COUNTY ECONOMIC DEVELOPMENT AUTHORITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	Hangar 200 Project - Construction	County Wide	Property Management	Revolving Loan	Tax Increment Financing	Urban Enterprise Zone Association	Totals
Cash and investments - beginning	\$ -	\$ (2,404)	\$ 1,126,632	\$ 61,489	\$ 96,843	\$ 6,266	\$ 1,288,826
Receipts:							
Taxes	-	-	-	-	157,980	-	157,980
Charges for services	-	1,700	706,779	-	-	-	708,479
Other receipts	<u>757,833</u>	<u>71,675</u>	<u>333,280</u>	<u>-</u>	<u>53,337</u>	<u>7,953</u>	<u>1,224,078</u>
Total receipts	<u>757,833</u>	<u>73,375</u>	<u>1,040,059</u>	<u>-</u>	<u>211,317</u>	<u>7,953</u>	<u>2,090,537</u>
Disbursements:							
Personal services	-	100,599	129,829	-	117,366	-	347,794
Supplies	-	1,407	11,415	-	-	-	12,822
Other services and charges	-	31,411	352,217	-	62,479	-	446,107
Capital outlay	758,239	-	-	-	-	-	758,239
Other disbursements	<u>-</u>	<u>-</u>	<u>53,337</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,337</u>
Total disbursements	<u>758,239</u>	<u>133,417</u>	<u>546,798</u>	<u>-</u>	<u>179,845</u>	<u>-</u>	<u>1,618,299</u>
Excess (deficiency) of receipts over disbursements	<u>(406)</u>	<u>(60,042)</u>	<u>493,261</u>	<u>-</u>	<u>31,472</u>	<u>7,953</u>	<u>472,238</u>
Cash and investments - ending	<u>\$ (406)</u>	<u>\$ (62,446)</u>	<u>\$ 1,619,893</u>	<u>\$ 61,489</u>	<u>\$ 128,315</u>	<u>\$ 14,219</u>	<u>\$ 1,761,064</u>

MIAMI COUNTY ECONOMIC DEVELOPMENT AUTHORITY
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2011

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 5,879</u>	<u>\$ 29,595</u>

MIAMI COUNTY ECONOMIC DEVELOPMENT AUTHORITY
SCHEDULE OF LEASES AND DEBT
December 31, 2011

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: MailFinance	Postage meter	\$ <u>799</u>	06-25-07	02-28-12
Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year	
Type	Purpose			
Governmental activities: Notes and loans payable	Note payable to Miami County	\$ <u>119,682</u>	\$ <u>-</u>	

MIAMI COUNTY ECONOMIC DEVELOPMENT AUTHORITY
SCHEDULE OF CAPITAL ASSETS
December 31, 2011

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 9,534,074
Buildings	7,269,600
Machinery, equipment and vehicles	40,177
Construction in progress	<u>758,239</u>
Total capital assets	<u>\$ 17,602,090</u>

MIAMI COUNTY ECONOMIC DEVELOPMENT AUTHORITY
EXAMINATION RESULT AND COMMENT

OVERDRAWN FUND BALANCE

The County Wide Fund was overdrawn \$62,446 at December 31, 2011. Similar comments were made in prior Reports B35057 and B38691.

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

MIAMI COUNTY ECONOMIC DEVELOPMENT AUTHORITY
EXIT CONFERENCE

The contents of this report were discussed on February 4, 2013, with James Yates, President of the Board; James E. Tidd, Director; and Christy Householder, Deputy Director.