

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

DELAWARE COUNTY CIVIC CENTER AUTHORITY

DELAWARE COUNTY, INDIANA

January 1, 2011 to December 31, 2012



FILED
09/26/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Lori Fry	01-01-11 to 12-31-13
President of the Board	Billie Sheppard	01-01-11 to 12-31-13



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE DELAWARE COUNTY CIVIC
CENTER AUTHORITY, DELAWARE COUNTY, INDIANA

We have examined the accompanying financial statement of the Delaware County Civic Center Authority (District), for the period of January 1, 2011 to December 31, 2012. The financial statement is the responsibility of the District'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 District 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.

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 District for the period of January 1, 2011 to December 31, 2012.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the District for the period of January 1, 2011 to December 31, 2012, on the basis of accounting described in Note 1.

INDEPENDENT ACCOUNTANT'S REPORT
(Continued)

Our examination was conducted for the purpose of forming an opinion on the District's financial statement. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, 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.

The District's response to the Examination Result and Comment identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine the District's response and, accordingly, we express no opinion on it.



Bruce Hartman
State Examiner

August 21, 2013

FINANCIAL STATEMENT

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

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DELAWARE COUNTY CIVIC CENTER AUTHORITY
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For The Years Ended December 31, 2011 And 2012

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11	Receipts	Disbursements	Cash and Investments 12-31-12
General Fund	\$ 453,191	\$ 2,229,288	\$ 1,757,245	\$ 925,234	\$ 1,924,799	\$ 1,872,959	\$ 977,074

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

DELAWARE COUNTY CIVIC CENTER AUTHORITY
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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 may include the following sources:

Taxes which can include one or more of the following: food and beverage tax and other taxes that are set by the District.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants and state grants.

Charges for services which can include, but are not limited to the following: copies of public records, copy machine charges, and rental 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 may include the following uses:

DELAWARE COUNTY CIVIC CENTER AUTHORITY
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the District. It includes all expenditures for the reduction of the principal and interest of the District's general obligation indebtedness.

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 District 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 District. 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 District. 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 District 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. The fiscal officer of the District submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

DELAWARE COUNTY CIVIC CENTER AUTHORITY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 3. Food and Beverage Taxes

Food and beverage taxes levied are collected by the State Treasurer and are distributed to the District monthly.

Note 4. 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 District 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.

Note 5. Risk Management

The District 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 District 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.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the District's Annual Report 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 District which are 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 District. It is presented as intended by the District.

DELAWARE COUNTY CIVIC CENTER AUTHORITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	General Fund
Cash and investments - beginning	\$ <u>453,191</u>
Receipts:	
Taxes	1,794,975
Other receipts	<u>434,313</u>
Total receipts	<u>2,229,288</u>
Disbursements:	
Supplies	22
Other services and charges	6,102
Other disbursements	<u>1,751,121</u>
Total disbursements	<u>1,757,245</u>
Excess of receipts over disbursements	<u>472,043</u>
Cash and investments - ending	<u><u>\$ 925,234</u></u>

DELAWARE COUNTY CIVIC CENTER AUTHORITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012

	<u>General Fund</u>
Cash and investments - beginning	\$ <u>925,234</u>
Receipts:	
Taxes	1,923,781
Other receipts	<u>1,018</u>
Total receipts	<u>1,924,799</u>
Disbursements:	
Other services and charges	8,867
Other disbursements	<u>1,864,092</u>
Total disbursements	<u>1,872,959</u>
Excess of receipts over disbursements	<u>51,840</u>
Cash and investments - ending	<u>\$ <u>977,074</u></u>

DELAWARE COUNTY CIVIC CENTER AUTHORITY
EXAMINATION RESULT AND COMMENT

ANNUAL REPORT

The Annual Reports for 2011 and 2012 contained errors and did not properly reflect the financial activity of the Civic Center Authority.

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

DELAWARE COUNTY CIVIC CENTER AUTHORITY
EXIT CONFERENCE

The contents of this report were discussed on August 21, 2013, with Lori Fry, Treasurer; Joann McKinney, Horizon Convention Center President; and Gaynell Junga, Horizon Convention Center Controller.

Delaware County Civic Center Authority's Response to January 1, 2011 – December 31, 2012 Audit Comment

Delaware County Civic Center Authority would like to note that the audit concluded all receipts were properly approved on receipt forms, all disbursements were properly approved on claim forms and all transactions were properly recorded on the Ledger of Receipts, Disbursements and Balances. The ledgers balanced to bank statements. Bank statements were reconciled by two individuals.

The comment issued did not explain what initiated the comment and we would like to provide the details.

Situation:

1. In September 2011, the Auditor of the State made a direct deposit of \$75,610 into the Civic Center Authority's (CCA) bank account that should have been a deposit into the Treasurer of Delaware County's account. This was discovered in October when the bank statement was received.
2. In October, CCA issued a check to the Treasurer of Delaware County for \$75,610.
3. In December of 2011, two more deposits were made in error by the Auditor of the State and were not discovered until the bank statement was received in January. These two deposits totaled \$96,922.44.
4. In January 2012, CCA issued a check to the Treasurer of Delaware County for this amount.

Recording of Transactions:

1. Above items 1-4 were all recorded & approved properly on receipt & claim forms and then recorded on the Ledger of Receipts, Disbursements and Balances.
2. The online system for submitting annual reports was handled as follows for items 1-4 listed above:
 - a. Items #1 and #2 were a wash and since they had nothing to do with CCA (funds were received in error) they were not included in the 2011 online annual report.
 - b. Items # 3 & #4 crossed reporting years. Since CCA assumed the annual report's ending balance had to tie to the year-end bank statements, CCA reported the \$96,922.44 as a miscellaneous receipt in 2011 and then reported the payment to the Treasurer of Delaware County as a disbursement in 2012.

Audit Comment:

The audit comment was issued because CCA handled items a & b (see #2, "Recording of Transactions") differently on the online annual report. If all transactions would have been handled the same way (such as not reporting them at all) there would have been no comment issued. CCA would have done exactly that, but assumed that the ending cash balance reported should (and would be required to) match the ending balances on their year-end bank statements.