

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

E.C.I. REGIONAL PLANNING DISTRICT

DELAWARE COUNTY, INDIANA

May 5, 2008 to December 31, 2012



FILED
10/31/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Roy Budd	05-05-08 to 12-31-13
Treasurer	(Vacant)	05-05-08 to 12-31-09
	Missy Shrock	01-01-10 to 11-18-12
	William Hess	11-19-12 to 12-31-13
President of the Board	(Vacant)	05-05-08 to 12-31-09
	Bruce Hosier	01-01-10 to 12-31-11
	Mike Burton	01-01-12 to 12-31-13



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE E.C.I. REGIONAL PLANNING DISTRICT, DELAWARE COUNTY, INDIANA

We have examined the accompanying financial statements of the E.C.I. Regional Planning District (District), for the period of May 5, 2008 to December 31, 2012. The financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on the financial statements 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 statements 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 statements 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 statements 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 statements referred to above do 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 May 5, 2008 to December 31, 2012.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the District for the period of May 5, 2008 to December 31, 2012, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the District's financial statements. 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 statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

INDEPENDENT ACCOUNTANT'S REPORT
(Continued)

The District's response to the Examination Results and Comments 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

September 16, 2013

FINANCIAL STATEMENTS

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

E.C.I. REGIONAL PLANNING DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2008, 2009, And 2010

Ⓢ

Fund	Cash and Investments 05-05-08	Receipts	Disbursements	Cash and Investments 12-31-08	Receipts	Disbursements	Cash and Investments 12-31-09	Receipts	Disbursements	Cash and Investments 12-31-10
Operating	\$ -	\$ 135,000	\$ 49,065	\$ 85,935	\$ 31,092	\$ 80,132	\$ 36,895	\$ 110,198	\$ 119,464	\$ 27,629

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

E.C.I. REGIONAL PLANNING DISTRICT
 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
Operating	\$ 27,629	\$ 131,786	\$ 135,337	\$ 24,078	\$ 344,256	\$ 310,782	\$ 57,552

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

E.C.I. REGIONAL PLANNING DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The District received funds in 2008 from various governmental units; however, they were not officially founded until September 2009. In 2011, the District became a not-for-profit entity. The District operates under an appointed governing board.

The accompanying financial statements present the financial information for the District.

B. Basis of Accounting

The financial statements are 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 statements. The aggregate receipts include the following sources:

Intergovernmental receipts which include receipts from other governments in the form of operating and capital grants.

Charges for services include charges for services provided to governmental units.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: interest; net proceeds from borrowings; interfund loan activity.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. 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.

E.C.I. REGIONAL PLANNING DISTRICT
NOTES TO FINANCIAL STATEMENTS
(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: reimbursements and loan payments.

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.

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 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 4. 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 statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

E.C.I. REGIONAL PLANNING DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 5. Pension Plan

The District contributes to a pension plan that is unique to the District. Information regarding this plan may be obtained from the District.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the District's Annual Report for 2010 can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

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 statements 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.

E.C.I. REGIONAL PLANNING DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2008

	Operating
Cash and investments - beginning	\$ <u> -</u>
Receipts:	
Charges for services	<u> 135,000</u>
Total receipts	<u> 135,000</u>
Disbursements:	
Personal services	33,288
Supplies	100
Other services and charges	<u> 15,677</u>
Total disbursements	<u> 49,065</u>
Excess of receipts over disbursements	<u> 85,935</u>
Cash and investments - ending	<u><u> 85,935</u></u>

E.C.I. REGIONAL PLANNING DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2009

	<u>Operating</u>
Cash and investments - beginning	\$ <u>85,935</u>
Receipts:	
Charges for services	31,065
Other receipts	<u>27</u>
Total receipts	<u>31,092</u>
Disbursements:	
Personal services	48,577
Supplies	419
Other services and charges	21,136
Other disbursements	<u>10,000</u>
Total disbursements	<u>80,132</u>
Deficiency of receipts over disbursements	<u>(49,040)</u>
Cash and investments - ending	<u>\$ <u>36,895</u></u>

E.C.I. REGIONAL PLANNING DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2010

	Operating
Cash and investments - beginning	\$ 36,895
Receipts:	
Intergovernmental	25,000
Charges for services	65,689
Other receipts	19,509
Total receipts	110,198
Disbursements:	
Personal services	43,473
Supplies	3,110
Other services and charges	51,582
Capital outlay	1,799
Other disbursements	19,500
Total disbursements	119,464
Deficiency of receipts over disbursements	(9,266)
Cash and investments - ending	\$ 27,629

E.C.I. REGIONAL PLANNING DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	<u>Operating</u>
Cash and investments - beginning	\$ 27,629
Receipts:	
Intergovernmental	27,500
Charges for services	91,283
Other receipts	13,003
Total receipts	131,786
Disbursements:	
Personal services	92,746
Supplies	11,080
Other services and charges	18,511
Other disbursements	13,000
Total disbursements	135,337
Deficiency of receipts over disbursements	(3,551)
Cash and investments - ending	\$ 24,078

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E.C.I. REGIONAL PLANNING DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012

	<u>Operating</u>
Cash and investments - beginning	\$ 24,078
Receipts:	
Intergovernmental	273,891
Charges for services	70,265
Other receipts	100
Total receipts	344,256
Disbursements:	
Personal services	72,120
Supplies	2,561
Other services and charges	225,669
Other disbursements	10,432
Total disbursements	310,782
Excess of receipts over disbursements	33,474
Cash and investments - ending	\$ 57,552

E.C.I. REGIONAL PLANNING DISTRICT
EXAMINATION RESULTS AND COMMENTS

RECEIPT ISSUANCE

We conducted a test designed to verify that receipts issued were properly recorded to the District's records at the time the transactions occurred. Our test of this procedure found that, while cash collections were posted to the records, no receipts had been issued.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Special Districts)

APPROVAL OF CLAIMS

Disbursements were not approved by the responsible officials.

Indiana Code 36-7-7-12(d) states:

"Any two (2) of the following officers may allow claims:

- (1) Chairman.
- (2) Vice chairman.
- (3) Secretary.
- (4) Treasurer.

The treasurer of the commission may receive, disburse, and otherwise handle funds of the commission subject to applicable statutes and procedures established by the commission."

COLLECTION OF AMOUNT DUE

The amount of \$8,951 was due to the District for 2012. The City of Marion failed to pay the amount billed.

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 Special Districts)

E.C.I. REGIONAL PLANNING DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

ANNUAL REPORTS

The Annual Reports for 2010 and 2011 contained material errors and did not properly reflect the financial activity of the District. Loan proceeds and loan payments were not reflected in the financial statements. Adjustments to the financial statements have been made with the approval of the Executive Director.

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."

CONTRACTS

Payments totaling \$134,772 were made to Energize - ECI for reimbursement of operating costs. Payments totaling \$93,659 were made to T.L. Farris & Associates prior to November 18, 2011, for services rendered. A contract was not written for these services. The District did present a contract dated November 18, 2011, with T.L. Farris & Associates.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Special District)

E.C.I. REGIONAL PLANNING DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on September 16, 2013, with Roy Budd, Executive Director; William Hess, Treasurer; Douglas Marshall, Secretary of the Board; and Pam Price, Project Manager. The Official Response has been made a part of this report and may be found on pages 21 and 22.



East Central Indiana Regional Planning District, Inc.

September 26, 2013

State Board of Accounts
RE: 1821 ECI Regional Planning District Examination

Responses to Examination Results and Comments

RECEIPT ISSUANCE

We conducted a test designed to verify that receipts issued were properly recorded to the District's records at the time the transactions occurred. Our test of this procedure found that while cash collections were posted to the records, no receipts had been issued.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Special Districts)

Response: ECIRPD will purchase the appropriate forms for issuance of receipts; the receipt numbers will be entered into our QuickBooks records.

APPROVAL OF CLAIMS

Disbursements were not approved by the responsible officials.

IC 36-7-7-12(d) states, "Any two (2) of the following officers may allow claims:

- (1) Chairman
- (2) Vice Chairman
- (3) Secretary
- (4) Treasurer

The treasurer of the commission may receive, disburse, and otherwise handle funds of the commission subject to applicable statutes and procedures established by the commission."

Response: A claim form has been developed and all bills will be authorized by two responsible officials – via email as approved by SBOA. The claim form will be submitted to SBOA for approval prior to instituting the policy.

COLLECTION OF AMOUNT DUE

The amount of \$8,951 was due to the governmental unit for 2012. The City of Marion failed to pay the amount billed. (Where did \$8,951 come from?) (Grant County should have paid all of the per capita and not split between the two entities).

Response: According to our enabling legislation, IC 36-7-7, ECIRPD invoices all four counties (Blackford, Delaware, Grant and Jay) for 30¢ per capita. In 2011 ECIRPD requested the county seat also pay a 30¢ per capita contribution as well because the cities require additional services due to the nature of their size and location. The City of Marion was unable to pay their contribution in 2012 due to a lack of funds. We will take appropriate measures to attempt to collect the debt.

East Central
Indiana Regional
Planning District, Inc.

P.O. Box 1901
Muncie, IN 47308

P. 765.254.0116
F. 765.254.1450
E. contact@ecirpd.org

www.ecirpd.org

ANNUAL REPORT

The annual report for 2010 and 2011 contained material errors and did not properly reflect the financial activity of the District. Loan proceeds and loan payments were not reflected in the financial statements. Adjustments to the financial statements have been made with the approval of the Executive Director. (If corrected, this statement should not be here)

IC 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."

Response: none

CONTRACTS

Payments totaling \$134,772 were made to Energize-ECI for reimbursement of operating costs. Payments totaling \$93,659 were made to T. L. Farris & Associates prior to November 18, 2011 for services rendered. A contract was not written for these services. The District did present a contract dated November 18, 2011 with T. L. Farris & Associates. (T. L. Farris payments is from, 2008 to 2011 for four years and no contracts were done)

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Special District)

Response: Contracts will be required going forward. All contracts will be signed by the President & CEO, as authorized by the Board of Directors.

Sincerely,



E. Roy Budd
President & CEO