

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

INDIANA STATE ARMORY BOARD

July 1, 2011 to June 30, 2013



**FILED**  
09/05/2014



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Accountant's Report.....	3
Financial Statement:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis.....	6
Notes to Financial Statement.....	7
Exit Conference.....	8

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Adjutant General	Major General R. Martin Umbarger	01-12-09 to 01-08-17
President of the Board	Major General Richard L. Chastain (Retired)	04-18-09 to 06-30-14



**STATE OF INDIANA**  
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE INDIANA STATE ARMORY BOARD

We have examined the accompanying financial statement of the Indiana State Armory Board (Board), for the period of July 1, 2011 to June 30, 2013. The financial statement is the responsibility of the Board'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 Board prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana 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 Board for the period of July 1, 2011 to June 30, 2013.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Board for the period of July 1, 2011 to June 30, 2013, on the basis of accounting described in Note 1.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

July 28, 2014

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## FINANCIAL STATEMENT

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

INDIANA STATE ARMORY BOARD  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
As of and for the Years Ended June 2012 and 2013

**SUMMARY RECEIPTS AND DISBURSEMENTS**

	2012	2013
<u>Consolidated</u>		
Cash and Investments, July 1	\$ 7,309,973.82	\$ 6,664,879.35
<u>Receipts</u>		
Federal Reimbursements	2,658,887.74	3,207,381.26
Interest Income	21,386.24	44,456.05
Rental Income	405,577.33	450,282.80
Sales	82,572.04	76,736.37
Miscellaneous Reimbursements/Receipts	2,657,206.05	1,252,246.44
Total Receipts	5,825,629.40	5,031,102.92
<u>Disbursements</u>		
Services by contract	3,504,623.60	4,896,576.81
Materials, parts, and supplies	415,598.12	362,063.11
Equipment	54,771.54	61,203.08
Land, buildings, and improvements	65,602.25	143,514.51
Other	231,123.93	119,305.36
Transfers to primary government	2,199,004.43	1,365,186.60
Total Disbursements	6,470,723.87	6,947,849.47
Excess of receipts over disbursements	(645,094.47)	(1,916,746.55)
Cash and investments, June 30	\$ 6,664,879.35	\$ 4,748,132.80

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



INDIANA STATE ARMORY BOARD  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The Indiana State Armory Board (Board) was established under Indiana Code 10-16-3 to provide, manage, and care for armories for the use of the military and naval forces of Indiana. Revenues are received from federal reimbursements, interest income, rental income, sales, and miscellaneous reimbursements.

*B. Basis of Accounting*

The Board's Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis is reported using the basis of account that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The cash and investment 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.

**Note 2. 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 issues or offered by a qualifying financial institution.

Indiana Code 5-13 authorizes the Board to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds.

**Note 3. Insurance**

The Board is subject to risks that include personal injury, property damage, employee bodily injury, employee theft, employee medical, public officials and employee conduct, and worker's compensation. The Board has purchased insurance policies that transfer certain risks, subject to policy limits. The Board benefits from the self-insurance coverage of the State of Indiana for other risks. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

INDIANA STATE ARMORY BOARD  
EXIT CONFERENCE

The contents of this report were discussed on July 28, 2013, with Colonel John W. Bailey, Controller, and Kami Woods, Accounting Supervisor.