

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

FINANCIAL STATEMENT EXAMINATION REPORT
OF

CENTRAL INDIANA REGIONAL
TRANSPORTATION AUTHORITY
MARION COUNTY, INDIANA

August 1, 2011 to December 31, 2011



FILED
05/01/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Ehren T. Bingaman	08-01-11 to 08-16-13
	Billie B. Kirchoff (Interim)	08-17-13 to 11-14-13
	Jeffrey J. Jackson	11-15-13 to 04-09-14
	Billie B. Kirchoff (Interim)	04-10-14 to 08-31-14
	Andrew L. Gast-Bray (Vacant)	09-01-14 to 12-31-14 01-01-15 to 01-26-15
Controller/Finance Manager	Dora J. Fields	08-01-11 to 12-31-15
President of the Board	Christine C. Altman	08-01-11 to 01-13-15
	Cassie Stockamp	01-14-15 to 12-31-15



INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CENTRAL INDIANA REGIONAL TRANSPORTATION
AUTHORITY, MARION COUNTY, INDIANA

We have examined the accompanying financial statement of the Central Indiana Regional Transportation Authority (Authority), for the five month period 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 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 Authority for the five month period 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 five month period 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, and Schedule of Leases and Debt, 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 Authority'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 Authority's response and, accordingly, we express no opinion on it.

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

January 26, 2015

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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.

CENTRAL INDIANA REGIONAL TRANSPORTATION AUTHORITY
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Period Ended December 31, 2011

Fund	Cash and Investments 08-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Operating	\$ 192,314	\$ 293,720	\$ 417,322	\$ 68,712

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

CENTRAL INDIANA REGIONAL TRANSPORTATION 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 Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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:

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, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

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.

CENTRAL INDIANA REGIONAL TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

F. 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 by the Executive Director and Finance Committee. The fiscal officer of the Authority submits a proposed operating budget to the governing board for the following calendar year. Prior to November 1, the governing board approves the budget for the next 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 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.

CENTRAL INDIANA REGIONAL TRANSPORTATION 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.

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SUPPLEMENTARY INFORMATION - UNAUDITED

For additional financial information, the Authority'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 Report 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.

CENTRAL INDIANA REGIONAL TRANSPORTATION AUTHORITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Period Ended December 31, 2011

	Operating
Cash and investments - beginning	\$ 192,314
Receipts:	
Intergovernmental	271,053
Other receipts	22,667
Total receipts	293,720
Disbursements:	
Personal services	129,409
Supplies	586
Other services and charges	287,327
Total disbursements	417,322
Excess (deficiency) of receipts over disbursements	(123,602)
Cash and investments - ending	\$ 68,712

CENTRAL INDIANA REGIONAL TRANSPORTATION 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>\$ 18,568</u>	<u>\$ 29,777</u>

CENTRAL INDIANA REGIONAL TRANSPORTATION AUTHORITY
 SCHEDULE OF LEASES AND DEBT
 December 31, 2011

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Chamber of Commerce Building Corp. LEAF	Office space lease Copier lease	\$ 34,200 <u>2,833</u>	12/01/11 08/11/11	11/30/16 07/11/16
Total governmental activities		<u>37,033</u>		
Total of annual lease payments		<u>\$ 37,033</u>		

CENTRAL INDIANA REGIONAL TRANSPORTATION AUTHORITY
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

Financial records presented for examination consisted of the following deficiencies:

- A fund ledger was not maintained. Instead, a check register was used which did not sort receipts and disbursements by the classifications needed to prepare the Annual Financial Report.
- The federal grant receipts and disbursements were commingled in the Operating fund instead of in a separate fund.
- Reported cash balances in the Annual Financial Report were the bank's balances and not the reconciled book balances.
- No receipts were issued for collections.
- The claims docket did not include the required fiscal officer certification language, board approval language, or signature lines.
- Timesheets used were not the prescribed form nor were they approved by the Indiana State Board of Accounts.
- The Executive Director's timesheet was not approved by another individual.

Indiana Code 36-9-3-28 states in part: "The state board of accounts shall . . . (2) prescribe or approve all accounting forms and records used by the authority."

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)

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, Chapter 10)

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

CENTRAL INDIANA REGIONAL TRANSPORTATION AUTHORITY
EXAMINATION RESULTS AND COMMENTS
(Continued)

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

OFFICIAL BOND

The Controller/Finance Manager did not obtain an individual Surety Bond.

Indiana Code 36-9-3-12(b) states in part: "The controller shall give bond in the sum and with the conditions prescribed by the board, and with surety to the approval of the board."

COMPENSATION AND BENEFITS

The following deficiency was observed regarding compensation and benefits:

- Compensation and benefits were paid to all seven employees via an employment offer letter instead of by salary ordinance or resolution. The compensation and benefits paid to these employees totaled \$104,221.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 14)

CENTRAL INDIANA REGIONAL TRANSPORTATION AUTHORITY
EXIT CONFERENCE

The contents of this report were discussed on January 26, 2015, with Dora J. Fields, Controller/Finance Manager; Cassie Stockamp, President of the Board; Patricia Castaneda, Mobility Manager; and Lori Kaplan, Commuter Connect Manager.



Central Indiana Regional Transportation Authority
CONNECTING PEOPLE AND PLACES

January 29, 2015

CORRECTIVE ACTION PLAN-RESPONSE TO FINDINGS
August 1, 2011 TO DECEMBER 31, 2011

CONDITION OF RECORDS

A fund ledger was not maintained instead a check register was used which does not sort receipts and disbursements by the classifications needed to prepare the Annual Report. The federal grant receipts and disbursements were commingled in the Operating fund instead of in a separate fund. Reported cash balances in the Annual Report were the bank's balances not the reconciled book balances. No receipts were issued for collections. The claims docket does not include fiscal officer certification language, board approval language, or signature lines. Time sheets used were not the prescribed form nor were they approved by the State Board of Accounts. Executive Director's time sheet was not approved.

Response: Accounting system software was implemented in 2012. In 2015, separate funds are being created for each grant. CIRTA was reporting on an accrual basis but has since changed to cash basis reporting in 2015. Receipt books were purchased at the end of 2014. The claims docket will include proper language and signature lines beginning February 2015. Finance Manager is working with State Board of Accounts to get time sheets approved in 2015. Executive Director's time sheet will be signed by a member of management upon CIRTA board's direction in 2015.

OFFICIAL BOND

The Controller/Finance Manager did not obtain an individual surety bond.

Response: The Finance Manager is applying for individual surety bond in 2015.

COMPENSATION AND BENEFITS

Compensation and benefits were paid to all seven employees via an employment offer letter instead of by salary ordinance or resolution. The compensation and benefits paid to these employees totaled \$104,221.

Response: CIRTA Board will establish a salary schedule in 2015 and will be in compliance with state and federal reporting requirements.

Respectfully,

A handwritten signature in blue ink, appearing to read "Dora J. Fields".

Dora J. Fields
Finance Manager

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