

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

ORANGE COUNTY DEVELOPMENT COMMISSION

ORANGE COUNTY, INDIANA

January 1, 2016 to June 27, 2016



**FILED**  
08/24/2016



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Douglas Pittman	07-01-15 to 6-27-16
President of the Board	Karl Franklin Hall	07-01-15 to 6-27-16



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE ORANGE COUNTY DEVELOPMENT  
COMMISSION, ORANGE COUNTY, INDIANA

We have examined the accompanying financial statement of the Orange County Development Commission (Commission), for the period of January 1, 2016, to June 27, 2016. The financial statement is the responsibility of the Commission'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 Commission 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 Commission for the period of January 1, 2016, to June 27, 2016.

In our opinion, the financial statement referred to above present fairly, in all material respects, the financial position and results of operations of the Commission for the period of January 1, 2016, to June 27, 2016, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Commission's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the financial statement. It has not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on it.

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

June 27, 2016

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

ORANGE COUNTY DEVELOPMENT COMMISSION  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 27, 2016

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 06-27-16
General	\$ 52,852	\$ 396,735	\$ 449,587	\$ -

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



ORANGE COUNTY DEVELOPMENT COMMISSION  
NOTES TO FINANCIAL STATEMENT

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

*A. Reporting Entity*

The Commission was established under the laws of the State of Indiana. The Commission provides the following services: facilitate and coordinate local development. This Commission was established by Indiana Code 36-7-11.5-3.5.

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

*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.

ORANGE COUNTY DEVELOPMENT COMMISSION  
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:

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

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. Fund Accounting*

The Commission uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

**Note 2. Funding**

Funding for the Commission was authorized by Indiana Code 4-33-13-5, which established how riverboat funds were distributed. Prior to June 30, 2015, Indiana Code 4-33-13-5(b)(3) required the state to distribute 8 percent of tax revenue remitted by an operating agent operating a riverboat in a historic hotel district to the Commission. Indiana Code 4-33-13-5(b)(4)(B) required 12.5 percent of the taxes imposed on adjusted gross receipts and paid to the Towns of French Lick and West Baden Springs to be transferred to the Commission.

In 2015, Indiana Code 4-33-13-5 was amended and Indiana Code 4-33-13-5(b)(3) was removed and replaced with Indiana Code 4-33-13-5(b)(2)(H), which removed the funding for the Commission. Indiana Code 4-33-13-5(b)(2)(H) states, "Twenty-six and four-tenths percent (26.4%) shall be paid to the Indiana economic development corporation established by Indiana Code 5-28-3-1 for transfer to Radius Indiana or a successor regional entity or partnership for the development and implementation of a regional economic development strategy to assist the residents of Orange County and the counties contiguous to Orange County in improving their quality of life and to help promote successful and sustainable communities. However, an amount sufficient to meet current obligations to retire or refinance indebtedness or leases for which tax revenues under this section were pledged before January 1, 2015, by the Orange County development commission shall be paid to the Orange County development commission before making a distribution to Radius Indiana or a successor regional entity or partnership. The amount paid to the Orange County development commission reduces the amount payable to Radius Indiana or its successor entity or partnership."

**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.

ORANGE COUNTY DEVELOPMENT COMMISSION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

State statutes authorize the Commission 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 Commission 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 Commission 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. Grants**

Indiana Code 36-7-11.5-7 allows the Commission to approve grants to provide financial support to community organizations in Orange County and to promote economic development through tourism in Orange County. During the audit period the Commission committed to grants as follows:

Date of Grant	Recipient	Purpose	Grant Amount	New Grant	Grant Decreased	Prior to 2016 Disbursements	2016 Disbursements	Grant Amount Due As of December 31, 2016
03-04-08	Indiana Railway Museum*	Federal Grant Match	\$ 200,000	\$ 600,000	\$ -	\$ 650,000	\$ 150,000	\$ -
08-04-11	Paoli Municipal Airport	Airport Improvements	225,000	-	-	59,080.22	95,000.00	70,919.78 **
09-06-12	Eddie's Service, Inc.	Expansion of Workforce	150,000	-	-	150,000	-	-
05-01-14	Homestead Building, LLC	Historic Hotel Project	150,000	-	-	100,000	50,000	-
02-06-14	Hoosier Hills PACT	Expand Grantee's Continuum of Programs	225,000	-	-	150,000	75,000	-
Totals			<u>\$ 950,000</u>	<u>\$ 600,000</u>	<u>\$ -</u>	<u>\$ 1,109,080.22</u>	<u>\$ 370,000</u>	<u>\$ 70,919.78</u>

\*New grant for \$600,000 approved 08-02-12  
\*\*Written off

**Note 6. Close-Out**

As of June 9, 2016, all obligations were met and all funds were expended. Bank accounts were closed following clearance of paid items. Commissioners' terms will expire June 30, 2016, and no members will be appointed to replace them. Though the possibility of reinstating the Commission exists, due to the fact that legislation creating the group has not been rescinded, with no funding sources and no one serving as Commissioners, the Commission is effectively disbanded. It is the opinion of the Commission that, as of the close of business day on June 27, 2016, the organization is disbanded and no longer has an official capacity.

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#### OTHER INFORMATION - UNEXAMINED

The Commission's Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>. The 2016 Annual Report is not available on Gateway as of June 27, 2016.

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 Commission 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 other information presented was approved by management of the Commission. It is presented as intended by the Commission.

ORANGE COUNTY DEVELOPMENT COMMISSION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 27, 2016

	General
Cash and investments - beginning	\$ 52,852
Receipts:	
Intergovernmental receipts	396,722
Other receipts	13
Total receipts	396,735
Disbursements:	
Other services and charges	26,742
Other disbursements	422,845
Total disbursements	449,587
Deficiency of receipts over disbursements	(52,852)
Cash and investments - ending	\$ -

#### OTHER REPORTS

The addition to this report, other reports may have been issued for the Commission. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/soba>.