



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B35642

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

January 28, 2010

Board of Directors  
Tipton County Economic  
Development Corporation  
136 E. Jefferson St.  
Tipton, IN 46072

We have reviewed the audit report prepared by BCR CPA Group, Independent Public Accountants, for the period January 1, 2008 to December 31, 2008. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Tipton County Economic Development Corporation, as of December 31, 2008, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

**TIPTON COUNTY ECONOMIC  
DEVELOPMENT CORPORATION  
Financial Statements  
and Other Financial Information  
December 31, 2008 and 2007**

Tipton County Economic Development Corporation

Table of Contents

	<u>Page No.</u>
Independent Auditor's Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5-8
Supplemental Information	
Program and Supporting Service Expenses	9

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Tipton County Economic Development Corporation  
Kokomo, Indiana

We have audited the accompanying statements of financial position of Tipton County Economic Development Corporation as of December 31, 2008 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of Tipton County Economic Development Corporation as of December 31, 2007, were audited by other auditors whose report dated July 28, 2008, expressed an unqualified opinion on those statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of Tipton County Economic Development Corporation as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of program and supporting service expenses on page 9 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*BCR CPA Group*

August 20, 2009

Tipton County Economic Development Corporation  
 Statements of Financial Position  
 December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
<b>Operating Assets:</b>		
Cash and cash equivalents	\$ 64,168.33	\$ 36,079.00
Land held for Development, at cost	95,831.82	95,832.00
Prepaid Expenses	978.87	1,517.00
<b>Total Operating Assets</b>	<b>160,979.02</b>	<b>133,428.00</b>
<b>Fixed Assets:</b>		
Furniture, fixtures and equipment	20,196.99	20,197.00
Leasehold improvements	27,904.00	27,904.00
Less: Accumulated depreciation	(33,912.00)	(31,744.00)
<b>Total Fixed Assets</b>	<b>14,188.99</b>	<b>16,357.00</b>
<b>Total Assets</b>	<b>\$ 175,168.01</b>	<b>\$ 149,785.00</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 1,180.82	\$ 478.00
Payroll Taxes Withheld	773.70	2,433.00
Capital Lease Payable	1,905.58	3,617.00
<b>Total Liabilities</b>	<b>3,860.10</b>	<b>6,528.00</b>
<b>Net Assets:</b>		
Unrestricted	171,307.91	143,257.00
Temporarily restricted	-	-
Permanently restricted	-	-
<b>Total Net Assets</b>	<b>171,307.91</b>	<b>143,257.00</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 175,168.01</b>	<b>\$ 149,785.00</b>

See accompanying notes

Tipton County Economic Development Corporation  
 Statements of Activities  
 For the Years Ended December 31, 2008 and 2007

Unrestricted Funds	<u>2008</u>	<u>2007</u>
<b>Public Support and Revenue:</b>		
Public Support:		
City of Tipton	\$ 50,000.00	\$ 50,000.00
Tipton County	65,000.00	65,000.00
Contributions	29,576.34	26,431.00
Contributed Use of Facility	<u>4,050.00</u>	<u>4,050.00</u>
Total Public Support	<u>148,626.34</u>	<u>145,481.00</u>
Revenues:		
Grant Administration Fees	8,175.30	9,108.00
Special Events	8,485.00	9,496.75
Miscellaneous	0.90	855.00
Total Revenue	<u>16,661.20</u>	<u>19,459.75</u>
Total Public Support and Revenue	<u>165,287.54</u>	<u>164,940.75</u>
Expenses:		
Loss on Asset Disposal	-	876.00
Program Services	107,903.90	113,993.00
Management and General	23,535.70	25,187.98
Fundraising/Events Costs	<u>5,797.32</u>	<u>6,713.77</u>
Total Expenses	<u>137,236.93</u>	<u>146,770.75</u>
Change in Net Assets	28,050.61	18,170.00
Unrestricted Net Assets, Beginning of the year	<u>143,257.30</u>	<u>125,087.30</u>
Unrestricted Net Assets, End of the year	<u>\$171,307.91</u>	<u>\$143,257.30</u>

See accompanying notes

Tipton County Economic Development Corporation  
 Statements of Cash Flows  
 For the Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Change in net assets	\$ 28,050.61	\$ 18,170.00
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	2,168.13	2,656.00
Loss on disposal of fixed assets	-	876.00
(Increase)/decrease in operating assets:		
Prepaid expenses	538.13	-
Increase/(decrease) in operating liabilities:		
Accounts payable	702.82	(728.00)
Other payroll liabilities	(1,659.30)	(728.00)
Net cash provided/(used) by operations	<u>29,800.39</u>	<u>20,246.00</u>
Cash flows from investing activities:		
None	<u>-</u>	<u>-</u>
Cash flows from financing activities:		
Payments on Long-Term Debt	<u>(1,711.42)</u>	<u>(1,302.00)</u>
Net cash used by investing activities	<u>(1,711.42)</u>	<u>(1,302.00)</u>
Increase/(Decrease) in cash	28,088.97	18,944.00
Cash, beginning of the year	<u>36,079.36</u>	<u>17,135.36</u>
Cash, end of the year	<u>\$ 64,168.33</u>	<u>\$ 36,079.36</u>
Supplemental disclosure of Cash Flow information:		
Cash paid during the year for interest:	<u>189.10</u>	<u>488.00</u>

See accompanying notes

TIPTON COUNTY ECONOMIC DEVELOPMENT CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2008 and 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION

Tipton County Economic Development Corporation (TCEDC) is a not-for-profit corporation that was established in 1986, to promote economic development, increase the number of available employment opportunities, enhance the strength of the business sector, and create economic stability in Tipton County. The Internal Revenue Service has ruled that the agency is exempt from payment of federal income tax under the provisions of Section 501 (c) (6) of the Internal Revenue Code.

B. BASIS OF ACCOUNTING

The financial statements of TCEDC have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

C. CLASSES OF NET ASSETS

The financial statements report amounts separately by class of net assets:

1. Unrestricted net assets are those currently available at the discretion of the board for use in the organization's operations and those resources invested in property and equipment.
2. Temporarily restricted amounts are those that are designated for future periods or restricted by the donor for specific purposes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the organization reports the support as unrestricted.
3. Permanently restricted amounts are those that are restricted by the donor.

D. FUNCTIONAL ALLOCATION OF EXPENSES

Expenses not identified with a specific functional area have been allocated to the various programs and supporting services based on the amount of staff time spent in the specific function.

TIPTON COUNTY ECONOMIC DEVELOPMENT CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2008 and 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

E. PROPERTY AND EQUIPMENT

Fixed assets are stated at cost or estimated fair market value at date of contribution with depreciation provided over the estimated useful life of the assets on the straight-line method or the method allowable for federal income taxes which did not vary significantly from the straight-line method. Depreciation expense was \$2,656 and \$2,656 for 2008 and 2007, respectively. All fixed asset expenditures in excess of \$500 are capitalized at cost.

F. CONTRIBUTIONS

Contributions are considered available for unrestricted use unless specifically restricted by the donor. When restrictions are satisfied, revenues are reclassified and reported as net assets released from restrictions.

G. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. CASH AND CASH EQUIVALENTS

The organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

NOTE 2 - GOVERNMENT SUPPORT

TCEDC recognized \$50,000 and \$50,000 unrestricted support in 2008 and 2007, respectively, from the City of Tipton.

TCEDC recognized \$65,000 and \$65,000 unrestricted support in 2008 and 2007, respectively, from Tipton County.

The unrestricted support from both government entities is to aid the TCEDC in carrying out its endeavor to promote and assist in the development and growth of business concerns in the Tipton County area.

TIPTON COUNTY ECONOMIC DEVELOPMENT CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2008 and 2007

NOTE 3 - CAPITAL LEASES

The TCEDC entered into a capital lease arrangement for a copy machine in 2007. The cost of the equipment under capital lease is \$5,646, and the accumulated depreciation is \$2,017 and \$1,210 as of December 31, 2008 and 2007. The depreciation for the equipment was \$807 and \$807 for 2008 and 2007. Future minimum lease payments under the capital lease are as follows:

Years Ending December 31	
2009	\$ 1,754.76
2010	292.27
	<hr/>
Total minimum lease payments	2,047.03
Less amount representing interest	141.45
	<hr/>
Present value of net minimum lease payments	<u>\$ 1,905.58</u>

The lease stipulates a purchase option of \$1 at the end of the lease term.

NOTE 4 - LINE-OF-CREDIT

The organization has available a line-of-credit from Harris, NA. The line-of-credit has a \$50,000 limit with an outstanding balance of \$-0- at December 31, 2008 and 2007. The line matures annually and is available through February 6, 2009. Interest is payable monthly at the Harris N.A. prime rate.

NOTE 5 - OPERATING LEASES

During 2008 and 2007, the organization paid a less than fair market value rate for office space. Estimated cost of finding similar office space in the area is approximately \$4,800 per year. Accordingly, rent expense is recorded at the fair market value of \$4,800 and \$4,800 for the years ending December 31, 2008 and 2007. The lease is currently renewable annually.

The organization also has a lease for a postage machine, with expenses

TIPTON COUNTY ECONOMIC DEVELOPMENT CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2008 and 2007

NOTE 5 - OPERATING LEASES (continued)

shared with the Chamber. The minimum lease payments required under the above operating leases as of December 31, 2008 are as follows:

2009	\$ 1,611
2010	1,611
2011	1,611
2012	134
Thereafter	0

NOTE 6 - CASH FLOW STATEMENT

Generally accepted accounting principles require the following additional disclosure to support the statement of cash flows:

Additional non-cash financing activity is summarized as follows:

Contribution value of use of facility	<u>\$ 4,050</u>
---------------------------------------	-----------------

NOTE 7 - RELATED PARTY TRANSACTIONS

The TCEDC has some common board members with the Tipton County Economic Development Foundation, Inc. (TCEDF). During 2007, TCEDC advanced \$8,000 to cover economic development related expenses of the TCEDF, and the amount was subsequently reimbursed in full, two months later.

NOTE 8 - EMPLOYEE BENEFIT PLANS

The organization has a SIMPLE IRA retirement plan for employees. TCEDC contributes a matching contribution each year up to a limit of 3% of the employee's compensation for the calendar year. All contributions are fully vested and nonforfeitable. Retirement plan contribution expenses were \$2,236 and \$2,839 for years ending December 31, 2008 and 2007.

NOTE 9 - ECONOMIC DEPENDANCY

The TCEDC received its support from two major sources during 2008 and 2007. Support from these two sources exceeded over 70% of total revenues. Revenues from the two sources totaled \$115,000 and \$115,000 for 2008 and 2007, respectively.

## SUPPLEMENTAL INFORMATION

Tipton County Economic Development Corporation  
Program and Supporting Service Expenses  
For the Years Ended December 31, 2008 and 2007

	2008				2007			
	Program Services	Management and General	Fund Raising	Totals	Program Services	Management and General	Fund Raising	Totals
Salaries	\$ 64,890.26	\$ 13,618.94	\$ 1,602.23	\$ 80,111.43	\$ 76,299.00	\$ 16,452.12	\$ 1,892.88	\$ 94,644.00
Payroll taxes	\$ 5,189.77	1,089.21	128.14	6,407.12	6,061.00	1,306.64	150.36	7,518.00
Employee benefits	\$ 1,810.88	380.06	44.71	2,235.65	7,126.00	1,536.22	176.78	8,839.00
Total salaries and related expenses	71,890.91	15,088.21	1,775.08	88,754.20	89,486.00	19,294.98	2,220.02	111,001.00
Marketing/Planning Expense	8,537.40	2,002.60	-	10,540.00	2,979.00	716.00	-	3,695.00
Copier Expenses	226.16	53.05	-	279.21	273.00	66.00	-	339.00
Education	1,656.79	388.63	-	2,045.42	2,058.00	495.00	-	2,553.00
Insurance	6,350.04	1,489.52	-	7,839.56	2,832.00	681.00	-	3,513.00
Interest	153.17	35.93	-	189.10	365.00	88.00	-	453.00
Office Supplies	538.97	126.42	-	665.39	551.00	133.00	-	684.00
Fundraising\Special Events	-	-	4,022.24	4,022.24	-	-	4,493.75	4,493.75
Postage	1,158.15	271.67	-	1,429.82	2,233.00	537.00	-	2,770.00
Printing	-	-	-	-	1,786.00	429.00	-	2,215.00
Professional fees	6,982.12	1,637.78	-	8,619.90	459.00	110.00	-	569.00
Rent	3,888.00	912.00	-	4,800.00	3,870.00	930.00	-	4,800.00
Utilities	1,293.03	303.30	-	1,596.33	1,309.00	315.00	-	1,624.00
Miscellaneous	758.84	178.00	-	936.84	658.00	158.00	-	816.00
Telephone	2,303.28	540.27	-	2,843.55	2,482.00	597.00	-	3,079.00
Travel	410.86	96.38	-	507.24	511.00	123.00	-	634.00
Total expenses before depreciation	106,147.72	23,123.76	5,797.32	135,068.80	111,852.00	24,672.98	6,713.77	143,238.75
Depreciation	1,756.19	411.94	-	2,168.13	2,141.00	515.00	-	2,656.00
<b>Total Expenses</b>	<b>\$ 107,903.91</b>	<b>\$ 23,535.70</b>	<b>\$ 5,797.32</b>	<b>\$ 137,236.93</b>	<b>\$ 113,993.00</b>	<b>\$ 25,187.98</b>	<b>\$ 6,713.77</b>	<b>\$ 145,894.75</b>

See accompanying notes



August 21, 2009

To the Board of Directors  
Tipton County Economic Development Corporation

We have audited the financial statements of Tipton County Economic Development Corporation for the year ended [Date], and have issued our report thereon dated August 20, 2009. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 26, 2009. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Tipton County Economic Development Corporation are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated August 20, 2009.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Prior audit findings have been favorably resolved and the board has taken on additional responsibility to make up for the small staff and lack of separation of duties.

There are no new current year findings.

This information is intended solely for the use of board of directors and management of Tipton County Economic Development Corporation and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*BCR CPA Group*

BCR CPA Group