



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B39503

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

October 12, 2011

Board of Directors
Shelby County
Development Corporation
16 Public Square
Shelbyville, IN 46176

We have reviewed the audit report prepared by Dehmel & Associates, PC, 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 Shelby County 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

SHELBY COUNTY DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2008

SHELBY COUNTY DEVELOPMENT CORPORATION

TABLE OF CONTENTS

	Page No.
Independent Auditors' Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Schedule I - Schedule of Program and Supporting Expenses	5
Notes to Financial Statements	6-11

DEHMEL & ASSOCIATES, P.C.

Certified Public Accountants

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
AND THE INDIANA CPA SOCIETY

(317) 248-2202
2222 N. CUNNINGHAM ROAD
INDIANAPOLIS, IN 46224
FAX (317) 248-2201

INDEPENDENT AUDITORS' REPORT

Board of Directors
Shelby County Development Corporation
Shelbyville, Indiana

We have audited the accompanying statement of financial position of Shelby County Development Corporation (a not-for-profit organization) 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 audit.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of program and supporting expenses on page 5 is presented for purposes of additional analysis and is 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.

Dehmel & Associates, P.C.

DEHMEL & ASSOCIATES, P.C.

Indianapolis, Indiana

August 28, 2009

SHELBY COUNTY DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2008

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	\$ 83,744
Certificate of deposit - at cost	50,000
Accrued interest receivable	165
Total Current Assets	133,909
 PROPERTY AND EQUIPMENT:	
Equipment	5,743
Vehicle	26,215
	31,958
Less accumulated depreciation	(7,063)
Total Property and Equipment	24,895
Total Assets	\$ 158,804

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Accounts payable	\$ 992
Accrued expense	23
Current portion long-term debt	5,042
Total Current Liabilities	6,057
 LONG TERM LIABILITIES:	
Notes payable, net of current portion	17,284
Total Liabilities	23,341
 NET ASSETS:	
Unrestricted net assets	130,463
Temporarily restricted net assets	5,000
Total Net Assets	135,463
Total Liabilities and Net Assets	\$ 158,804

The accompanying notes to the financial statements are an
integral part of these statements.

SHELBY COUNTY DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

	December 31, 2008		
	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUES:			
Dues	\$ 207,200	\$ -	\$ 207,200
Contributions	-	5,500	5,500
Interest income	3,671	-	3,671
	210,871	5,500	216,371
Net assets released from restrictions	5,500	(5,500)	-
Total Support and Revenues	216,371	-	216,371
EXPENSES:			
Program service expenses	19,160	-	19,160
Supporting service expenses	191,873	-	191,873
Total Expenses	211,033	-	211,033
INCREASE (DECREASE) IN NET ASSETS	5,338	-	5,338
NET ASSETS, beginning of year	125,125	5,000	130,125
NET ASSETS, end of year	\$ 130,462	\$ 5,000	\$ 135,463

The accompanying notes to the financial statements are an
integral part of these statements.

SHELBY COUNTY DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase in net assets	\$ 5,338
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	2,047
Changes in operating assets and liabilities:	
Accrued interest receivable	(165)
GMAC lease deposit refund	3,002
Accounts payable	992
Accrued expenses	<u>23</u>
CASH PROVIDED BY OPERATING ACTIVITIES	<u>11,237</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of equipment	<u>(26,215)</u>
CASH USED BY INVESTING ACTIVITIES	<u>(26,215)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from issuance of long-term debt	24,000
Repayments of long-term debt	<u>(1,674)</u>
CASH PROVIDED BY FINANCING ACTIVITIES	<u>22,326</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	7,348
CASH AND CASH EQUIVALENTS, beginning of year	<u>76,396</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 83,744</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid during the year for:	
Interest expense	\$ 267

The accompanying notes to the financial statements are an integral part of these statements.

SHELBY COUNTY DEVELOPMENT CORPORATION
SCHEDULE OF PROGRAM AND SUPPORTING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Program</u>	<u>Supporting</u>	<u>Total</u>
Salaries	\$ -	\$ 138,906	\$ 138,906
Payroll taxes	-	10,615	10,615
Health insurance	-	7,200	7,200
Employee benefits	-	13,426	13,426
Total personnel costs	-	170,147	170,147
Auto lease	3,824	-	3,824
Auto expenses	4,470	-	4,470
Advertising and promotions	6,211	-	6,211
Conventions and seminars	599	-	599
Travel	658	-	658
Meals and entertainment	1,190	-	1,190
Insurance	-	1,072	1,072
Office supplies	-	2,351	2,351
Professional fees	-	1,634	1,634
Computer support	-	424	424
Website expense	1,819	-	1,819
Dues and subscriptions	-	5,291	5,291
Depreciation	-	2,047	2,047
Interest expense	-	267	267
Telephone	-	4,241	4,241
Internet expense	389	-	389
Postage	-	352	352
Bank service charges	-	225	225
Property taxes	-	(7)	(7)
Rent	-	3,600	3,600
Miscellaneous	-	229	229
	<u>\$ 19,160</u>	<u>\$ 191,873</u>	<u>\$ 211,033</u>

The accompanying notes to the financial statements are an
integral part of these statements.

SHELBY COUNTY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities: Shelby County Development Corporation (the Corporation) was originally incorporated as a not-for-profit corporation on June 16, 1987 under the laws of the state of Indiana. The Corporation's purpose is to promote and develop economic growth throughout Shelby County, Indiana and to erect and/or maintain improvements on public property which the Corporation believes to be in the best interest of the overall business community. Support for the Corporation comes primarily from membership dues.

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting.

Financial Statement Presentation: The Corporation has adopted Statement of Financial Accounting Standards (SFAS) no. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS no. 117, the Corporation is required to report information regarding the financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Corporation is required to present a statement of cash flows. As of December 31, 2008, the Corporation had no permanently restricted net assets.

Fair Value of Financial Instruments: Statement of Financial Accounting Standards No. 107, "Disclosures about Fair Value of Financial Instruments", requires disclosure of an estimate of fair value of certain financial instruments. The Corporation's significant financial instruments are cash and other short-term assets and liabilities. For these financial instruments, carrying value approximates fair value.

Concentrations of Credit Risk: The Corporation is supported by membership dues from local governments and businesses. It is always considered reasonably possible that members might be lost in the near term. Financial instruments which potentially subject the Corporation to concentrations of credit risk consist of cash and certificate of deposit investments. The cash and certificate of deposit investments are in high quality institutions and companies with high credit ratings which the Corporation believes limits these risks. The Corporation has no cash balances in excess of amounts federally insured as of December 31, 2008. The Corporation receives significant support from two local government members representing 23% each of the Corporation's total support and revenue for 2008.

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.

Cash and Cash Equivalents: The Corporation considers all highly liquid investments with original maturities of three months or less to be cash and cash equivalents.

SHELBY COUNTY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Property and Equipment: The Corporation's practice is to capitalize all purchases with an estimated useful life in excess of three years. Capitalized purchases are stated at cost and donated equipment, if any, is carried at its fair market value on the date of the contribution. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally five or seven years. Depreciation expense for the year ended December 31, 2008 was \$2,047. When items are disposed of, the cost and accumulated depreciation are eliminated from the records of account, and a gain or loss is reported in the change in net assets. Charges for repairs and maintenance that do not increase the useful lives of the assets are expensed as incurred.

Support and Revenue: The Corporation has adopted SFAS no. 116, "Accounting for Contributions Received and Contributions Made." In accordance with SFAS no. 116, contributions or grants received are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restriction. The Corporation records contributions or grants whose restrictions are met in the same period as unrestricted.

Per the by-laws of the Corporation, the Board of Directors is comprised of representatives from the governmental membership and the corporate/business membership. The Corporation has three classes of membership:

Governmental – includes Shelby County Council, Shelby County Commissioners or any Shelby County Town Board or Town/City Council upon making an annual contribution of at least \$50,000.

Corporate/Business – any corporation or other type of for profit business entity upon paying the annual membership fee of \$3,500 or a quarterly fee of \$900.

Special – any individual approved by a majority vote of the Board of Directors whose office, position, skills, experience, or activities present an important resource or contribution to the mission of the Corporation. The membership fee, if any, is determined by the Board of Directors.

Revenues consist primarily of investment income.

Advertising: Advertising costs are expensed as incurred. Advertising costs for the year ended December 31, 2008 were \$0.

SHELBY COUNTY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Income Taxes: The Corporation is exempt from federal income taxes under Section 501(c)(4) of the U.S. Internal Revenue Code. However, a Form 990, Return of Organization Exempt from Income Tax, is required to be filed each year. If the Corporation ever has income from certain activities not directly related to its tax-exempt purpose, that income could be subject to taxation as unrelated business income.

NOTE 2 CERTIFICATE OF DEPOSIT

The Corporation had a certificate of deposit at Shelby County Bank with an initial maturity in excess of three months as of December 31, 2008 which is carried at its historical cost of \$50,000. Historical cost approximates fair value. The certificate bears interest at the rate of 3.13%.

NOTE 3 LONG-TERM DEBT

Details of long-term debt are summarized as follows:

	<u>December 31,</u> <u>2008</u>
Auto loan payable to GMAC, in monthly installments of \$485, including interest at 3.895%, maturing February 28, 2013.	\$ 22,326
Less current maturities	<u>(5,042)</u>
	<u>\$ 17,284</u>

Future maturities of long-term debt are as follows:

<u>Year ended December 31,</u>	
2009	\$ 5,042
2010	5,242
2011	5,450
2012	5,666
2013	<u>946</u>
	<u>\$ 22,326</u>

SHELBY COUNTY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

NOTE 4 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are limited by donor-imposed stipulations that either expire by the passage of time, or are fulfilled and removed by actions of the organizations pursuant to those stipulations. As restrictions are met, the net assets are released from restrictions and included in unrestricted net assets. Contributions or grants for which the restrictions are met in the same period in which the support is received are also recorded as temporarily restricted revenues.

As of December 31, 2008, temporarily restricted net assets are available for the following purposes or periods:

Timing and purpose restrictions:

Website design and improvement in 2009	\$5,000
--	---------

Net assets were released from donor restrictions during 2008 by incurring expenses satisfying the timing and purpose restrictions specified by donors as follows:

Timing and purpose restrictions accomplished:

Marketing campaigns for 2008 to promote investing in Shelbyville/Shelby County	\$5,500
--	---------

NOTE 5 OPERATING LEASES

The Corporation was leasing a vehicle during 2008 under a contract that matured in September 2008 for \$475 per month. Auto lease expense for the year ended December 31, 2008 was \$3,824. As the lease ended, the Corporation purchased a replacement vehicle, and no additional auto lease expense was incurred.

In July 2004, the Corporation entered into a related party lease to rent office space for \$300 per month from the Board President. The lease runs for a period of one year and contains five one year renewal options. Monthly rent may be negotiated at the renewal dates. Rent expense for the year ended December 31, 2008 was \$3,600.

NOTE 6 RETIREMENT PLAN

The Corporation has an employment agreement with the Executive Director which stipulates the Corporation will pay 12% of pay annually into the Executive Director's SEP Plan. Total retirement plan expense for 2008 was \$13,426.