

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

ORANGE COUNTY DEVELOPMENT COMMISSION

ORANGE COUNTY, INDIANA

January 1, 2011 to December 31, 2015



FILED
03/09/2016

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Accountant's Report.....	3
Financial Statements and Accompanying Notes:	
Statements of Receipts, Disbursements, and Cash and Investment	
Balances - Regulatory Basis	7-9
Notes to Financial Statements.....	11-15
Other Reports.....	16

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Karl Franklin Hall Douglas Pittman	07-01-11 to 06-30-13 07-01-13 to 06-30-16
President of the Board	John E. Harrison Karl Franklin Hall	07-01-11 to 06-30-13 07-01-13 to 06-30-16



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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 statements of the Orange County Development Commission (Commission), for the period of January 1, 2011 to December 31, 2015. The financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on the financial statements 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 statements 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 statements 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 statements 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 statements referred to above do 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, 2011 to December 31, 2015.

In our opinion, the financial statements 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, 2011 to December 31, 2015, on the basis of accounting described in Note 1.

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

February 25, 2016

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FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

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

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ORANGE COUNTY DEVELOPMENT COMMISSION
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2011 and 2012

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11	Receipts	Disbursements	Cash and Investments 12-31-12
General	<u>\$ 685,175</u>	<u>\$ 1,889,124</u>	<u>\$ 1,819,319</u>	<u>\$ 754,980</u>	<u>\$ 1,878,625</u>	<u>\$ 1,622,607</u>	<u>\$ 1,010,998</u>

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

ORANGE COUNTY DEVELOPMENT COMMISSION
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2013 and 2014

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13	Receipts	Disbursements	Cash and Investments 12-31-14
General	<u>\$ 1,010,998</u>	<u>\$ 1,593,898</u>	<u>\$ 1,802,957</u>	<u>\$ 801,939</u>	<u>\$ 1,043,440</u>	<u>\$ 1,762,664</u>	<u>\$ 82,715</u>

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

ORANGE COUNTY DEVELOPMENT COMMISSION
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2015

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
General	\$ <u>82,715</u>	\$ <u>914,248</u>	\$ <u>944,111</u>	\$ <u>52,852</u>

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

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ORANGE COUNTY DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS

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 statements present the financial information for the Commission.

B. Basis of Accounting

The financial statements are 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 statements. 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 STATEMENTS
(Continued)

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements include the following uses:

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.

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 Development 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 Orange County Development 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 IC 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."

ORANGE COUNTY DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 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 detailed on page 15.

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ORANGE COUNTY DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Date of Grant	Recipient	Purpose	Grant Amount	New Grant	Grant Decreased	Prior to 2011 Disbursements	2011 Disbursements	2012 Disbursements	2013 Disbursements	2014 Disbursements	2015 Disbursements	Grant Amount Due As of December 31, 2015
03-04-08	Indiana Railway Museum*	Federal Grant Match	\$ 200,000.00	\$ 600,000.00	\$ -	\$ 150,000.00	\$ 50,000.00	\$ 150,000.00	\$ -	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00
12-04-08	Town of West Baden Springs	Visitors Overlook Park	125,000.00	-	-	-	125,000.00	-	-	-	-	-
12-04-08	Town of West Baden Springs**	Lost River Gateway Bridge	100,000.00	150,000.00	-	-	-	-	250,000.00	-	-	-
08-05-10	French Lick and West Baden Museum, Inc.	Construct a Cultural Center	200,000.00	-	-	50,000.00	50,000.00	50,000.00	50,000.00	-	-	-
07-01-10	Town of Paoli	Utilities	350,000.00	-	105,000.00	-	245,000.00	-	-	-	-	-
11-04-10	Town of Orleans***	Utilities	158,248.00	300,000.00	-	-	158,248.00	150,000.00	150,000.00	-	-	-
11-04-10	Orange County	Federal Grant Match for Airport Road	150,000.00	-	-	-	-	-	-	150,000.00	-	-
02-03-11	Hoosier Uplands	North Side of Square	10,000.00	-	-	-	10,000.00	-	-	-	-	-
05-05-11	Economic Development Partnership	Development Program	10,000.00	-	-	-	10,000.00	-	-	-	-	-
07-07-11	Sleeping Bear Retreat	New Development	10,800.00	-	-	-	10,800.00	-	-	-	-	-
07-07-11	Lee Wally's LLC	New Development	280,000.00	-	-	-	140,000.00	140,000.00	-	-	-	-
08-04-11	Paoli Municipal Airport	Airport Improvements	225,000.00	-	-	-	12,268.26	-	6,875.00	21,428.01	18,508.95	165,919.78
12-01-11	Orange County Ivy Tech Fund	Establish a Community Learning Center	25,000.00	-	-	-	-	25,000.00	-	-	-	-
02-02-12	French Lick Masonic Lodge #586	Hire Evaluator of Grantee's Building	2,400.00	-	-	-	-	2,400.00	-	-	-	-
06-07-12	Internal Honing	Employees	25,000.00	-	25,000.00	-	-	-	-	-	-	-
09-06-12	Eddie's Service, Inc.	Brick Façade on Storefront	150,000.00	-	-	-	-	75,000.00	75,000.00	-	-	-
09-06-12	Eddie's Service, Inc.	Expansion of Workforce	150,000.00	-	-	-	-	-	67,725.00	75,660.69	6,614.19	0.12
09-06-12	Pivotal People of Southern Indiana, Inc.	Local Match - Historic Preservation Grant	21,800.00	-	-	-	-	-	21,800.00	-	-	-
10-04-12	Pizasta, LLC	Expansion of Workforce	25,000.00	-	13,004.00	-	-	-	11,996.00	-	-	-
11-01-12	Hoosier Uplands EDC	Façade Improvements - Phase 1, Paoli Square	200,000.00	-	-	-	-	-	200,000.00	-	-	-
07-11-13	Kelley Aero Services, LLC	Expansion of Workforce	28,000.00	-	13,174.00	-	-	-	744.00	13,135.00	947.00	-
07-11-13	Town of West Baden Springs Police Department	Training of Law Enforcement Officers	6,000.00	-	-	-	-	-	6,000.00	-	-	-
09-05-13	Hoosier Uplands	Façade Improvements - Phase 2, Paoli Square	215,000.00	-	3,580.00	-	-	-	30,000.00	181,420.00	-	-
02-02-12	Porky's of Paoli	Open a New Restaurant	21,950.00	-	-	-	-	21,950.00	-	-	-	-
05-01-14	Homestead Building, LLC	Historic Hotel Project	150,000.00	-	-	-	-	-	-	50,000.00	50,000.00	50,000.00
05-01-14	Ninety 6 Development, LLC	Land Prep for Future Development	10,000.00	-	-	-	-	-	-	10,000.00	-	-
02-06-14	Hoosier Hills PACT	Expand Grantee's Continuum of Programs	225,000.00	-	-	-	-	-	-	65,625.00	84,375.00	75,000.00
08-07-14	Springs Valley Education Foundation	Promise Program - SV Schools	5,000.00	-	-	-	-	-	-	-	5,000.00	-
10-09-14	Hoosier Uplands EDC	Façade Improvements - Phase 3, French Lick & West Baden	312,707.00	-	-	-	-	-	-	306,053.50	6,653.50	-
Totals			<u>\$ 3,391,905.00</u>	<u>\$ 1,050,000.00</u>	<u>\$ 159,758.00</u>	<u>\$ 200,000.00</u>	<u>\$ 811,316.26</u>	<u>\$ 614,350.00</u>	<u>\$ 870,140.00</u>	<u>\$ 1,023,322.20</u>	<u>\$ 322,098.64</u>	<u>\$ 440,919.90</u>

OTHER REPORTS

In 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/sboa/>.