

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

FINANCIAL STATEMENTS AUDIT REPORT

OF

WESTGATE @ CRANE AUTHORITY

DAVISS COUNTY, INDIANA

January 1, 2014 to December 31, 2017



FILED
01/03/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Donald P. Schulte (Vacant)	01-01-14 to 12-18-15 12-19-15 to 12-31-18
Treasurer	Elaine Wellman	01-01-14 to 12-31-18
President of the Authority Board	John Mensch	01-01-14 to 12-31-18



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE WESTGATE @ CRANE AUTHORITY, DAVIESS COUNTY, INDIANA

Report on the Financial Statements

We have audited the accompanying financial statements of the Westgate @ Crane Authority (Authority), which comprise the financial position and results of operations for the period of January 1, 2014 to December 31, 2017, and the related notes to the financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 to the financial statements, the Authority 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 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 the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Authority for the period of January 1, 2014 to December 31, 2017.


Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Authority for the period of January 1, 2014 to December 31, 2017, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the Authority's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the auditing procedures applied by us in the audit of the financial statements and, accordingly, we express no opinion on them.


Paul D. Joyce, CPA
State Examiner

November 26, 2018

FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

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

WESTGATE @ CRANE AUTHORITY
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Years Ended December 31, 2014 and 2015

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14	Receipts	Disbursements	Cash and Investments 12-31-15
General - Revenue	\$ 771,936	\$ 1,168,733	\$ 956,969	\$ 983,700	\$ 48,414	\$ 1,028,772	\$ 3,342
General - Non Tax Revenue	171,354	319,309	132,161	358,502	481,495	229,777	610,220
General - Building	49,989	8,728	41,553	17,164	60,021	35,529	41,656
General - Escrow	150,017	150,097	-	300,114	100,152	-	400,266
Totals	<u>\$ 1,143,296</u>	<u>\$ 1,646,867</u>	<u>\$ 1,130,683</u>	<u>\$ 1,659,480</u>	<u>\$ 690,082</u>	<u>\$ 1,294,078</u>	<u>\$ 1,055,484</u>

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

WESTGATE @ CRANE AUTHORITY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended December 31, 2016 and 2017

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16	Receipts	Disbursements	Cash and Investments 12-31-17
General - Revenue	\$ 3,342	\$ 1,732,283	\$ 250,377	\$ 1,485,248	\$ 1,629,839	\$ 1,723,525	\$ 1,391,562
General - Non Tax Revenue	610,220	273,613	756,352	127,481	107,707	19,643	215,545
General - Building	41,656	13	30,619	11,050	120,630	99,302	32,378
General - Escrow	400,266	200	-	400,466	100,349	597	500,218
Totals	<u>\$ 1,055,484</u>	<u>\$ 2,006,109</u>	<u>\$ 1,037,348</u>	<u>\$ 2,024,245</u>	<u>\$ 1,958,525</u>	<u>\$ 1,843,067</u>	<u>\$ 2,139,703</u>

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

WESTGATE @ CRANE AUTHORITY
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Authority was created through an interlocal agreement, as authorized by Indiana Code 36-1-7, between the redevelopment commissions of Daviess, Martin, and Greene Counties and approved by the Indiana Economic Development Corporation on June 13, 2006. The Authority operates under an appointed governing board and was created for the main purpose of development and managing the WestGate @ Crane Technology Park.

The accompanying financial statements present the financial information for the Authority.

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. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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. Amounts received from various sources, including, but 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.

WESTGATE @ CRANE AUTHORITY
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:

Personal services. Amounts disbursed 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. Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service - principal and interest. Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the Authority. It includes all expenditures for the reduction of the principal and interest of the Authority's general obligation indebtedness.

Other disbursements. Amounts disbursed for various other purposes including, but 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. Interfund Transfers

The Authority may, from time to time, make transfers from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the Authority. Each fund is used to account for amounts 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 amounts 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 governing board shall establish and maintain a budget annually, to be adopted on or before September 30 of each year, and to be effective for the next calendar year.

WESTGATE @ CRANE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 3. Incremental Taxes

The Treasurer of State shall establish an incremental tax financing fund for each certified technology park as designated under Indiana Code 36-7-32. The following amounts shall be deposited during each state fiscal year in the incremental tax financing fund: (1) The aggregate amount of state gross retail and use taxes that are remitted under Indiana Code 6-2.5 by businesses operating in the certified technology park, until the amount of state gross retail and use taxes deposited equals the gross retail incremental amount for the certified technology park; (2) The aggregate amount of the following taxes paid by employees employed in the certified technology park with respect to wages earned for work in the certified technology park, until the amount deposited equals the income tax incremental amount: (A) The adjusted gross income tax; (B) The local income tax (IC 6-3-6).

In accordance with Indiana Code 36-7-32-22 (d), in the case of a certified technology park that is operating under a written agreement entered into by two (2) or more redevelopment commissions, not more than a total of five million dollars (\$5,000,000) may be deposited over the life of the certified technology park in the incremental tax financing fund of each redevelopment commission participating in the operation of the certified technology park. The Westgate @ Crane Authority Technology Park is operated by written agreement between Daviess, Greene, and Martin County Redevelopment Commissions. As of December 31, 2017, a total of \$10,914,881 in incremental taxes has been distributed to the Authority.

Note 4. 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, the following: 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 5. 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 statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

OTHER INFORMATION - UNAUDITED

The Authority's Annual Financial Reports information can be found on the Indiana Gateway for Government Units website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Authority's Annual Financial Reports referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

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

WESTGATE @ CRANE AUTHORITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014

	Gneral - Revenue	General - Non Tax Revenue	General - Building	General - Escrow	Totals
Cash and investments - beginning	\$ 771,936	\$ 171,354	\$ 49,989	\$ 150,017	\$ 1,143,296
Receipts:					
Intergovernmental receipts	1,167,824	-	-	-	1,167,824
Other receipts	909	319,309	8,728	150,097	479,043
Total receipts	<u>1,168,733</u>	<u>319,309</u>	<u>8,728</u>	<u>150,097</u>	<u>1,646,867</u>
Disbursements:					
Personal services	-	71,635	-	-	71,635
Supplies	631	-	-	-	631
Other services and charges	78,431	-	41,553	-	119,984
Debt service - principal and interest	170,700	-	-	-	170,700
Other disbursements	707,207	60,526	-	-	767,733
Total disbursements	<u>956,969</u>	<u>132,161</u>	<u>41,553</u>	<u>-</u>	<u>1,130,683</u>
Excess (deficiency) of receipts over disbursements	<u>211,764</u>	<u>187,148</u>	<u>(32,825)</u>	<u>150,097</u>	<u>516,184</u>
Cash and investments - ending	<u>\$ 983,700</u>	<u>\$ 358,502</u>	<u>\$ 17,164</u>	<u>\$ 300,114</u>	<u>\$ 1,659,480</u>

WESTGATE @ CRANE AUTHORITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015

	General - Revenue	General - Non Tax Revenue	General - Building	General - Escrow	Totals
Cash and investments - beginning	\$ 983,700	\$ 358,502	\$ 17,164	\$ 300,114	\$ 1,659,480
Receipts:					
Intergovernmental receipts	47,909	-	-	-	47,909
Other receipts	505	481,495	60,021	100,152	642,173
Total receipts	48,414	481,495	60,021	100,152	690,082
Disbursements:					
Personal services	-	71,264	-	-	71,264
Supplies	1,069	-	-	-	1,069
Other services and charges	37,702	-	35,529	-	73,231
Debt service - principal and interest	170,700	-	-	-	170,700
Other disbursements	819,301	158,513	-	-	977,814
Total disbursements	1,028,772	229,777	35,529	-	1,294,078
Excess (deficiency) of receipts over disbursements	(980,358)	251,718	24,492	100,152	(603,996)
Cash and investments - ending	\$ 3,342	\$ 610,220	\$ 41,656	\$ 400,266	\$ 1,055,484

WESTGATE @ CRANE AUTHORITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	General - Revenue	General - Non Tax Revenue	General - Building	General - Escrow	Totals
Cash and investments - beginning	\$ 3,342	\$ 610,220	\$ 41,656	\$ 400,266	\$ 1,055,484
Receipts:					
Intergovernmental receipts	1,717,223	-	-	-	1,717,223
Other receipts	15,060	273,613	13	200	288,886
Total receipts	1,732,283	273,613	13	200	2,006,109
Disbursements:					
Other services and charges	250,377	625,805	30,619	-	906,801
Debt service - principal and interest	-	95,000	-	-	95,000
Other disbursements	-	35,547	-	-	35,547
Total disbursements	250,377	756,352	30,619	-	1,037,348
Excess (deficiency) of receipts over disbursements	1,481,906	(482,739)	(30,606)	200	968,761
Cash and investments - ending	\$ 1,485,248	\$ 127,481	\$ 11,050	\$ 400,466	\$ 2,024,245

WESTGATE @ CRANE AUTHORITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	General - Revenue	General - Non Tax Revenue	General - Building	General - Escrow	Totals
Cash and investments - beginning	\$ 1,485,248	\$ 127,481	\$ 11,050	\$ 400,466	\$ 2,024,245
Receipts:					
Intergovernmental receipts	1,560,145	-	-	-	1,560,145
Other receipts	69,694	107,707	120,630	100,349	398,380
Total receipts	<u>1,629,839</u>	<u>107,707</u>	<u>120,630</u>	<u>100,349</u>	<u>1,958,525</u>
Disbursements:					
Other services and charges	1,565,861	-	99,302	-	1,665,163
Debt service - principal and interest	95,000	-	-	-	95,000
Other disbursements	62,664	19,643	-	597	82,904
Total disbursements	<u>1,723,525</u>	<u>19,643</u>	<u>99,302</u>	<u>597</u>	<u>1,843,067</u>
Excess (deficiency) of receipts over disbursements	<u>(93,686)</u>	<u>88,064</u>	<u>21,328</u>	<u>99,752</u>	<u>115,458</u>
Cash and investments - ending	<u>\$ 1,391,562</u>	<u>\$ 215,545</u>	<u>\$ 32,378</u>	<u>\$ 500,218</u>	<u>\$ 2,139,703</u>

WESTGATE @ CRANE AUTHORITY
SCHEDULE OF LEASES AND DEBT
December 31, 2017

Description of Debt		Ending	Principal and
Type	Purpose	Principal	Interest Due
		Balance	Within One
			Year
Governmental activities:			
Notes and loans payable	Greene County Water Tower	\$ 163,840	\$ 95,000
Totals		<u>\$ 163,840</u>	<u>\$ 95,000</u>

WESTGATE @ CRANE AUTHORITY
SCHEDULE OF CAPITAL ASSETS
December 31, 2017

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 101,935
Buildings	9,391,372
Machinery, equipment, and vehicles	<u>263,216</u>
Total governmental activities	<u>9,756,523</u>
Total capital assets	<u><u>\$ 9,756,523</u></u>

OTHER REPORTS

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