



STATE OF INDIANA
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March 8, 2019

Board of Directors
Miami County Economic Development Authority
1525 W. Hooiser Blvd.
Peru, IN 46970

This report is supplemental to the audit report of the Miami County Economic Development Authority (District), for the period from January 1, 2015 to December 31, 2017. It has been provided as a separate report so that the reader may easily identify any Examination Findings that pertain to the District. It should be read in conjunction with the financial statement audit report of the District, which provides an opinion on the District's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the District and perform procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Findings and Results contained herein describe the identified reportable instances of noncompliance found as a result of these procedures.

We have reviewed the Supplemental Audit Report for Miami County Economic Development Authority prepared by Crowe LLP, Independent Public Accountants, for the period January 1, 2015 to December 31, 2017. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts.

We call your attention to the findings in the report. Page 3 contains four Examination Findings and Results. Management's response may be found on page 5.

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

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

**COMPLIANCE EXAMINATION OF
MIAMI COUNTY ECONOMIC DEVELOPMENT AUTHORITY**

Miami County, Indiana
January 1, 2015 to December 31, 2017

MIAMI COUNTY ECONOMIC DEVELOPMENT AUTHORITY

Miami County, Indiana
January 1, 2015 to December 31, 2017

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MIAMI COUNTY ECONOMIC DEVELOPMENT AUTHORITY
SCHEDULE OF OFFICIALS
January 1, 2015 to December 31, 2017

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	James E. Tidd	01-01-15 to 12-31-17
Treasurer	Thomas Webster	01-01-15 to 12-31-17
Chairman of the Board	James Yates	01-01-15 to 12-31-17

INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of Miami County Economic Development Authority

We have examined Miami County Economic Development Authority's ("Unit") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Special Districts* during the period January 1, 2015 to December 31, 2017. Management of the Unit is responsible for the Unit's compliance with the specified requirements. Our responsibility is to express an opinion on the Unit's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Unit complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Unit complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our qualified opinion.

Our examination does not provide a legal determination on the Unit's compliance with specified requirements.

Our examination disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual For Special Districts* applicable to the Unit during the period January 1, 2015 to December 31, 2017, as described in items 2018-001, 2018-002, 2018-003 and 2018-004 on the following Schedule of Examination Findings and Results.

In our opinion, except for the material noncompliance described in the preceding paragraph, the Unit complied, in all material respects, with the aforementioned requirements during the period January 1, 2015 to December 31, 2017.

The Unit's responses to the findings identified in our examination are described in the accompanying Schedule of Examination Findings and Results. The Unit's responses were not subjected to the procedures applied in the examination of compliance and, accordingly, we express no opinion on them.


Crowe LLP

Indianapolis, Indiana
December 10, 2018

MIAMI COUNTY ECONOMIC DEVELOPMENT AUTHORITY
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
January 1, 2015 to December 31, 2017

FINDING 2018-001: NEGATIVE CASH BALANCE

Criteria: Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual states in part, "The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit."

Condition: During testing of cash, we noted the Hangar 200 Project – Operating fund had a cash balance below zero as of December 31, 2015, 2016 and 2017. The balance of this fund as of December 31, 2015, 2016 and 2017 was \$(123,937), \$(54,672) and \$(24,696), respectively. We noted this is a recurring finding.

FINDING 2018-002: MATERIALITY THRESHOLD

Criteria: SBOA State Examiner Directive 2015-6 requires political subdivisions to develop a materiality threshold policy approved through ordinance or resolution and policies and procedures to administer and report.

Condition: During testing, we noted that the Unit had not adopted a materiality threshold for the period under audit.

FINDING 2018-003: MINIMUM LEVEL OF INTERNAL CONTROLS

Criteria: The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual: "*Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes. An integral part of the control activity component is segregation of duties. . . . There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . .*"

Condition: The Unit has no implemented and documented internal controls over various financial activities. However, the Unit has not fully implemented a COSO based internal control framework.

FINDING 2018-004: APPROVAL OF TIME CARDS

Criteria: Indiana Code 5-11-9-4(b) states in part, "The state board of accounts shall require that records be maintained showing which hours are worked each day by officers and employees."

Condition: During testing of payroll, we noted four hourly employees, in a sample of ten, for which timecards were not approved by a supervisor.

MIAMI COUNTY ECONOMIC DEVELOPMENT AUTHORITY
EXIT CONFERENCE
January 1, 2015 to December 31, 2017

The contents of this report were discussed on December 10, 2018, with Jim Tidd, Executive Director, James Yates, Board Chairman, Thomas Webster, Treasurer, Becky Ousley, External Accountant, and Brooke Robertson, Director of Business Retention. The officials acknowledged the findings. The Official Response has been made a part of this report and may be found immediately following the findings on the previous page.



CORRECTIVE ACTION PLAN

INDIANA STATE BOARD OF ACCOUNTS AUDIT 2015-2017

Contact Person Responsible for Corrective Action: James E. Tidd, Executive Director

Contact Phone Number: (765) 689-0159

FINDING 2018-001:

Description of Corrective Action Plan:

The Miami County Economic Development Authority recognizes that this is a reoccurring finding. The reason this finding is identified once again, is due to the timing of interest and principal payments due on the USDA Loan for the Hangar 200 project versus the delayed start of lease payments received from Dean Baldwin Painting. The Authority recognizes that it could have transferred funds from another account to offset the negative balance but, did not consider that to be true and accurate reporting.

Because monthly lease payments exceed debt service on the USDA Loan, the negative fund balance in the Hangar account has continuously been decreasing annually since lease payments have begun as indicated in this finding. At no time has the Authority defaulted or been late on any of its payments to the USDA.

Finding 2018-002:

Description of Corrective Action Plan:

The Authority had previously established a Materiality Threshold Policy according to the requirements of the State Examiner Directive 2015-6. However, due to an administrative error, the Threshold Policy was not printed as part of the Internal Control Policy and therefore, was not approved by the Board of Directors. Subsequently, the Materiality Threshold Policy will now be printed as a separate document/policy and added to the list of annual requirements for the Authority's Organizational Meeting. The Executive Director and Treasurer of the Authority will ensure the Policy is reviewed and approved on an annual basis with appropriate documentation

Building the Future of Miami County

Estimated Completion Date: December 31, 2018

Finding 2018-003:

Description of Corrective Action Plan:

The Authority recognizes that its current Internal Controls and Management Policy do not meet the minimal levels required under the SBOA's Uniform Internal Control Standards for Indiana Political Subdivisions, dated September 2015. Subsequently, the Authority will procure the services of a consulting firm to assist in the development and implementation of these standards. Once these Standards are approved by the Authority, the Executive Director will review any changes or new requirements issued by the SBOA and make the necessary amendments. These Internal Controls and Management Policy will be reviewed annually by the Authority.

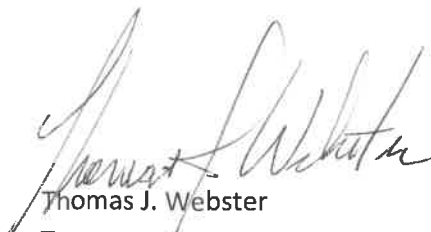
Anticipated Completion Date: March 31, 2019


Finding 2018-004:

Description of Corrective Action Plan:

The timecards identified in this Finding were those of Summer Hire or Part time employees. The Authority understands that these timecards do require the verification of time and signature by the appropriate supervisor. In the future, all time cards will be reviewed by the Executive Assistant when preparing payroll to insure the supervisor's signature is on each timecard. The Executive Director will periodically check a sample of timecards to insure appropriate signatures are affixed.

Anticipated Completion Date: December 31, 2018


Thomas J. Webster
Treasurer
December 18, 2018


James E. Tidd
Executive Director
December 18, 2018