

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

FINANCIAL STATEMENT REVIEW REPORT

OF

INDIANA STATE ARMORY BOARD

July 1, 2015 to June 30, 2018



FILED
09/06/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of the Board	Major General Richard L. Chastain (retired)	07-01-15 to 04-18-21
Secretary/Treasurer	Major General Courtney P. Carr	07-01-15 to 04-18-21



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

TO: THE OFFICIALS OF THE INDIANA STATE ARMORY BOARD

We have reviewed the accompanying financial statement of the Indiana State Armory Board (Board), for the period of July 1, 2015 to June 30, 2018. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Board's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statement as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with a regulatory 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. This includes determining that the basis of accounting the Board uses is an acceptable basis for the preparation of the financial statement in the circumstances. 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with *Statement on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statement for it to be in accordance with the prescribed basis of accounting described in Note 1. We believe that the results of our procedures provide a reasonable basis for our conclusion.


INDEPENDENT ACCOUNTANT'S REVIEW REPORT
(Continued)

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statement in order for it to be in accordance with the prescribed basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared in accordance with 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. Our conclusion is not modified with respect to this matter.


Paul D. Joyce, CPA
State Examiner

July 22, 2019

FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were prepared by management of the Board. The financial statement and notes are presented as intended by the Board.

INDIANA STATE ARMORY BOARD
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
AS OF AND FOR THE YEARS ENDED JUNE 2016, 2017, and 2018

	<u>2016</u>	<u>2017</u>	<u>2018</u>
Consolidated			
Cash and Investments, July 1:	\$ 3,393,032.42	\$ 3,544,224.15	\$ 3,934,858.16
Receipts:			
Federal Reimbursements	\$ 1,289,592.24	\$ 239,403.49	\$ 95,671.72
Interest Income	6,746.60	1,641.07	26,066.56
Rental Income	405,587.27	372,378.17	359,330.99
Sales	85,330.16	150,595.09	166,712.09
Ceremonial Unit Income	-	2,633.69	586.49
Donations	-	1,900.00	-
Pool Income	-	40,395.00	68,428.80
Court Martial Income	-	312.11	168.95
Rebates	5.95	14,013.20	34,629.57
Reimbursements To SAB	-	284,209.45	22,347.75
Hoosier Youth Foundation	-	-	4,650.31
Mutc Income	-	-	50,137.69
Knightstown Income	-	-	71,015.87
Miscellaneous Reimbursements/Receipts	<u>88,087.14</u>	<u>118,326.67</u>	<u>51,724.41</u>
Total Receipts:	<u>\$ 1,875,349.36</u>	<u>\$ 1,225,807.94</u>	<u>\$ 951,471.20</u>
Disbursements:			
Services other than personal	\$ 112,130.55	\$ 68,460.45	\$ 134,252.79
Services by contract	530,784.97	123,185.75	61,977.69
Rental of Land and Building	3,105.00	-	-
Repairs to buildings and structures	338,481.98	173,235.27	42,931.78
Materials, parts and supplies	274,662.09	126,506.90	110,868.30
Equipment	20,459.87	19,390.37	25,185.79
Land and Structures	2,231.30	-	-
Refunds and awards	419,076.81	-	-
In State Travel	6,932.63	-	-
Out of State Travel	12,996.43	6,497.00	26,315.08
Hazardous waste Removal	3,296.00	-	-
Ceremonial Unit	-	51,623.07	85,483.42
IGR	-	41,525.14	33,089.42
Pool	-	42,959.18	45,244.30
Insurance	-	2,848.00	3,148.00
Interest Exp	-	94.63	97.20
Meals & Entertainment	-	12,408.57	11,044.03
Minutemann Silhouette	-	7,175.00	-
Office Supplies	-	9,321.09	181.56
Plaques and Awards	-	10,249.10	4,970.00
Postage	-	1,081.50	-
Professional Fees	-	198.61	8,804.35
Consulting	-	40,637.98	45,068.72
State of Indiana Exp	-	70,433.78	12,184.49
Computer & Internet	-	219.68	502.61
CPP Exp	-	14,622.00	78,801.36
Dues & Subscriptions	-	2,484.88	2,383.32
Copier & Supplies	-	-	188.75
Hoosier Youth Foundation	-	-	1,679.84
Knightstown Exp	-	-	1,599.98
MUTC Expense	-	-	2,608.45
TAG Public Relations	-	-	1,447.38
Telecommunications	-	-	450.85
Utilities	-	-	90.96
Wellness Center	-	-	126,533.53
Misc Expense	<u>-</u>	<u>10,015.98</u>	<u>341.28</u>
Total Disbursements:	<u>\$ 1,724,157.63</u>	<u>\$ 835,173.93</u>	<u>\$ 867,475.23</u>
Excess of receipts over disbursements:	<u>\$ 151,191.73</u>	<u>\$ 390,634.01</u>	<u>\$ 83,995.97</u>
Cash and Investments, June 30	<u>\$ 3,544,224.15</u>	<u>\$ 3,934,858.16</u>	<u>\$ 4,018,854.13</u>

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

INDIANA STATE ARMORY BOARD
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Indiana State Armory Board (Board) was established under Indiana Code 10-16-3 to provide, manage and care for armories for the use of the military and naval forces of Indiana. Revenues are received from federal reimbursements, state appropriations, rental of properties, interest on investments, and other miscellaneous sources.

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

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.

Note 2. 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 Board to invest in securities including, but not limited to, the following: federal government securities, repurchase agreements, and certain money market mutual funds.

Note 3. Risk Management

The Board 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.

INDIANA STATE ARMORY BOARD
 NOTES TO FINANCIAL STATEMENT
 (Continued)

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 Board 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.

Note 4. Restatements

For the year ended June 30, 2016, certain changes have been made to the beginning balances of the financial statement to more appropriately reflect financial activity of the Board. The following schedule presents a summary of restated beginning balances:

Balance as of June 30, 2015	Prior Period Adjustment	Balance as of July 1, 2015
\$ 3,383,061.27	\$ 9,971.15	\$ 3,393,032.42

INDIANA STATE ARMORY BOARD
EXIT CONFERENCE

The contents of this report were discussed on July 22, 2019, with Major General (Ret.) Richard L. Chastain, President of the Board; Major General Courtney P. Carr, Adjutant General (Secretary/Treasurer); Colonel (Ret.), Controller; and Karen Gunther, Deputy Controller.