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November 1, 2019

Board of Directors
Economic Development Corporation of Wayne County, Indiana
900 N E Street, Suite 100
Richmond, IN 47374

We have reviewed the audit report of Economic Development Corporation of Wayne County, Indiana which was opined upon by Rodefled, Kassens & North, LLP, Independent Public Accountants, for the period January 1, 2017 to December 31, 2017. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Economic Development Corporation of Wayne County, Indiana as of December 31, 2017 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Rodefled, Kassens & North, LLP prepared the audit report in accordance with guidelines established by the State Board of Accounts.

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


Paul D. Joyce, CPA
State Examiner

**ECONOMIC DEVELOPMENT CORPORATION
OF WAYNE COUNTY, INDIANA**

Financial Statements
Year Ended December 31, 2017
With Supplementary Information

Rodefeld, Kassens & North, LLP
CPAs and Business Advisors
808 South A Street, Suite 1
Richmond, IN 47374

**ECONOMIC DEVELOPMENT CORPORATION
OF WAYNE COUNTY, INDIANA**

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Independent Auditors' Report

To the Board of Directors
Economic Development Corporation
of Wayne County, Indiana
Richmond, Indiana 47374

We have audited the accompanying statement of cash receipts and expenditures of the Economic Development Corporation of Wayne County, Indiana (a nonprofit organization) for the year ended December 31, 2017, and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements 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.

Auditors' 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 auditors' 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 entity'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 entity'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.

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts and expenditures of the Economic Development Corporation of Wayne County, Indiana for the year ended December 31, 2017 in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Rodefeld, Kassens & North, LLP

July 24, 2018

**ECONOMIC DEVELOPMENT CORPORATION
OF WAYNE COUNTY, INDIANA
Statement of Cash Receipts and Expenditures
Year Ended December 31, 2017**

	Operating Fund	Escrow Fund	Grant Administration Fund	Total
Cash Receipts				
EDIT funds	\$ 599,057			\$ 599,057
Interest income	172	\$ 3	\$ 4	179
Special project proceeds	156,648		10,000	166,648
	755,877	3	10,004	765,884
Expenditures				
Disbursements and encumbrances	504,703			504,703
Special project disbursements (Note 6)	156,648			156,648
	661,351	-	-	661,351
Excess of cash receipts over expenditures	\$ 94,526	\$ 3	\$ 10,004	\$ 104,533

See notes to financial statement.

**ECONOMIC DEVELOPMENT CORPORATION
OF WAYNE COUNTY, INDIANA
Notes to Financial Statement**

Note 1 - Summary of Significant Accounting Policies

Nature of Operations

Economic Development Corporation of Wayne County, Indiana (EDC) was incorporated as a not-for-profit organization in February 1993 under the laws of the State of Indiana and commenced operations in July 1993. Its primary purpose is to promote and support economic development, growth and expansion within the Wayne County, Indiana area.

Use of Estimates

The preparation of the statement of cash receipts and expenditures requires management to make estimates and assumptions that affect the reported amounts of the revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Fund Accounting

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts are maintained in accordance with the principles of fund accounting. Accordingly, resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with the nature and purpose of such funds. The accounts are reported in the following self-balancing fund groups:

Operating funds include amounts available to support the operations of EDC. At December 31 of each year, all unexpended and unencumbered funds, together with any interest earned thereon, must be transferred by January 30 of the succeeding calendar year to the Wayne County Economic Development Income Tax (EDIT) Consolidated Fund Account.

Escrow funds include earnest money held in escrow for various parties pending the completion of property sales.

Grant Administration funds include money earned assisting with grant projects. This money earns interest and is not required to be returned to Wayne County.

Basis of Accounting

The accompanying financial statement has been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Expenditures include encumbered expenditures for which funds were not disbursed or returned to the EDIT Consolidated Fund Account during the year.

Cash and Cash Equivalents

Cash consists of money held in checking and money market accounts. EDC considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents held by EDC at December 31, 2017.

**ECONOMIC DEVELOPMENT CORPORATION
OF WAYNE COUNTY, INDIANA
Notes to Financial Statement**

Note 1 (continued)

Income Taxes

EDC is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. EDC is not considered to be a private foundation.

Property and Equipment

Equipment purchases and capital project expenditures are expensed as incurred. All EDC property and equipment is to be transferred to Wayne County upon termination of the contract (discussed further in Note 2).

Date of Management's Review

Management has evaluated subsequent events through July 24, 2018, the date on which the financial statements were available to be issued.

Note 2 - Cash Receipts

EDC is primarily funded by a portion of the Wayne County Economic Development Income Tax (EDIT) on the adjusted gross income of county taxpayers pursuant to the provisions of Indiana tax law. These funds are received through a contract with the County Council of Wayne County, Indiana and the Board of Commissioners of Wayne County, Indiana. This contract is for a period of four years commencing January 1, 2017 and continuing through December 31, 2020. As provided by the existing contract with the Wayne County Commissioners, within 30 days of termination of the contract, EDC must transfer all of its assets to the Wayne County Economic Development Income Tax (EDIT) Consolidated Fund Account, including all unexpended and encumbered funds.

Note 3 – Retirement Plan

EDC has a simplified employee retirement plan. Contributions to the plan are made for all employees who are at least twenty-one years of age with at least ninety days of service. Contributions are five percent of each employee's total compensation. Payments under this plan were \$12,469 during 2017.

Note 4 - Concentration of Credit Risk for Cash Held in Bank

EDC has cash balances, at times, in excess of the federally insured limit.

Note 5 - Encumbered Funds

Funds encumbered as of December 31, 2017 are as follows:

Talent recruitment site	<u>\$ 3,800</u>
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**ECONOMIC DEVELOPMENT CORPORATION
OF WAYNE COUNTY, INDIANA
Notes to Financial Statement**

Note 6 - Analysis of Special Project Disbursements

Expenditures were made during the year ended December 31, 2017 to the following:

Operating Fund:

Stride Rite rent - remitted to City of Richmond	\$ 118,800
Farm land rent - remitted to City of Richmond	32,548
Manufacturing Day sponsorships	2,500
Hoosier Opportunity sponsorships	2,000
Land sale - remitted to Wayne County	800
	\$ 156,648

Note 7 - Leases

EDC is obligated under various operating leases for office space, office equipment and a vehicle that expire at various dates over the next three years. Payments under these leases were \$26,015 for the year ended December 31, 2017.

Future minimum lease payments for the EDC over the next three years are as follows:

2018	39,837
2019	39,778
2020	31,300

EDC entered into a lease agreement with option to purchase with the City of Richmond to develop 382.425 acres as an industrial park. In 2001, an additional 166.739 acres was added to the lease. The EDC agreed to pay \$10 for the term of the lease and the term of the lease expired December 31, 2008. A lease extension agreement was initiated for a term of ten years expiring December 31, 2018. In the event that the property is sublet, the rent payable shall increase in an amount which is equivalent to that paid to EDC. During the term of the lease, EDC shall have a right to purchase any part of the leased property. The purchase price is to be agreed upon by both parties. In May of 2003, EDC sublet the leased property to Tom Hutchings, farmer. The current lease is for a term of two years expiring December 31, 2018. The acreage is rented subject to the right to develop the industrial park. Acreage is removed from the lease as developed. During the year ended December 31, 2017, EDC collected a total of \$32,548 in rent which was forwarded to the City of Richmond.

In 2014, EDC entered into a lease agreement with the City of Richmond to lease a building (1400 Industries Road) for a term of 10 years expiring June 30, 2024. On the same day, EDC entered into a sublease agreement with the Stride Rite Corporation with identical terms. In the event the sublease is terminated, EDC shall have the right to terminate this lease with the City of Richmond without penalty. During the year ended December 31, 2017, EDC collected a total of \$118,800 in rent which was forwarded to the City of Richmond.

**ECONOMIC DEVELOPMENT CORPORATION
OF WAYNE COUNTY, INDIANA
Notes to Financial Statement**

Note 7 (continued)

In 2003, EDC entered into a lease agreement with Wayne County, Indiana to lease the Indiana Gateway Industrial Park for \$10 for 10 years. As acreage is developed it is removed from the lease. The lease expired December 31, 2012. At that time, a new lease agreement was initiated for a term of ten years expiring December 31, 2022.

Note 8 - Analysis of Cash Accounts

The following is an analysis of the cash accounts as of December 31, 2017:

	Operating Fund	Escrow Fund	Grant Administration Fund	Total
Excess of cash receipts over expenditures	\$ 94,526	\$ 3	\$ 10,004	\$ 104,533
Items affecting cash				
2016 funds returned to the county in 2017	(69,880)			(69,880)
2016 encumbered expenditures paid in 2017	(4,700)			(4,700)
Total increase in cash	19,946	3	10,004	29,953
Cash, beginning of year	78,380	5,033	5,932	89,345
Cash, end of year	<u>\$ 98,326</u>	<u>\$ 5,036</u>	<u>\$ 15,936</u>	<u>\$ 119,298</u>

Supplementary Information



**Independent Auditors' Report on
Supplementary Information**

To the Board of Directors
Economic Development Corporation
of Wayne County, Indiana
Richmond, Indiana 47374

We have audited the accompanying statement of cash receipts and expenditures of the Economic Development Corporation of Wayne County, Indiana (a nonprofit organization) as of December 31, 2017 and have issued our report thereon dated July 24, 2018, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the statement of cash receipts and expenditures as a whole. The analysis of 2017 budgeted operating fund expenditures is presented for purposes of additional analysis and is not a required part of the statement of cash receipts and expenditures. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Rodefeld, Kassens & North, LLP

July 24, 2018

**ECONOMIC DEVELOPMENT CORPORATION
OF WAYNE COUNTY, INDIANA**
Analysis of 2017 Budgeted Operating Fund Expenditures
Year Ended December 31, 2017

County Account Number		Disbursements and Encumbrances	Budget	Budget Variance
Personnel Services				
1001	Salaries	\$ 249,566	\$ 256,677	\$ 7,111
1365	Federal payroll taxes	19,343	19,840	497
1366	Retirement	12,469	12,840	371
1367	Employee health insurance	31,032	32,200	1,168
1368	Unemployment tax	342	1,095	753
1369	Long-term disability	1,865	1,865	-
		<u>314,617</u>	<u>324,517</u>	<u>9,900</u>
Supplies				
2211	Office supplies	708	750	42
2212	Printed office supplies	2,001	3,000	999
2215	Equipment supplies	276	276	-
2221	Gasoline	1,230	2,500	1,270
2227	Telephone parts	431	500	69
2228	Computer parts	65	200	135
2229	Other supplies	424	500	76
2232	Garage and motor supplies	-	200	200
2247	Reference books	-	224	224
2249	In-house supplies	1,098	1,200	102
		<u>6,233</u>	<u>9,350</u>	<u>3,117</u>
Other Services and Charges				
3310	Vehicle lease	6,000	6,000	-
3312	Legal services	16,000	16,000	-
3320	Contractual/professional services	22,884	44,602	21,718
3321	Postage and freight	563	750	187
3323	Travel, lodging and meals	9,839	18,000	8,161
3324	Communication - phone, cell, internet	5,757	9,000	3,243
3342	Insurance - workmen's compensation	813	1,200	387
3343	Vehicle insurance	1,144	1,500	356
3346	Insurance - liability	2,805	3,000	195
3349	Insurance - general	617	700	83
3350	Insurance - umbrella, miscellaneous	100	150	50
3351	Utilities	1,222	2,500	1,278
3353	Maintenance - building	-	500	500
3362	Maintenance and repair - equipment	1,490	2,000	510

**ECONOMIC DEVELOPMENT CORPORATION
OF WAYNE COUNTY, INDIANA**
Analysis of 2017 Budgeted Operating Fund Expenditures (continued)
Year Ended December 31, 2017

County Account Number		Disbursements and Encumbrances	Budget	Budget Variance
Other Services and Charges (continued)				
3368	Outside services - cleaning, etc.	\$ 1,988	\$ 2,000	\$ 12
3371	Rent - equipment	182	240	58
3372	Public education, training	1,600	30,000	28,400
3373	Programming and consultation	2,806	6,000	3,194
3374	Rent - building, structures	19,833	28,400	8,567
3381	Dues, subscriptions and fees	11,234	11,250	16
3389	Staff training and education	5,171	7,500	2,329
3392	Advertising and public relations	67,398	69,398	2,000
		<u>179,446</u>	<u>260,690</u>	<u>81,244</u>
Capital Outlays				
4440	Office equipment	-		-
4441	Office furniture and fixtures	4,407	4,500	93
4445	Office equipment - computers	-		-
		<u>4,407</u>	<u>4,500</u>	<u>93</u>
		<u>\$ 504,703</u>	<u>\$ 599,057</u>	<u>\$ 94,354</u>