

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

FINANCIAL STATEMENTS REVIEW REPORT

OF

ADMINISTRATIVE RESOURCE ASSOCIATION

BARTHOLOMEW COUNTY, INDIANA

January 1, 2016 to December 31, 2018



FILED
11/18/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Eric A. Frey, II	01-01-16 to 12-31-19
Treasurer	Mayor Craig Luedeman	01-01-16 to 12-31-16
	Mayor Michael Bettice	01-01-17 to 12-31-17
	Mayor Dan Manus	01-01-18 to 12-31-18
	Mayor Michael Ochs	01-01-19 to 12-31-19
President of the Board	Mayor Michael Pavey	01-01-16 to 12-31-16
	Mayor Craig Luedeman	01-01-17 to 12-31-17
	Mayor James Lienhoop	01-01-18 to 12-31-18
	Mayor Michael Bettice	01-01-19 to 12-31-19



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

TO: THE OFFICIALS OF THE ADMINISTRATIVE RESOURCE
ASSOCIATION, BARTHOLOMEW COUNTY, INDIANA

We have reviewed the accompanying financial statements of the Administrative Resource Association (Association), for the period of January 1, 2016 to December 31, 2018. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Association'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 statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements 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 Association uses 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 misstatements whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with *Statements 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 statements for them 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 statements in order for them 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 statements, which describes the basis of accounting. The financial statements are 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

October 15, 2019

FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

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

ADMINISTRATIVE RESOURCES ASSOCIATION
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 Operating	\$ 415,983	\$ 470,986	\$ 617,949	\$ 269,020	\$ 681,268	\$ 698,064	\$ 252,224
Payroll Withholdings	21,421	109,281	99,472	31,230	114,924	105,031	41,123
Healthcare Reimbursement Account	3,636	2,501	4,288	1,849	5,000	3,826	3,023
Map/Relp/Rbeg/Recapture	106,553	109,940	107,375	109,118	94,477	93,155	110,440
MLP N/R Fund	87,992	2,277	-	90,269	800	-	91,069
Reserve Fund	181,278	-	-	181,278	-	-	181,278
Vehicle Rpmt N/R Fund	27,417	-	-	27,417	-	-	27,417
Totals	<u>\$ 844,280</u>	<u>\$ 694,985</u>	<u>\$ 829,084</u>	<u>\$ 710,181</u>	<u>\$ 896,469</u>	<u>\$ 900,076</u>	<u>\$ 706,574</u>

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

ADMINISTRATIVE RESOURCES ASSOCIATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2018

Fund	Cash and Investments 01-01-18	Receipts	Disbursements	Cash and Investments 12-31-18
General Operating	\$ 252,224	\$ 802,196	\$ 772,899	\$ 281,521
Vehicle Rpmt N/R Fund	27,417	-	-	27,417
Map/Relp/Rbeg/Recapture	110,440	113,021	85,579	137,882
MLP N/R Fund	91,069	800	90,000	1,869
Reserve Fund	181,278	-	-	181,278
Payroll Withholdings	41,123	119,163	138,647	21,639
Health Reimbursement Account	3,023	2,501	5,256	268
Totals	<u>\$ 706,574</u>	<u>\$ 1,037,681</u>	<u>\$ 1,092,381</u>	<u>\$ 651,874</u>

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

ADMINISTRATIVE RESOURCES ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Association was established under the laws of the State of Indiana, by an interlocal agreement (dated November 28, 1973) of area cities. The Association operates under a governing board.

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

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:

Charges for services. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable TV receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

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.

E. Disbursements

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

ADMINISTRATIVE RESOURCES ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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 Association 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 Association. 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 Association. 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 Association 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 fiscal officer of the Association submits a proposed operating budget to the governing board for the following calendar year. Prior to November 1, the governing board approves the budget for the next year.

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.

ADMINISTRATIVE RESOURCES ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

State statutes authorize the Association 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 4. Risk Management

The Association 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 Association 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.

ADMINISTRATIVE RESOURCE ASSOCIATION
EXIT CONFERENCE

The contents of this report were discussed on October 15, 2019, with Eric A. Frey II, Executive Director, and Mayor Michael Bettice, President of the Board.