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February 15, 2021

Civic Center Authority Members  
Delaware County Civic Center Authority  
P.O. Box 842  
Muncie, IN 47305

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of Delaware County Civic Center Authority. We have reviewed the audit report opined upon by Crowe LLP, Independent Public Accountants, for the period January 1, 2018 to December 31, 2019. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of Delaware County Civic Center Authority as of December 31, 2018 and 2019, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

In addition to the report presented herein, a Supplemental Report for Delaware County Civic Center Authority was prepared in accordance with the guidelines established by the State Board of Accounts.

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

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA  
State Examiner

**DELAWARE COUNTY CIVIC CENTER AUTHORITY**  
Delaware County, Indiana

**FINANCIAL STATEMENTS**  
December 31, 2018 and 2019

DELAWARE COUNTY CIVIC CENTER AUTHORITY  
Delaware County, Indiana

FINANCIAL STATEMENTS  
December 31, 2018 and 2019

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DELAWARE COUNTY CIVIC CENTER AUTHORITY  
SCHEDULE OF OFFICIALS (Unaudited)  
December 31, 2018 and 2019

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<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Roza Selvey	01-01-18 to 08-16-18
	Mary Ann Kratochvil	08-16-18 to 12-31-19
President of the Board	Billie Sheppard	01-01-18 to 08-16-18
	Scott Alexander	08-17-18 to 08-15-19
	Billie Sheppard	08-16-19 to 12-31-19

## INDEPENDENT AUDITOR'S REPORT

Those Charged with Governance  
Delaware County Civic Center Authority  
Muncie, Indiana

**Report on the Financial Statement**

We have audited the accompanying statements of receipts, disbursements, and cash and investment balances of Delaware County Civic Center Authority (the Unit) as of and for the years ended December 31, 2018 and 2019, and the related notes (the financial statements).

***Management's Responsibility for the Financial Statement***

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) as described in Note 1. 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 audits. We conducted our audits 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 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.

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(Continued)

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

As discussed in Note 1 to the financial statements, the Unit 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 of the Unit as of December 31, 2018 and 2019, or changes in net position or cash flows thereof for the years then ended.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and investment balances of the Unit as of December 31, 2018 and 2019, and its cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Officials and Supplementary Information Schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The information has not been subjected to the auditing procedures applied in the audits of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

  
Crowe LLP

Indianapolis, Indiana  
January 29, 2021

DELAWARE COUNTY CIVIC CENTER AUTHORITY  
 STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH AND  
 INVESTMENT BALANCES -REGULATORY BASIS  
 For the Years Ended December 31, 2018 and 2019

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Fund	<u>Cash and Investments 01-01-18</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-18</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-19</u>
General Fund	\$ 694,437	\$ 2,205,815	\$ 2,297,617	\$ 602,635	\$ 2,170,284	\$ 2,505,298	\$ 267,621
Totals	<u>\$ 694,437</u>	<u>\$ 2,205,815</u>	<u>\$ 2,297,617</u>	<u>\$ 602,635</u>	<u>\$ 2,170,284</u>	<u>\$ 2,505,298</u>	<u>\$ 267,621</u>

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See notes to financial statements.

DELAWARE COUNTY CIVIC CENTER AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2019

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity: The Delaware County Civic Center Authority (the Unit) was established under the laws of the State of Indiana. The Unit operates under an appointed governing board.

The accompanying financial statement presents the financial information for the Unit.

Basis of Accounting: The financial statement is 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 (GAAP), 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. The regulatory basis also allows for all investments to be stated at cost, while GAAP requires fair value for qualifying investments.

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.

Receipts: Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

*Taxes.* Amounts received including one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Unit.

*Other receipts.* Amounts received from various sources which can include but are 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.

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

*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 office supplies, operating supplies, and repair and maintenance supplies.

*Other services and charges.* Amounts disbursed for services including, but are not limited to: 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 Unit. It includes all expenditures for the reduction of the principal and interest of the Unit general obligation indebtedness.

*Other disbursements.* Amounts disbursed for various purposes including, but not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, lease agreements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

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(Continued)

DELAWARE COUNTY CIVIC CENTER AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2019

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Interfund Transfers: The Unit 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.

Fund Accounting: Separate funds are established, maintained, and reported by the Unit. 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 Unit. 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 Unit 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 operating budget is initially prepared and approved at the local level. The fiscal officer of the Unit submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**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 (PDIF). This includes any deposit accounts issued or offered by a qualifying financial institution. The Unit held cash deposits with financial institutions that maintained FDIC and PDIF coverages, as applicable.

State statutes authorize the Unit 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. Given the limited investment parameters applicable under state statute, certain risks, such as credit, custodial, concentration, and interest rate are not deemed significant. As of the year ended December 31, 2018, the Unit held an investment in a non-negotiable certificate of deposit of approximately \$157,000. As of December 31, 2019, the Unit did not hold any investments or certificates of deposit.

**NOTE 4 - RISK MANAGEMENT**

The Unit may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions 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 Unit to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

The Unit has purchased insurance to address the risks described above.

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(Continued)

DELAWARE COUNTY CIVIC CENTER AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2019

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**NOTE 5 - FOOD AND BEVERAGE TAXES**

Food and beverage taxes levied are collected by the State Treasurer and are distributed to the Unit monthly.

**NOTE 6 - DEBT**

During 2012, the Unit issued refunding revenue bonds in the amount of \$7,220,000 for the purpose of refunding outstanding debt. The bonds mature on December 1, 2021. The Unit made principal and interest payments during the years under audit.

**NOTE 7 - LEASE**

The Unit entered into a Revenue Deposit Agreement and Lease Agreement dated October 1, 2014 with the City of Muncie, Muncie's EDIT Building Corporation, City of Muncie Redevelopment Commission, Delaware County Convention and Tourism Board, and Regions Bank. The Agreements require the Unit to make semiannual lease payments from food and beverage tax revenues through December 15, 2038.

Additionally, the Unit is required to cover the shortfall of lease payments from other parties and the annual debt service requirements of the City of Muncie, Indiana, Economic Development Revenue Bonds, Series 2014A and 2014B (Horizon Center Garage Project) based on a calculation of excess food and beverage and revenue deposits calculated annually. Based on the calculation, the Unit was required to make a shortfall payment of \$174,699 during 2019.

**NOTE 8 - RECENT EVENTS**

In December 2019, a novel strain of coronavirus surfaced and spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the Unit may be materially affected by this global pandemic. The Unit has budgeted for operations and has continued to maintain business operations during 2020 to date. The extent to which the coronavirus may affect revenues and other business activity will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus or treat its impact, among others.

**SUPPLEMENTAL SCHEDULES (Unaudited)**

DELAWARE COUNTY CIVIC CENTER AUTHORITY  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND  
INVESTMENT BALANCES – REGULATORY BASIS  
For the Year Ended December 31, 2018

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	<u>General Fund</u>
Cash and investments - beginning	\$ 694,437
Receipts:	
Taxes	2,201,842
Other receipts	<u>3,973</u>
Total receipts	<u>2,205,815</u>
Disbursements:	
Other services and charges	7,125
Debt service	535,500
Other disbursements	<u>1,754,992</u>
Total disbursements	<u>2,297,617</u>
Excess (deficiency) of receipts over disbursements	<u>(91,802)</u>
Cash and investments - ending	<u>\$ 602,635</u>

DELAWARE COUNTY CIVIC CENTER AUTHORITY  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND  
INVESTMENT BALANCES – REGULATORY BASIS  
For the Year Ended December 31, 2019

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	<u>General Fund</u>
Cash and investments - beginning	\$ 602,635
Receipts:	
Taxes	2,165,975
Other receipts	<u>4,309</u>
Total receipts	<u>2,170,284</u>
Disbursements:	
Supplies	25
Other services and charges	14,193
Debt service	608,000
Other disbursements	<u>1,883,080</u>
Total disbursements	<u>2,505,298</u>
Excess (deficiency) of receipts over disbursements	<u>(335,014)</u>
Cash and investments - ending	<u>\$ 267,621</u>

DELAWARE COUNTY CIVIC CENTER AUTHORITY  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2019

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
General obligation bonds	2012 Revenue Bonds	\$ 1,725,000	\$ 889,410

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
City of Muncie	Revenue Deposit Agreement (Horizon Garage Project)	Various	6/15/2015	12/15/2038

DELAWARE COUNTY CIVIC CENTER AUTHORITY  
OTHER REPORT  
December 31, 2018 and 2019

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The reports presented herein were prepared in addition to another official report prepared for the Unit as listed below:

Indiana State Board of Accounts Compliance Examination of Delaware County Civic Center Authority

The above report contains the results of the compliance examination as required by the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Special Districts*.