

# RDA vs. RDC: Creation and Reporting

2024 Annual County Auditors Fall Conference



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## ***PAUL D. JOYCE, CPA STATE EXAMINER***

Indiana's State Examiner and the agency head for the State Board of Accounts, Paul Joyce coordinates and manages the post-audits and examinations of over 4,000 state and local governmental entities in Indiana.

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# Redevelopment Commissions (RDC) IC 36-7-14



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## RDC

- Created by the County Executive (IC 36-7-14-3)
  - Five or Seven Member Boards
  - Oversight by the legislative body
  - Subject to State Board of Accounts Audits
  - Covered by Public Meetings Law
  - Covered by Public Records Law



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## RDC

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- **Duties of the Commission (IC 36-7-14-11)**
  - Determine areas needing redevelopment
  - Determine causes of areas needing redevelopment
  - Promote use of land that serves interests
  - Cooperate with other agencies and entities
  - Make public finding and reports on activities
  - Select and acquire areas for redevelopment
  - Replan & dispose of areas needing redevelopment



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## RDC

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- **Accounting for RDC funds (IC 36-7-14-8)**
  - Fiscal officer is the commission treasurer
    - ❖ Our audit position is the Auditor includes the funds on the funds ledger and the Treasurer deposits and invests the commission funds.
  - Funds must be maintained separate
  - Must be accessible to the commission at any time
  - Daily balance cannot be below zero



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## RDC

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- Disbursements from the fund (IC 36-7-14-29)
  - Follows normal claims process except:
    - ❖ Vouchers signed by President or Vice President and Secretary or Executive Secretary
    - ❖ Claims Approved by the Redevelopment Commission
  - Commission can by rule or resolution allow for payment prior to approval



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## RDC

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- Audit Expectations
  - The RDC is a department of the county:
    - ❖ All RDC funds included on the county ledger
    - ❖ All RDC funds reported in the Annual Financial Report of the county
    - ❖ All meeting minutes maintained and available



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# Redevelopment Authorities (RDA) IC 36-7-14.5



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## RDA

- To create an authority the county must first have a commission. (IC 36-7-14.5-1)
- Created by the County Legislative Body of the county as a separate unit (IC 36-7-14.5-7)
  - By Ordinance (3-member board – commissioners appoint)
  - Subject to State Board of Accounts Audits
  - Covered by Public Meetings Law
  - Covered by Public Records Law



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RDA


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- Purpose of the authority (IC 36-7-14.5-11)
  - Finance, Construct, and Lease local improvements to commission
    - ❖ Relieves covenants the commission considers to be unduly burdensome.

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RDA


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- Example:
  - 1 • A redevelopment commission transfers property to the RDA, typically with the goal of completing a particular project (e.g. a new building)
  - 2 • The RDA issues a bond to pay for the project using the transferred property as security
  - 3 • The RDA leases the property back to the redevelopment commission
  - 4 • The lease payments from the redevelopment commission to the RDA pay the debt service on the bonds

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## RDA

- **Duties of the Authority (IC 36-7-14.5-12)**
  - Finance, Improve, Construct, Purchase, Equip local public improvements
  - Lease improvements to commission
  - Acquire property for authorized purposes
  - Design, Order, Construct, Renovate improvements
  - Employ positions (attorney, clerk, manager, engineer, etc..)
  - Enter into contracts and agreements
  - Other actions necessary to fulfill purpose



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## RDA

- **Authority Board (IC 36-7-14.5-9)**
  - Organize each year (President, VP, Secretary-Treasurer)
  - Report to Commissioners, Council, and DLGF:
    - ❖ Revenues
    - ❖ Expenses
    - ❖ Fund Balances
    - ❖ Amount and Maturity of all outstanding debt
    - ❖ Amount paid on outstanding debt
    - ❖ List of parcels within TIF allocation area to include:
      - Base assessed value
      - Incremental assessed value



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## RDA

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- Accounting for RDA funds
  - Fiscal officer can be appointed
  - Funds must be maintained in a ledger
  - Prescribed Forms should be used, (Ledger, claim, etc..)
  - Accounting & Uniform Compliance Guidelines apply
  - Reconciliations performed
  - Internal controls in place



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## RDA

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- Legal Considerations:
  - Public works project procurement rules (IC 36-1-12)
  - Investment of public funds (IC 5-13)
  - Dissolving an RDA (36-7-14.5-12)



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## RDA

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### ▪ Audit Expectations

- The RDA is a separate entity from the county
  - ❖ All RDA funds must have a supporting ledger
  - ❖ All RDA funds should report a separate Annual Financial Report
  - ❖ All meeting minutes maintained and available
  - ❖ All claims and supporting documentations maintained



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# 2023 Audit Discoveries



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■ Two Scenarios:

1. RDAs with a separate fiscal officer; Records are exclusively maintained by RDA
2. RDAs maintained on the records of the county, where all financial transactions are handled, and bank statements are received



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■ Scenarios 1: RDA maintains Records

- This matches the accounting guidance
- AFR has been entered in Gateway
- These will be audited individually
- RDA Fiscal Officer appointed is separate from the county



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- **Scenarios 2: County maintains RDA Records**
  - RDA Fiscal Officer appointed is the County Auditor
  - RDA transactions reported in RDA Annual Financial Report in Gateway, not the county Annual Financial Report
  - RDA may be audited at the same time or separate

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## Contact Us:


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