

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

FINANCIAL STATEMENTS REVIEW REPORT

OF

TOWN OF LEO-CEDARVILLE

ALLEN COUNTY, INDIANA

January 1, 2012 to December 31, 2016



FILED
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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	John Eastes	01-01-12 to 12-31-15
	Pamela K. Spannuth	01-01-16 to 12-31-19
President of the Town Council	John E. Clendenen	01-01-12 to 12-31-14
	Kevin Veatch	01-01-15 to 12-31-15
	Gregory V. Peck	01-01-16 to 12-31-17



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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

TO: THE OFFICIALS OF THE TOWN OF LEO-CEDARVILLE, ALLEN COUNTY, INDIANA

We have reviewed the accompanying financial statements of the Town of Leo-Cedarville (Town), for the period of January 1, 2012 to December 31, 2016. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Town'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 Town 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

July 20, 2017

FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

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

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TOWN OF LEO-CEDARVILLE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2012 and 2013

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12	Receipts	Disbursements	Cash and Investments 12-31-13
General	\$ 296,735	\$ 380,445	\$ 431,835	\$ 245,345	\$ 431,761	\$ 454,048	\$ 223,058
Motor Vehicle Highway	317,352	187,839	53,885	451,306	227,218	258,112	420,412
Local Road and Street	107,881	37,619	5,135	140,365	39,274	97,997	81,642
Riverside Gardens Construction	-	-	-	-	452,855	326,417	126,438
Park and Recreation	69,315	79,387	84,114	64,588	78,294	78,229	64,653
Rainy Day	120,719	-	44,925	75,794	-	-	75,794
CEDIT	628,081	311,629	206,462	733,248	306,583	209,834	829,997
Levy Excess	2,265	-	2,265	-	-	-	-
Cumulative Capital Improvement - Cigarette Tax	81,844	9,556	6,750	84,650	9,672	-	94,322
Cumulative Capital Development	84,277	28,340	-	112,617	30,611	35,176	108,052
Cumulative Capital Fire	207,199	18,853	26,708	199,344	20,571	-	219,915
Local Grant	-	2,857	1,673	1,184	-	-	1,184
Donations	6,171	-	-	6,171	-	-	6,171
Donations - Riverside Gardens	134	-	-	134	-	134	-
Donations - Fourth Festival	1,191	-	1,191	-	-	-	-
Payroll - Net Wages	-	124,114	124,114	-	121,342	121,342	-
Payroll - Federal Withholdings	-	20,153	20,153	-	23,753	23,753	-
Payroll - FICA	-	18,845	18,845	-	25,544	25,544	-
Payroll - Medicare	-	5,255	5,255	-	5,974	5,974	-
Payroll - State Withholdings	-	7,260	7,260	-	8,151	8,151	-
Payroll - County Withholdings	-	1,736	1,736	-	2,104	2,104	-
Payroll - Child Support	-	2,935	2,935	-	2,040	2,040	-
Payroll - HSA	-	11,538	11,538	-	8,413	8,413	-
Payroll - Deferred Compensation	-	18,506	18,506	-	20,426	20,426	-
Payroll - Roth IRA	-	6,432	6,432	-	7,368	7,368	-
Cell Phone Equipment Purchase	-	562	562	-	905	905	-
Payroll - HSA 1	-	-	-	-	4,086	4,086	-
Payroll - Annual Support Fee	-	-	-	-	55	55	-
Sales Tax	-	1,207	1,207	-	1,048	1,048	-
Wheel/Sur Excess	-	17,184	17,184	-	-	-	-
Garbage Service	54,282	120,770	123,422	51,630	96,000	126,221	21,409
Stormwater	225,095	150,153	91,239	284,009	160,527	193,740	250,796
Totals	\$ 2,202,541	\$ 1,563,175	\$ 1,315,331	\$ 2,450,385	\$ 2,084,575	\$ 2,011,117	\$ 2,523,843

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

TOWN OF LEO-CEDARVILLE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2014 and 2015

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14	Receipts	Disbursements	Cash and Investments 12-31-15
General	\$ 223,058	\$ 437,484	\$ 443,390	\$ 217,152	\$ 435,171	\$ 392,841	\$ 259,482
Motor Vehicle Highway	420,412	256,731	285,742	391,401	260,457	283,466	368,392
Local Road and Street	81,642	39,737	3,462	117,917	40,699	72,810	85,806
Community Develop - Sports Complex	-	9,045	-	9,045	-	-	9,045
Park and Recreation	64,653	83,219	94,328	53,544	94,977	94,453	54,068
Rainy Day	75,794	-	-	75,794	-	-	75,794
CEDIT	829,997	332,444	353,627	808,814	327,168	149,910	986,072
Levy Excess	-	56	-	56	-	-	56
Cumulative Capital Improvement - Cigarette Tax	94,322	9,531	-	103,853	9,050	59,538	53,365
Cumulative Capital Development	108,052	31,212	-	139,264	31,854	-	171,118
Cumulative Capital Fire	219,915	21,020	-	240,935	21,455	75,000	187,390
Riverside Gardens Construction	126,438	96,695	202,546	20,587	-	3,833	16,754
Local Grant	1,184	-	1,107	77	-	-	77
Donations	6,171	-	798	5,373	-	4,794	579
Payroll - Net Wages	-	139,206	139,206	-	136,260	136,260	-
Payroll - Federal Withholdings	-	18,695	18,695	-	16,475	16,475	-
Payroll - FICA	-	27,251	27,251	-	27,686	27,686	-
Payroll - Medicare	-	6,374	6,374	-	6,476	6,476	-
Payroll - State Withholdings	-	8,606	8,606	-	8,190	8,190	-
Payroll - County Withholdings	-	2,650	2,650	-	2,548	2,548	-
Payroll - HSA	-	6,250	6,250	-	6,650	6,650	-
Payroll - Deferred Compensation	-	21,029	21,029	-	31,876	31,876	-
Payroll - Roth IRA	-	7,958	7,958	-	8,157	8,157	-
Cell Phone Equipment Purchase	-	628	628	-	150	150	-
Payroll - HSA 1	-	6,250	6,250	-	6,650	6,650	-
Payroll - Aflac	-	384	192	192	2,027	2,219	-
Sales Tax	-	1,131	1,093	38	1,303	1,282	59
Garbage Service	21,409	194,425	132,167	83,667	161,534	133,834	111,367
Stormwater	250,796	99,441	52,687	297,550	122,524	168,406	251,668
Totals	\$ 2,523,843	\$ 1,857,452	\$ 1,816,036	\$ 2,565,259	\$ 1,759,337	\$ 1,693,504	\$ 2,631,092

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

TOWN OF LEO-CEDARVILLE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2016

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16
General	\$ 259,482	\$ 438,384	\$ 406,559	\$ 291,307
Motor Vehicle Highway	368,392	262,194	292,919	337,667
Local Road and Street	85,806	40,826	5,000	121,632
Community Develop - Sports Complex	9,045	-	-	9,045
Park and Recreation	54,068	81,640	77,270	58,438
Rainy Day	75,794	15,936	-	91,730
CEDIT	986,072	337,134	365,468	957,738
Levy Excess #2	-	47,807	-	47,807
Rainy Day Restricted - MVH Transfers	-	125,000	-	125,000
Levy Excess	56	-	56	-
Cumulative Capital Improvement - Cigarette Tax	53,365	9,183	2,621	59,927
Cumulative Capital Development	171,118	32,224	-	203,342
Park Pavilion Renovation	-	243,159	35,183	207,976
Cumulative Capital Fire	187,390	96,704	-	284,094
Riverside Gardens Construction	16,754	-	3,631	13,123
LOIT - Public Safety	-	16,675	-	16,675
Local Grant	77	-	-	77
Donations	579	-	-	579
Payroll - Net Wages	-	151,621	151,621	-
Payroll - Federal Withholdings	-	11,162	11,162	-
Payroll - FICA	-	28,898	28,898	-
Payroll - Medicare	-	6,759	6,759	-
Payroll - State Withholdings	-	6,261	6,261	-
Payroll - County Withholdings	-	2,553	2,553	-
Payroll - HSA	-	6,778	6,778	-
Payroll - Deferred Compensation	-	38,207	38,207	-
Payroll - Roth IRA	-	4,131	4,131	-
Cell Phone Equipment Purchase	-	200	200	-
Payroll - HSA 1	-	6,650	6,650	-
Payroll - Aflac	-	1,127	1,127	-
Sales Tax	59	612	621	50
Garbage Service	111,367	153,850	134,316	130,901
Stormwater	251,668	122,704	186,414	187,958
Totals	<u>\$ 2,631,092</u>	<u>\$ 2,288,379</u>	<u>\$ 1,774,405</u>	<u>\$ 3,145,066</u>

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

TOWN OF LEO-CEDARVILLE
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

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

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:

Taxes. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's 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 Town.

Licenses and permits. Amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction, or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

TOWN OF LEO-CEDARVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Intergovernmental receipts. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

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.

Fines and forfeits. Amounts received from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees. Amounts received from charges for current services.

Penalties. Amounts received from late payment fees.

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:

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.

Debt service - principal and interest. Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

TOWN OF LEO-CEDARVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses. Amounts disbursed for operating the utilities.

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 Town 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 Town. 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 Town. 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 Town 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 Town 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. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

TOWN OF LEO-CEDARVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 4. *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 Town 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 5. *Risk Management*

The Town 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 Town 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 6. *Subsequent Events*

On February 23, 2017, the Town received \$232,790 from the Indiana Department of Transportation for a Community Crossings matching grant to be used for road construction.

TOWN OF LEO-CEDARVILLE
EXIT CONFERENCE

The contents of this report were discussed on July 20, 2017, with Pamela K. Spanuth, Clerk-Treasurer; John Eastes, former Clerk-Treasurer; and Gregory V. Peck, President of the Town Council.