

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

FINANCIAL STATEMENT REVIEW REPORT

OF

TOWN OF LEO-CEDARVILLE

ALLEN COUNTY, INDIANA

January 1, 2017 to December 31, 2018



FILED
03/30/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Pamela K. Spannuth	01-01-16 to 12-31-23
President of the Town Council	Gregory V. Peck	01-01-17 to 12-31-17
	Paul Steffens	01-01-18 to 12-31-18
	John Eastes	01-01-19 to 12-31-20



STATE OF INDIANA
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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 statement of the Town of Leo-Cedarville (Town), for the period of January 1, 2017 to December 31, 2018. 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 statement as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement 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 statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with *Statement 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 statement for it 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 statement in order for it 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 statement, which describes the basis of accounting. The financial statement is 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

February 20, 2020

FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the Town. The financial statement 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, 2017 and 2018

Fund	Cash and Investments			Cash and Investments			Cash and
	01-01-17	Receipts	Disbursements	12-31-17	Receipts	Disbursements	Investments
							12-31-18
General	\$ 291,307	\$ 461,813	\$ 408,530	\$ 344,590	\$ 499,309	\$ 509,297	\$ 334,602
Motor Vehicle Highway	337,667	268,400	186,080	419,987	306,738	210,481	516,244
Local Road and Street	121,632	52,399	12,879	161,152	71,354	-	232,506
Local Road and Bridge Matching Grant	-	232,790	141,537	91,253	90,447	180,750	950
Community Develop - Sports Complex	9,045	-	-	9,045	19,597	28,642	-
Park and Recreation	58,438	84,168	79,557	63,049	105,694	75,320	93,423
Rainy Day	91,730	-	-	91,730	-	37,703	54,027
LIT Econ Dev (CEDIT)	957,738	368,256	416,085	909,909	517,624	197,821	1,229,712
LIT Special Distribution	47,807	-	47,807	-	-	-	-
Rainy Day Restricted - MVH Transfers	125,000	-	93,730	31,270	669	-	31,939
Cumulative Capital Improvement - Cigarette Tax	59,927	8,762	4,850	63,839	8,422	975	71,286
Cumulative Capital Development	203,342	32,871	24,739	211,474	34,745	-	246,219
Park Pavilion Renovation	207,976	70,841	278,817	-	-	-	-
Cumulative Capital Fire	284,094	22,098	-	306,192	23,358	58,330	271,220
Riverside Gardens Construction	13,123	-	968	12,155	-	3,000	9,155
LIT - Public Safety	16,675	16,498	14,495	18,678	20,469	21,742	17,405
Local Grant	77	-	77	-	-	-	-
Donations	579	2,674	140	3,113	106	2,423	796
Payroll - Net Wages	-	162,430	162,430	-	220,109	220,109	-
Payroll - Federal Withholdings	-	16,436	16,436	-	22,900	22,900	-
Payroll - FICA	-	30,569	30,569	-	39,675	39,675	-
Payroll - Medicare	-	7,148	7,148	-	9,279	9,279	-
Payroll - State Withholdings	-	6,962	6,962	-	9,194	9,194	-
Payroll - County Withholdings	-	3,028	3,028	-	4,046	4,046	-
Payroll - HSA	-	5,627	5,627	-	7,975	7,975	-
Payroll - Health Insurance	-	-	-	-	12,476	12,244	232
Payroll - Vision/Dental Insurance	-	-	-	-	523	523	-
Payroll - Deferred Compensation	-	32,962	32,962	-	34,376	34,376	-
Payroll - Roth IRA	-	5,151	5,151	-	4,858	4,858	-
Cell Phone Equipment Purchase	-	130	130	-	-	-	-
Payroll - HSA 1	-	5,115	5,115	-	1,279	1,279	-
Payroll - Aflac	-	559	559	-	-	-	-
Sales Tax	50	876	804	122	1,866	1,872	116
Garbage Service	130,901	155,258	146,959	139,200	160,110	139,342	159,968
Stormwater	187,958	123,150	34,493	276,615	124,092	37,406	363,301
Totals	<u>\$ 3,145,066</u>	<u>\$ 2,176,971</u>	<u>\$ 2,168,664</u>	<u>\$ 3,153,373</u>	<u>\$ 2,351,290</u>	<u>\$ 1,871,562</u>	<u>\$ 3,633,101</u>

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

TOWN OF LEO-CEDARVILLE
NOTES TO FINANCIAL STATEMENT

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 statement presents the financial information for the Town.

B. 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, 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 statement. 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 STATEMENT
(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.

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 statement. 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.

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.

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

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 December 31 of the year preceding the budget year or January 15 of the budget year if the Town is issuing debt after December 1 or intends on filing a shortfall appeal. These rates were based upon the assessed valuations adjusted for various tax credits from the preceding year's lien date of January 1. 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 STATEMENT
(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 statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Renamed Funds

Some funds were reported in the previous report with different fund names. The following funds were renamed:

<u>Previous Fund Name</u>	<u>New Fund Name</u>
CEDIT	LIT Econ Dev (CEDIT)
Ley Excess #2	LIT Special Distribution
LOIT - Public Safety	LIT - Public Safety

Note 7. Subsequent Events

The Town received Community Crossing Grant Funds in 2019 totaling \$336,000.

In 2020, the Town was awarded a \$750,000 Community Development Block Grant for a Streetscape project.

TOWN OF LEO-CEDARVILLE
EXIT CONFERENCE

The contents of this report were discussed on February 20, 2020, with Pamela K. Spannuth, Clerk-Treasurer, and John Eastes, President of the Town Council.