

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

FINANCIAL STATEMENTS REVIEW REPORT
OF

LAWRENCEBURG LOCAL PUBLIC
IMPROVEMENT BOND BANK
DEARBORN COUNTY, INDIANA

January 1, 2016 to December 31, 2018



FILED
04/23/2020

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Accountant's Review Report.....	3-4
Financial Statements and Accompanying Notes:	
Statements of Receipts, Disbursements, and Cash and Investment	
Balances - Regulatory Basis.....	6-7
Notes to Financial Statements.....	8-9
Review Result and Comment:	
Adoption and Certification of Internal Control Standards	10
Exit Conference.....	11

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Kelly Mollaun	01-01-16 to 12-31-20
Finance Manager/Treasurer	Tyler Rainey Richard Richardson Mark Fette	01-01-16 to 01-26-18 01-27-18 to 12-31-19 01-01-20 to 12-31-20
Chairperson of the Board	Vickie March Kipp Newman	01-01-16 to 12-31-18 01-01-19 to 12-31-20



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

TO: THE OFFICIALS OF THE LAWRENCEBURG LOCAL PUBLIC IMPROVEMENT
BOND BANK, DEARBORN COUNTY, INDIANA

We have reviewed the accompanying financial statements of the Lawrenceburg Local Public Improvement Bond Bank (Local Public Improvement Bond Bank), 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 Local Public Improvement Bond Bank'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 Local Public Improvement Bond Bank 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 the 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

April 13, 2020

FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

The financial statements and accompanying notes were approved by management of the Local Public Improvement Bond Bank. The financial statements and notes are presented as intended by the Local Public Improvement Bond Bank.

LAWRENCEBURG LOCAL PUBLIC IMPROVEMENT BOND BANK
 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 Fund	\$ 2,341,415	\$ 992,447	\$ 211,261	\$ 3,122,601	\$ 503,560	\$ 927	\$ 3,625,234
Totals	<u>\$ 2,341,415</u>	<u>\$ 992,447</u>	<u>\$ 211,261</u>	<u>\$ 3,122,601</u>	<u>\$ 503,560</u>	<u>\$ 927</u>	<u>\$ 3,625,234</u>

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

LAWRENCEBURG LOCAL PUBLIC IMPROVEMENT BOND BANK
 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 Fund	\$ 3,625,234	\$ 314,060	\$ 1,790	\$ 3,937,504
Totals	<u>\$ 3,625,234</u>	<u>\$ 314,060</u>	<u>\$ 1,790</u>	<u>\$ 3,937,504</u>

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

LAWRENCEBURG LOCAL PUBLIC IMPROVEMENT BOND BANK
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Local Public Improvement Bond Bank was established under the laws of the State of Indiana for the purpose of making loans to qualifying entities. The Local Public Improvement Bond Bank operates under a governing board.

The accompanying financial statements present the financial information for the Local Public Improvement Bond Bank.

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:

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:

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.

LAWRENCEBURG LOCAL PUBLIC IMPROVEMENT BOND BANK
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 2. Budgets

State statute (IC 5-1.4-3-6) authorizes the Local Public Improvement Bond Bank to adopt an annual budget on either a calendar or fiscal year basis.

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.

State statutes authorize the Local Public Improvement Bond Bank 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 Local Public Improvement Bond Bank 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 Local Public Improvement Bond Bank 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 5. Outstanding Loans

As of December 31, 2018, there were 5 governmental entities and 1 private-sector entity with outstanding loans at the Local Public Improvement Bond Bank. The principal on these loans totaled \$8,999,999. Outstanding balances due to the Local Public Improvement Bond Bank as of December 31, 2018, totaled \$3,674,421.

Note 6. Subsequent Event

In April of 2019, the Local Public Improvement Bond Bank approved a \$4,000,000 loan to a governmental entity. This loan was paid as follows: \$2,000,000 upfront and \$500,000 per year for the next 4 years. Loan documentation indicated that the loan would be repaid at a fixed interest rate of 3 percent.

LAWRENCEBURG LOCAL PUBLIC IMPROVEMENT BOND BANK
REVIEW RESULT AND COMMENT

ADOPTION AND CERTIFICATION OF INTERNAL CONTROL STANDARDS

Condition and Context

The Local Public Improvement Bond Bank had not adopted the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts. However, the Local Public Improvement Bond Bank certified in the Indiana Gateway for Government Units financial reporting system that it had adopted an internal control policy.

Criteria

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; . . ."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

LAWRENCEBURG LOCAL PUBLIC IMPROVEMENT BOND BANK
EXIT CONFERENCE

The contents of this report were discussed on April 13, 2020, with Kelly Mollaun, Executive Director; Mark Fette, Finance Manager/Treasurer; Kipp Newman, Chairperson of the Board; Suzanne Orndorff, Deputy Treasurer; and Richard Richardson, former Finance Manager/Treasurer.