

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

FINANCIAL STATEMENTS REVIEW REPORT

OF

TOWN OF SARATOGA

RANDOLPH COUNTY, INDIANA

January 1, 2016 to December 31, 2020



FILED

06/07/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Deonna L. Poole	01-01-16 to 12-31-22
President of the Town Council	Donald B. Blunk	01-01-16 to 12-31-22



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

TO: THE OFFICIALS OF THE TOWN OF SARATOGA, RANDOLPH COUNTY, INDIANA

We have reviewed the accompanying financial statements of the Town of Saratoga (Town), for the period of January 1, 2016 to December 31, 2020. 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 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.



Beth Kelley, CPA, CFE
Deputy State Examiner

May 16, 2022

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 SARATOGA
 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	\$ 118,780	\$ 81,954	\$ 79,331	\$ 121,403	\$ 87,265	\$ 68,263	\$ 140,405
Motor Vehicle Highway	53,058	29,453	7,799	74,712	31,210	25,903	80,019
Local Road And Street	7,104	2,003	5,000	4,107	1,509	4,518	1,098
Law Enforcement Continuing Ed	929	4	40	893	-	400	493
Riverboat	17,762	1,504	1,183	18,083	1,505	3,000	16,588
Rainy Day	4,913	4,178	1,000	8,091	-	2,000	6,091
Special Dist. Loit	-	12,532	-	12,532	-	-	12,532
Excess Levy Fund	28	-	-	28	-	-	28
Fire Protection Territory	107,102	148,107	77,330	177,879	123,912	98,226	203,565
Cumulative Capital Development	4,036	546	66	4,516	552	1,057	4,011
Cumulative Capital Improvement	17,029	647	-	17,676	618	-	18,294
Cedit Capital Projects	56,098	22,178	-	78,276	-	24,611	53,665
Fire Territory Equip Replacement	36,210	19,969	5,770	50,409	20,257	44,000	26,666
Public Safety Loit	9,867	12,065	-	21,932	12,441	10,000	24,373
Park And Recreation Improvements	8,053	25	-	8,078	360	7,000	1,438
Totals	<u>\$ 440,969</u>	<u>\$ 335,165</u>	<u>\$ 177,519</u>	<u>\$ 598,615</u>	<u>\$ 279,629</u>	<u>\$ 288,978</u>	<u>\$ 589,266</u>

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

TOWN OF SARATOGA
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2018 and 2019

Fund	Cash and Investments 01-01-18	Receipts	Disbursements	Cash and Investments 12-31-18	Receipts	Disbursements	Cash and Investments 12-31-19
General	\$ 140,405	\$ 85,944	\$ 77,702	\$ 148,647	\$ 77,968	\$ 70,031	\$ 156,584
Motor Vehicle Highway	80,019	32,326	23,488	88,857	94,857	81,478	102,236
Local Road And Street	1,098	2,059	-	3,157	2,077	1,042	4,192
Law Enforcement Continuing Ed	493	-	288	205	-	-	205
Riverboat	16,588	1,504	2,144	15,948	1,505	359	17,094
Rainy Day	6,091	-	291	5,800	-	55	5,745
Special Dist. Loit	12,532	-	-	12,532	-	-	12,532
Excess Levy Fund	28	-	-	28	-	-	28
Fire Protection Territory	203,565	81,913	85,226	200,252	69,817	94,246	175,823
Cumulative Capital Development	4,011	544	-	4,555	286	-	4,841
Cumulative Capital Improvement	18,294	593	-	18,887	581	-	19,468
Cedit Capital Projects	53,665	44,105	-	97,770	45,377	21,343	121,804
Fire Territory Equip Replacement	26,666	24,767	38,649	12,784	15,921	19,947	8,758
Public Safety Loit	24,373	12,464	6,000	30,837	10,089	7,500	33,426
MVH Fund Restricted	-	-	-	-	5,467	-	5,467
Park And Recreation Improvements	1,438	800	844	1,394	150	423	1,121
Totals	<u>\$ 589,266</u>	<u>\$ 287,019</u>	<u>\$ 234,632</u>	<u>\$ 641,653</u>	<u>\$ 324,095</u>	<u>\$ 296,424</u>	<u>\$ 669,324</u>

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

TOWN OF SARATOGA
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2020

Fund	Cash and Investments 01-01-20	Receipts	Disbursements	Cash and Investments 12-31-20
General	\$ 156,584	\$ 80,373	\$ 65,701	\$ 171,256
Motor Vehicle Highway	102,236	122,874	140,098	85,012
Local Road And Street	4,192	1,991	525	5,658
Law Enforcement Continuing Ed	205	-	200	5
Riverboat	17,094	1,505	1,791	16,808
Rainy Day	5,745	-	-	5,745
Special Dist. Loit	12,532	-	-	12,532
Excess Levy Fund	28	-	-	28
Fire Protection Territory	175,823	100,948	92,251	184,520
Cumulative Capital Development	4,841	513	-	5,354
Cumulative Capital Improvement	19,468	550	-	20,018
Cedit Capital Projects	121,804	19,578	2,950	138,432
Fire Territory Equip Replacement	8,758	15,511	16,939	7,330
Public Safety Loit	33,426	10,075	6,000	37,501
MVH Fund Restricted	5,467	4,821	-	10,288
Park And Recreation Improvements	1,121	150	-	1,271
Totals	<u>\$ 669,324</u>	<u>\$ 358,889</u>	<u>\$ 326,455</u>	<u>\$ 701,758</u>

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

TOWN OF SARATOGA
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 SARATOGA
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).

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.

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

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.

TOWN OF SARATOGA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

TOWN OF SARATOGA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

TOWN OF SARATOGA
REVIEW RESULTS AND COMMENTS

CAPITAL ASSETS

Condition and Context

The Town has not adopted a capital asset policy. Additionally, the Town did not provide a detailed listing of capital assets or documentation that a physical inventory was conducted at least every two years.

Criteria

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

TRAINING AND CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

Town officials and employees who were involved in the financial records have not received proper training on internal controls.

The Town improperly certified on the Indiana Gateway for Government Units financial reporting system that the training on internal controls had been done for all required employees.

Criteria

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

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

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

Context

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

"The state examiner shall require from every audited entity 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](#)."

TOWN OF SARATOGA
EXIT CONFERENCE

The contents of this report were discussed on May 16, 2022, with Deonna L. Poole, Clerk-Treasurer, and Donald B. Blunk, President of the Town Council.