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STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT

OF

TOWN OF KENTLAND

NEWTON COUNTY, INDIANA

January 1, 2004 to December 31, 2005

FILED

08/23/2006

TABLE OF CONTENTS

Description	Page
Officials	2
Independent Accountant's Report	3
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Schedules	5
Examination Results and Comments:	
Capital Asset Records	6
Minutes of Public Meetings	6
Exit Conference	7

OFFICIALS

Office	Official	Term
Clerk-Treasurer	Deborah Plunkett	01-01-03 to 12-31-06
President of the Town Council	Charles Lehman	01-01-04 to 12-31-06
Superintendent of Utilities	Terry Hafstrom	01-01-04 to 12-31-06

STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF KENTLAND, NEWTON COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Kentland (Town), for the period of January 1, 2004 to December 31, 2005. The Town's management is responsible for the schedules. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

June 28, 2006

TOWN OF KENTLAND
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	$ 204,052	$ 321,410	$ 278,141	$ 247,321
Motor Vehicle Highway	77,401	97,137	137,909	36,629
Local Road and Street	5,940	8,397	6,313	8,024
Park and Recreation	77,698	125,701	141,011	62,388
Law Enforcement Continuing Education	4,901	315	535	4,681
Riverboat	9,850	11,489	17,035	4,304
Rainy Day	-	23,090	13,268	9,822
General Donation	705	60,000	660	60,045
Cumulative Capital Improvement	6,716	6,799	7,037	6,478
Cumulative Capital Development	149,867	82,363	3,300	228,930
Sanitation	28,733	120,763	55,950	93,546
Aviation	-	200,309	165,412	34,897
Park Deposit	-	5,500	4,300	1,200
Park Special Nonreverting Capital	1,174	10,340	8,897	2,617
Building Permit	-	2,425	2,425	-
Cable TV Franchise	187	13,958	10,663	3,482
Excess Levy	8,000	-	-	8,000
Proprietary Funds:				
Water Utility - Operating	546,559	298,118	235,331	609,346
Water Utility - Customer Deposit	9,380	6,150	4,280	11,250
Water Utility - Reserve	3,300	-	-	3,300
Wastewater Utility - Operating	654,653	910,882	1,123,494	442,041
Wastewater Utility - Bond and Interest	-	121,600	121,600	-
Wastewater Utility - Reserve	70,000	-	-	70,000
Fiduciary Fund:				
Payroll	1,444	252,314	252,585	1,173
Totals	$ 1,860,560	$ 2,679,060	$ 2,590,146	$ 1,949,474

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	$ 247,321	$ 236,555	$ 280,535	$ 203,341
Motor Vehicle Highway	36,629	171,877	141,378	67,128
Local Road and Street	8,024	8,455	5,965	10,514
Park and Recreation	62,388	135,122	101,857	95,653
Law Enforcement Continuing Education	4,681	120	377	4,424
Riverboat	4,304	11,489	-	15,793
Rainy Day	9,822	-	9,740	82
General Donation	60,045	15,318	53,295	22,068
Cumulative Capital Improvement	6,478	5,632	6,000	6,110
Cumulative Capital Development	228,930	29,304	49,503	208,731
Sanitation	93,546	140,156	175,112	58,590
Aviation	34,897	191,323	226,180	40
Park Deposit	1,200	6,725	6,900	1,025
Park Special Nonreverting Capital	2,617	3,300	5,160	757
Building Permit	-	1,240	1,240	-
Cable TV Franchise	3,482	13,830	-	17,312
Excess Levy	8,000	-	-	8,000
Proprietary Funds:				
Water Utility - Operating	609,346	273,936	288,015	595,267
Water Utility - Customer Deposit	11,250	7,050	5,200	13,100
Water Utility - Reserve	3,300	-	-	3,300
Wastewater Utility - Operating	442,041	1,618,954	1,868,278	192,717
Wastewater Utility - Bond and Interest	-	51,200	51,200	-
Wastewater Utility - Reserve	70,000	-	-	70,000
Fiduciary Fund:				
Payroll	1,173	268,155	265,946	3,382
Totals	$ 1,949,474	$ 3,189,741	$ 3,541,881	$ 1,597,334

The accompanying notes are an integral part of the schedules.

TOWN OF KENTLAND
NOTES TO SCHEDULES

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. 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% 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 become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, 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 6. Long-Term Debt

The Town has entered into a loan for Wastewater Treatment Plant Expansion and Improvements. The outstanding principal at December 31, 2005, was $653,000.

TOWN OF KENTLAND
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

The Town and its Utilities do not maintain detailed records of capital assets. Purchases and deletions or disposals of capital assets are not recorded.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

MINUTES OF PUBLIC MEETINGS

No minutes of meetings of the Park Board or the Aviation Board were available for examination.

Indiana Code 5-14-1.5-4 states in part:

"(b) As the meeting progresses, the following memoranda shall be kept:

(1) The date, time, and place of the meeting.

(2) The members of the governing body recorded as either present or absent.

(3) The general substance of all matters proposed, discussed, or decided.

(4) A record of all votes taken, by individual members if there is a roll call.

(5) Any additional information required under Indiana Code 5-1.5-2-2.5 or 20-12-63-7."

TOWN OF KENTLAND
EXIT CONFERENCE

The contents of this report were discussed on June 28, 2006, with Charles Lehman, President of the Town Council; and Deborah Plunkett, Clerk-Treasurer. The officials concurred with our findings.