

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

EXAMINATION REPORT
OF
TOWN OF KINGSFORD HEIGHTS
LAPORTE COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
12/04/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Rosalie A. Jacobs	01-01-04 to 12-31-11
President of the Town Council	Evelyn Ballinger	01-01-06 to 12-31-08
Superintendent of Water Utility	Timothy Lindewald	01-01-06 to 12-31-08
Superintendent of Wastewater Utility	Henry Riuz	01-01-06 to 12-31-08
Superintendent of Electric Utility	Daniel Morris Jason Cox	01-01-06 to 08-18-06 08-19-06 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF KINGSFORD HEIGHTS, LAPORTE COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Kingsford Heights (Town), for the period of January 1, 2006 to December 31, 2007. The Town's management is responsible for the financial information presented herein. 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 financial information presented herein 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 financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and the Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. The schedules have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on the schedules.

STATE BOARD OF ACCOUNTS

October 23, 2008

TOWN OF KINGSFORD HEIGHTS, LAPORTE COUNTY
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, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 251,453	\$ 256,416	\$ 276,723	\$ 231,146
Motor Vehicle Highway	107,454	56,197	28,714	134,937
Local Road and Street	45,470	19,405	32,200	32,675
Park and Recreation	50,842	8,594	10,471	48,965
Law Enforcement Continuing Education	1,496	2,605	803	3,298
Rainy Day	7,742	-	-	7,742
Cumulative Capital Improvement	18,333	5,341	15,000	8,674
Cumulative Capital Development	10,334	5,054	346	15,042
County Economic Development Income Tax	17,594	21,831	-	39,425
Major Moves	-	312,663	-	312,663
Community Improvement	58,985	34,928	-	93,913
Community Center	3,819	11,603	10,937	4,485
Levy Excess	-	11,631	-	11,631
Proprietary Funds:				
Water Utility - Operating	100,258	209,999	204,911	105,346
Water Utility - Reserve	53,424	-	-	53,424
Wastewater Utility - Operating	170,919	214,268	204,740	180,447
Wastewater Utility - Bond and Interest	23,366	42,086	37,765	27,687
Wastewater Utility - Reserve	41,990	1,356	-	43,346
CFF Planning Grant	-	7,800	7,800	-
Garbage Collection	8,765	62,987	62,754	8,998
Electric Utility - Operating	474,153	606,117	499,543	580,727
Electric Utility - Customer Deposit	85,342	20,235	16,222	89,355
Electric Utility - Construction	7,836	-	-	7,836
Electric Utility - Transmission Service	102,113	-	-	102,113
Fiduciary Funds:				
Community Center - Customer Deposit	-	2,500	2,300	200
Payroll	-	351,779	351,779	-
Totals	<u>\$ 1,641,688</u>	<u>\$ 2,265,395</u>	<u>\$ 1,763,008</u>	<u>\$ 2,144,075</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 231,146	\$ 214,090	\$ 269,940	\$ 175,296
Motor Vehicle Highway	134,937	58,277	39,702	153,512
Local Road and Street	32,675	19,643	-	52,318
Park and Recreation	48,965	3,369	16,675	35,659
Law Enforcement Continuing Education	3,298	417	1,246	2,469
Rainy Day	7,742	-	-	7,742
Cumulative Capital Improvement	8,674	5,328	-	14,002
Cumulative Capital Development	15,042	1,665	7,252	9,455
County Economic Development Income Tax	39,425	27,877	8,721	58,581
Major Moves	312,663	15,457	-	328,120
Community Improvement	93,913	383,732	200,507	277,138
Community Center	4,485	8,723	10,043	3,165
Levy Excess	11,631	-	11,631	-
Proprietary Funds:				
Water Utility - Operating	105,346	213,520	207,811	111,055
Water Utility - Reserve	53,424	-	-	53,424
Wastewater Utility - Operating	180,447	218,006	181,006	217,447
Wastewater Utility - Bond and Interest	27,687	41,295	42,030	26,952
Wastewater Utility - Reserve	43,346	904	-	44,250
Garbage Collection	8,998	65,884	65,062	9,820
Electric Utility - Operating	580,727	719,697	644,430	655,994
Electric Utility - Customer Deposit	89,355	19,650	18,345	90,660
Electric Utility - Construction	7,836	-	-	7,836
Electric Utility - Transmission Service	102,113	-	-	102,113
Fiduciary Funds:				
Community Center - Customer Deposit	200	1,450	650	1,000
Payroll	-	371,204	371,204	-
Totals	<u>\$ 2,144,075</u>	<u>\$ 2,390,188</u>	<u>\$ 2,096,255</u>	<u>\$ 2,438,008</u>

The accompanying notes are an integral part of the financial information.

TOWN OF KINGSFORD HEIGHTS
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, streets, culture and recreation, public improvements, planning and zoning, general administrative services, electric, water, wastewater, and urban redevelopment and housing.

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 2006. For 2007, the final distribution of property taxes did not occur until February 29, 2008.

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.

TOWN OF KINGSFORD HEIGHTS
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Note 7. Rate Structure – Enterprise Funds

Water Utility

The current rate structure was approved by the Indiana Utility Regulatory Commission on May 28, 1993.

Wastewater Utility

The current rate structure was approved by the Town Council on July 1, 2002.

Electric Utility

The current rate structure was approved by the Indiana Utility Regulatory Commission on May 11, 2000.

TOWN OF KINGSFORD HEIGHTS
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 8. Subsequent Event

On March 10, 2008, the Town Council awarded a bid to Dave Cole Decorators for the repainting and repairing of the Water Tower in the amount of \$207,000.

TOWN OF KINGSFORD HEIGHTS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

As of December 31, 2007

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
General Fund	\$ 114,109
Community Center	578,641
Motor Vehicle Highway & Local Roads and Streets	184,005
Cumulative Capital Improvement	25,578
Park & Cumulative Capital Development	66,643
County Economic Development Income Tax	<u>76,128</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 1,045,104</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Capital assets, not being depreciated:	
Water Utility	\$ 1,616,066
Wastewater Utility	2,409,081
Electric Utility	<u>797,668</u>
 Total business-type activities capital assets	 <u>\$ 4,822,815</u>

TOWN OF KINGSFORD HEIGHTS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type Activities:		
Water Utility		
Loan payable:		
FmHA Loan	\$ 478,621	\$ 53,424
Wastewater Utility		
Revenue bonds:		
2002 Sewage improvement	<u>455,000</u>	<u>41,190</u>
Total business-type activities debt:	<u>\$ 933,621</u>	<u>\$ 94,614</u>

TOWN OF KINGSFORD HEIGHTS
EXIT CONFERENCE

The contents of this report were discussed on October 23, 2008, with Rosalie A. Jacobs, Clerk-Treasurer; and Evelyn Ballinger, President of the Town Council. Our examination disclosed no material items that warrant comment at this time.