

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

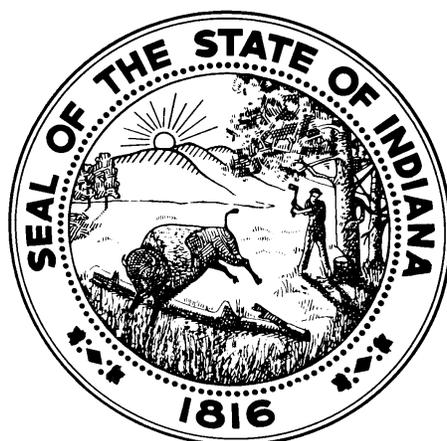
EXAMINATION REPORT

OF

TOWN OF KINGMAN

FOUNTAIN COUNTY, INDIANA

January 1, 2007 to December 31, 2008



FILED
12/08/2009

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sheila A. Young Carol S. Howard Debra Hall	01-01-04 to 02-28-07 05-01-07 to 11-30-08 12-01-08 to 12-31-11
President of the Town Council	Jay Beeson Les Young Thomas D. Hunt	01-01-07 to 12-31-07 01-01-08 to 12-31-08 01-01-09 to 12-31-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF KINGMAN, FOUNTAIN COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Kingman (Town), for the period of January 1, 2007 to December 31, 2008. 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, 2007 and 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

October 21, 2009

TOWN OF KINGMAN
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, 2007 And 2008

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 5,879	\$ 113,103	\$ 83,055	\$ 35,927
Motor Vehicle Highway	25,567	23,117	26,464	22,220
Local Road and Street	1,384	2,382	2,244	1,522
Law Enforcement Continuing Education	25	585	360	250
Riverboat	3,386	3,392	-	6,778
Rainy Day	-	1,031	-	1,031
Levy Excess	584	800	584	800
Cumulative Capital Development	27,572	6,353	57	33,868
Cumulative Building and Fire Fighting Equipment	12,108	2,398	644	13,862
Proprietary Funds:				
Water Utility - Operating	38,167	169,420	171,978	35,609
Water Utility - Bond and Interest	31,098	15,739	37,441	9,396
Water Utility - Depreciation	16,283	3,064	17,000	2,347
Water Utility - Customer Deposit	7,106	3,584	3,050	7,640
Water Utility - Reserve	11,461	38	11,499	-
Wastewater Utility - Operating	15,778	125,116	130,255	10,639
Wastewater Utility - Bond and Interest	24,462	30,281	29,538	25,205
Wastewater Utility - Depreciation	8,987	3,084	-	12,071
Wastewater Utility - Reserve Investment	25,936	-	-	25,936
Fiduciary Fund:		-		
Payroll	1,705	45,050	45,011	1,744
Totals	\$ 257,488	\$ 548,537	\$ 559,180	\$ 246,845

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 35,927	\$ 67,067	\$ 75,670	\$ 27,324
Motor Vehicle Highway	22,220	17,933	17,283	22,870
Local Road and Street	1,522	2,261	-	3,783
Law Enforcement Continuing Education	250	130	20	360
Riverboat	6,778	3,375	-	10,153
Rainy Day	1,031	2,368	-	3,399
Levy Excess	800	-	-	800
Cumulative Capital Development	33,868	2,764	-	36,632
Cumulative Building and Fire Fighting Equipment	13,862	-	-	13,862
Proprietary Funds:				
Water Utility - Operating	35,609	98,600	88,426	45,783
Water Utility - Bond and Interest	9,396	15,712	-	25,108
Water Utility - Depreciation	2,347	3,025	-	5,372
Water Utility - Customer Deposit	7,640	2,767	2,850	7,557
Wastewater Utility - Operating	10,639	136,659	133,979	13,319
Wastewater Utility - Bond and Interest	25,205	30,237	32,502	22,940
Wastewater Utility - Depreciation	12,071	3,088	-	15,159
Wastewater Utility - Reserve Investment	25,936	2,232	3,168	25,000
Fiduciary Fund:		-		
Payroll	1,744	34,673	35,248	1,169
Totals	\$ 246,845	\$ 422,891	\$ 389,146	\$ 280,590

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

TOWN OF KINGMAN
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, culture and recreation, general administrative services, water and wastewater.

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. However, due to property tax reassessment, in 2007 taxes were delinquent if not paid by June 8, 2007 and November 13, 2007, and in 2008 taxes were delinquent if not paid by November 10, 2008 and January 12, 2009.

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 KINGMAN
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2008

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Wastewater Utility:		
Revenue bonds payable	\$ <u>50,629</u>	\$ <u>-</u>

TOWN OF KINGMAN
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT

Annual reports for 2007 and 2008 were filed timely, but they did not properly reflect the receipts, disbursement and balances of all the funds. In 2007, one certificate of deposit that was purchased with water reserve funds was reported as a water operating investment. The newly appointed Clerk-Treasurer made several errors while preparing the 2008 report. This unit still has manual records and posts to control ledger sheets. The Clerk-Treasurer included the control as a fund on the annual report. On the 2008 report, one governmental fund and six utility funds were not reflective of the receipts, disbursements and balances of the unit and could not be verified to the ledger.

IC 5-3-1-3(a) states in part: "Within sixty (60) days after the expiration of each calendar year, the fiscal officer of each civil city and town in Indiana shall publish an annual report of the receipts and expenditures of the city or town . . ."

FUND SOURCES AND USES

Funds received from the State Auditor for the Cumulative Capital Improvement Fund were incorrectly recorded into the General Fund. The amount posted to the wrong fund was \$1,889.66 in 2007 and \$1,749.59 in 2008.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

UTILITY RECEIPTS TAX

The Kingman Water Utility paid Utility Receipts Tax to the Indiana Department of Revenue for 2007 and estimated tax for the first two quarters of 2008. No Utility receipts tax filings were found after this. The 2007 quarterly estimated payments included late penalty payments which equaled \$57.49.

Generally, retail receipts from all utility services consumed within Indiana are subject to the utility receipts tax regardless of the point of generation or transmission across state lines. Receipts from the provision of mobile telecommunication service are subject to utility receipts tax to the extent that the receipts are sourced to Indiana pursuant to IC 6-8.1-15. However, gross receipts received by a political subdivision for sewage and sewage service are not subject to the tax. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit. Additionally officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

A list of employees was not certified to the County Treasurer. A similar comment appeared in Report B29954.

IC 6-1.1-22-14(a) states in part: "On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

TOWN OF KINGMAN
EXIT CONFERENCE

The contents of this report were discussed on October 21, 2009, with Debra Hall, Clerk-Treasurer; Carol S. Howard, former Clerk-Treasurer; and Thomas D. Hunt, President of the Town Council. The officials concurred with our findings.