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

EXAMINATION REPORT

OF

TOWN OF KIRKLIN

CLINTON COUNTY, INDIANA

January 1, 2008 to December 31, 2009



FILED
08/25/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Mary King	01-01-08 to 12-31-11
President of the Town Council	Randy Weaver	01-01-08 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF KIRKLIN, CLINTON COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Kirklín (Town), for the period of January 1, 2008 to December 31, 2009. 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, 2008 and 2009, 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 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. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

June 24, 2010

TOWN OF KIRKLIN
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, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 53,081	\$ 155,634	\$ 169,589	\$ 39,126
Motor Vehicle Highway	41,030	30,905	44,903	27,032
Local Road and Street	4,631	3,359	-	7,990
Park and Recreation	5,053	1,159	-	6,212
Law Enforcement Continuing Education	1,026	651	25	1,652
Rainy Day	4,366	4,084	-	8,450
Youth	1,396	29	-	1,425
Garbage Pickup	680	28,959	23,941	5,698
Levy Excess	4,879	-	4,879	-
Cumulative Capital Improvement	7,224	2,492	-	9,716
Cumulative Capital Development	35,269	7,596	-	42,865
County Economic Development Income Tax	17,740	11,354	7,037	22,057
Proprietary Funds:				
Water Utility - Operating	10,511	159,385	148,290	21,606
Water Utility - Bond and Interest	10,354	26,906	18,872	18,388
Water Utility - Customer Deposit	16,678	2,698	1,935	17,441
Wastewater Utility - Improvement	7	23,765	23,760	12
Wastewater Utility - Operating	35,326	125,949	114,741	46,534
Fiduciary Fund:				
Payroll	3,803	179,962	183,765	-
Totals	<u>\$ 253,054</u>	<u>\$ 764,887</u>	<u>\$ 741,737</u>	<u>\$ 276,204</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 39,126	\$ 159,010	\$ 186,752	\$ 11,384
Motor Vehicle Highway	27,032	28,033	26,127	28,938
Local Road and Street	7,990	4,486	-	12,476
Park and Recreation	6,212	1,233	2,200	5,245
Law Enforcement Continuing Education	1,652	752	592	1,812
Rainy Day	8,450	760	-	9,210
Youth	1,425	-	-	1,425
Garbage Pickup	5,698	30,522	30,152	6,068
Cumulative Capital Improvement	9,716	2,349	-	12,065
Cumulative Capital Development	42,865	4,899	30,000	17,764
County Economic Development Income Tax	22,057	12,398	7,012	27,443
Proprietary Funds:				
Water Utility - Operating	21,606	134,193	137,627	18,172
Water Utility - Bond and Interest	18,388	19,525	23,002	14,911
Water Utility - Customer Deposit	17,441	2,670	2,250	17,861
Wastewater Utility - Improvement	12	15,840	15,840	12
Wastewater Utility - Operating	46,534	167,131	141,911	71,754
Fiduciary Fund:				
Payroll	-	187,118	186,878	240
Totals	<u>\$ 276,204</u>	<u>\$ 770,919</u>	<u>\$ 790,343</u>	<u>\$ 256,780</u>

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

TOWN OF KIRKLIN
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, 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.

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. Subsequent Event

The Town has committed to the reconstruction of the wastewater collection system with the 2009 Wastewater Collection System Rehabilitation Project in the amount of \$619,778. It has received Indiana Office of Community and Rural Affairs Grant # CF-09-113, in the amount of \$600,000, to be used for the project.

TOWN OF KIRKLIN
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

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.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 8,007
Infrastructure	21,316
Buildings	213,576
Improvements other than buildings	114,257
Machinery and equipment	<u>167,212</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 524,368</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 29,237
Buildings	850,499
Improvements other than buildings	573,452
Machinery and equipment	<u>150,490</u>
 Total Water Utility capital assets	 <u>1,603,678</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	6,736
Infrastructure	1,140
Buildings	948,698
Improvements other than buildings	732,955
Machinery and equipment	339,990
Construction in progress	<u>23,760</u>
 Total Wastewater Utility capital assets	 <u>2,053,279</u>
 Total business-type activities capital assets	 <u>\$ 4,181,325</u>

TOWN OF KIRKLIN
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Water Utility:		
Notes and loans payable	\$ 75,000	\$ 13,860
Total Water Utility	<u>75,000</u>	<u>13,860</u>
Total business-type activities debt	<u>\$ 75,000</u>	<u>\$ 13,860</u>

TOWN OF KIRKLIN
EXIT CONFERENCE

The contents of this report were discussed on July 29, 2010, with Mary King, Clerk-Treasurer. Our examination disclosed no material items that warrant comment at this time.