

B35450

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

EXAMINATION REPORT
OF
TOWN OF KENNARD
HENRY COUNTY, INDIANA
January 1, 2007 to December 31, 2008



FILED
12/30/2009

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information: Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5
Supplementary Information: Schedule of Capital Assets.....	6
Schedule of Long-Term Debt	7
Exit Conference.....	8

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Chanda Hastings Julie Snyder	01-01-07 to 12-31-07 01-01-08 to 12-31-11
President of the Town Council	Mary Pribble John Ryan	01-01-07 to 12-31-07 01-01-08 to 12-31-09
Superintendent of Wastewater Utility	Jaime Turpin	01-01-07 to 12-31-09



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 KENNARD, HENRY COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Kennard (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 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

November 10, 2009

TOWN OF KENNARD
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	\$ 27,811	\$ 64,746	\$ 64,593	\$ 27,964
Motor Vehicle Highway	21,118	20,300	20,115	21,303
Local Road and Street	17,725	6,829	10,000	14,554
Riverboat	11,478	2,869	-	14,347
Cumulative Capital Improvement	3,842	1,598	2,000	3,440
Proprietary Funds:				
Wastewater Utility - Operating	75,410	86,116	72,046	89,480
Wastewater Utility - Bond and Interest	45,300	10,000	10,350	44,950
Wastewater Utility - Depreciation	51,837	5,850	850	56,837
Wastewater Utility - Construction	61,517	811	2,730	59,598
Wastewater Utility - Improvement	2,867	4,000	4,467	2,400
Fiduciary Fund:				
Payroll	9	28,063	27,713	359
Totals	<u>\$ 318,914</u>	<u>\$ 231,182</u>	<u>\$ 214,864</u>	<u>\$ 335,232</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 27,964	\$ 52,431	\$ 59,236	\$ 21,159
Motor Vehicle Highway	21,303	15,523	5,119	31,707
Local Road and Street	14,554	3,400	670	17,284
Riverboat	14,347	2,854	831	16,370
Cumulative Capital Improvement	3,440	1,671	-	5,111
Proprietary Funds:				
Wastewater Utility - Operating	89,480	195,461	247,271	37,670
Wastewater Utility - Bond and Interest	44,950	11,000	21,050	34,900
Wastewater Utility - Depreciation	56,837	5,500	32,484	29,853
Wastewater Utility - Construction	59,598	-	59,598	-
Wastewater Utility - Improvement	2,400	1,600	4,000	-
Fiduciary Fund:				
Payroll	359	27,378	27,737	-
Totals	<u>\$ 335,232</u>	<u>\$ 316,818</u>	<u>\$ 457,996</u>	<u>\$ 194,054</u>

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

TOWN OF KENNARD
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, highway and streets, general administrative services, and waste-water utility.

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. Subsequent Event

The Wastewater Utility obtained a new Bond Anticipation Note (BAN) in 2009 in the amount of \$140,000.

TOWN OF KENNARD
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2008

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	\$ 5,500
Infrastructure	40,155
Buildings	260,018
Improvements other than buildings	15,430
Machinery and equipment	<u>254,706</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 575,809</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 41,919
Construction in progress	74,900
Buildings	62,012
Improvements other than buildings	687,401
Machinery and equipment	<u>87,631</u>
 Total business-type activities capital assets	 <u>\$ 953,863</u>

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

The Town of Kennard 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:		
Establishment of Sewer Works	\$ 75,000	\$ 10,750
Total business-type activities debt	<u>\$ 75,000</u>	<u>\$ 10,750</u>

TOWN OF KENNARD
EXIT CONFERENCE

The contents of this report were discussed on November 10, 2009, with Julie Snyder, Clerk-Treasurer; and John Ryan, President of the Town Council. Our examination disclosed no material items that warrant comment at this time.