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

EXAMINATION REPORT

OF

TOWN OF REDKEY

JAY COUNTY, INDIANA

January 1, 2007 to December 31, 2007



**FILED**  
06/21/2010



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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Sandra S. Kirby

10-31-05 to 12-31-11

President of the  
Town Council

Doug Stanley

01-01-07 to 12-31-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF REDKEY, JAY COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Redkey (Town), for the period of January 1, 2007 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 year ended December 31, 2007, 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. 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

May 20, 2010

TOWN OF REDKEY  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES  
As Of And For The Year Ended December 31, 2007

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 47,917	\$ 329,411	\$ 308,998	\$ 68,330
Motor Vehicle Highway	33,889	67,075	54,369	46,595
Local Road and Street	11,997	16,388	10,000	18,385
Park and Recreation	3,962	9,083	7,992	5,053
Law Enforcement Continuing Education	1,422	337	675	1,084
Grade Crossing Sign	1,566	-	1,566	-
Railroad Fund	2,474	-	2,474	-
Revolving Loan	14,998	15,010	10,000	20,008
Federal Emergency Management Agency	1,107	-	1,107	-
USDA Rural Development	-	2,750	2,750	-
Cumulative Capital Improvement (Cig. Tax)	9,509	5,012	-	14,521
Cumulative Capital Development	20,662	19,795	7,662	32,795
Levy Excess	9,796	-	9,796	-
Proprietary Funds:				
Water Utility - Operating	8,523	132,540	108,440	32,623
Water Utility - Depreciation	3,104	10,482	3,473	10,113
Water Utility - Customer Deposit	33,184	5,100	18,319	19,965
Water Utility - Water Line Project	2,627	-	2,627	-
Wastewater Utility - Operating	22,754	183,057	152,712	53,099
Wastewater Utility - Bond and Interest	27,612	38,685	37,517	28,780
Wastewater Utility - Reserve	3,658	7,416	-	11,074
Wastewater Utility - Sewer Separation	32,525	56,122	30,006	58,641
Trash User Fee	7,547	59,225	55,404	11,368
Fiduciary Funds:				
Performance Bonds	700	-	-	700
Payroll	4,273	183,338	183,240	4,371
Totals	<u>\$ 305,806</u>	<u>\$ 1,140,826</u>	<u>\$ 1,009,127</u>	<u>\$ 437,505</u>

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

TOWN OF REDKEY  
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. 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.

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

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:		
Capital leases:		
Utility Truck	\$ 3,305	\$ 1,637
Wastewater Utility:		
Capital leases:		
Utility Truck	3,305	1,637
Revenue bonds:		
Refunding bonds of 2006	259,000	37,006
Total Wastewater Utility	262,305	38,643
Total business-type activities debt	\$ 265,610	\$ 40,280

TOWN OF REDKEY  
EXIT CONFERENCE

The contents of this report were discussed on May 20, 2010, with Sandra S. Kirby, Clerk-Treasurer; and Doug Stanley, President of the Town Council. Our examination disclosed no material items that warrant comment at this time.