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# 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, 2008 to December 31, 2009


FILED
11/16/2010

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OFFICIALS

| Office | Official | Term |
| --- | --- | --- |
| Clerk-Treasurer | Rosalie A. Jacobs | 01-01-04 to 12-31-11 |
| President of the Town Council | Evelyn Ballinger | 01-01-08 to 12-31-10 |
| Superintendent of Water Utility | Timothy Lindewald | 01-01-08 to 12-31-10 |
| Superintendent of Wastewater Utility | Henry Riuz | 01-01-08 to 12-31-10 |
| Superintendent of Electric Utility | Jason Cox | 01-01-08 to 12-31-10 |

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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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, 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

August 25, 2010

# TOWN OF KINGSFORD HEIGHTS
## SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
## ALL GOVERNMENTAL 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 | $ 174,696 | $ 212,320 | $ 270,791 | $ 116,225 |
| Motor Vehicle Highway | 153,512 | 42,071 | 48,724 | 146,859 |
| Local Road and Street | 52,318 | 18,052 | 33,639 | 36,731 |
| Park and Recreation | 35,659 | 14,371 | 5,974 | 44,056 |
| Law Enforcement Continuing Education | 2,469 | 545 | 184 | 2,830 |
| Rainy Day | 7,742 | 503 | - | 8,245 |
| Cumulative Capital Improvement | 14,002 | 4,950 | 12,000 | 6,952 |
| Cumulative Capital Development | 9,455 | 6,417 | - | 15,872 |
| County Economic Development Income Tax | 58,581 | 21,765 | 27,128 | 53,218 |
| Major Moves Construction | 328,120 | 5,485 | 215,824 | 117,781 |
| Community Improvement | 277,138 | 228,054 | 58,660 | 446,532 |
| Community Building Center | 3,165 | 7,967 | 6,593 | 4,539 |
| Proprietary Funds: | | | | |
| Water Utility - Operating | 111,055 | 208,288 | 240,715 | 78,628 |
| Water Utility - Debt Reserve | 53,424 | - | - | 53,424 |
| Wastewater Utility - Operating | 217,447 | 208,195 | 213,920 | 211,722 |
| Wastewater Utility - Bond and Interest | 26,952 | 41,225 | 41,190 | 26,987 |
| Wastewater Utility - Debt Reserve | 44,250 | - | - | 44,250 |
| Garbage Collection | 9,820 | 66,753 | 66,291 | 10,282 |
| Electric Utility - Operating | 656,594 | 586,668 | 559,481 | 683,781 |
| Electric Utility - Customer Deposit | 90,660 | 16,350 | 14,865 | 92,145 |
| Electric Utility - Construction | 7,836 | - | - | 7,836 |
| Electric Utility - Transmission Services | 102,113 | - | - | 102,113 |
| Fiduciary Funds: | | | | |
| Community Center Deposit | 1,000 | 850 | 1,650 | 200 |
| Payroll | - | 395,740 | 395,740 | - |
| Totals | $ 2,438,008 | $ 2,086,569 | $ 2,213,369 | $ 2,311,208 |

| | Cash and Investments 01-01-09 | Receipts | Disbursements | Cash and Investments 12-31-09 |
|---|---|---|---|---|
| Governmental Funds: | | | | |
| General | $ 116,225 | $ 211,990 | $ 235,939 | $ 92,276 |
| Motor Vehicle Highway | 146,859 | 40,495 | 36,967 | 150,387 |
| Local Road and Street | 36,731 | 17,091 | - | 53,822 |
| Park and Recreation | 44,056 | 9,829 | 4,945 | 48,940 |
| Law Enforcement Continuing Education | 2,830 | 3,063 | 273 | 5,620 |
| Rainy Day | 8,245 | - | - | 8,245 |
| Cumulative Capital Improvement | 6,952 | 4,531 | - | 11,483 |
| Cumulative Capital Development | 15,872 | 4,712 | - | 20,584 |
| County Economic Development Income Tax | 53,218 | 22,928 | - | 76,146 |
| Major Moves Construction | 117,781 | - | - | 117,781 |
| Community Improvement | 446,532 | 9,597 | 33,586 | 422,543 |
| Community Building Center | 4,539 | 2,964 | 2,863 | 4,640 |
| Proprietary Funds: | | | | |
| Water Utility - Operating | 78,628 | 267,859 | 273,513 | 72,974 |
| Water Utility - Debt Reserve | 53,424 | - | - | 53,424 |
| Wastewater Utility - Operating | 211,722 | 197,148 | 196,544 | 212,326 |
| Wastewater Utility - Bond and Interest | 26,987 | 40,000 | 40,350 | 26,637 |
| Wastewater Utility - Debt Reserve | 44,250 | - | - | 44,250 |
| Garbage Collection | 10,282 | 68,275 | 67,993 | 10,564 |
| Electric Utility - Operating | 683,781 | 600,578 | 576,017 | 708,342 |
| Electric Utility - Customer Deposit | 92,145 | 21,700 | 19,948 | 93,897 |
| Electric Utility - Construction | 7,836 | - | - | 7,836 |
| Electric Utility - Transmission Services | 102,113 | - | - | 102,113 |
| Fiduciary Funds: | | | | |
| Community Center Deposit | 200 | 1,900 | 1,300 | 800 |
| Payroll | - | 407,515 | 407,515 | - |
| Totals | $ 2,311,208 | $ 1,932,175 | $ 1,897,753 | $ 2,345,630 |

The accompanying notes are an integral part of the 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).

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. 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 March 4, 2009.

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.

Note 8. Subsequent Events

LaPorte County has not completed and settled an approved property tax cycle since the 2005 payable 2006 property tax year. Each subsequent year the County has sent out various forms of provisional bills with the notice that a reconciliation bill will be provided to taxpayers once assessments are approved and certified and final tax rates are established. These delays and uncertainties have resulted in a lower than budgeted property tax collection rate for the Town. It is undeterminable how much property tax collections the Town will receive once all the reconciliation bills have been distributed and the collections received. Provisional bills for taxes payable in 2009 were due January 29, 2010. The Town received their distribution on February 11, 2010. Provisional bills for taxes payable in 2010, based upon the 2006 pay 2007 tax rates, were mailed in June 2010 and are due in two installments, July 9, 2010 and November 10, 2010.

TOWN OF KINGSFORD HEIGHTS
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.

| Primary Government | Ending Balance |
|---|---|
| Governmental activities: | |
| Capital assets, not being depreciated: | |
| Buildings | $ 592,238 |
| Improvements other than buildings | 222,635 |
| Machinery and equipment | 234,212 |
| Total governmental activities, capital assets not being depreciated | $ 1,049,085 |

| Primary Government | Ending Balance |
|---|---|
| Business-type activities: | |
| Water Utility: | |
| Capital assets, not being depreciated: | |
| Land | $ 3,000 |
| Buildings | 460,000 |
| Improvements other than buildings | 466,300 |
| Machinery and equipment | 695,776 |
| Total Water Utility capital assets | 1,625,076 |
| Wastewater Utility: | |
| Capital assets, not being depreciated: | |
| Land | 1,500 |
| Buildings | 188,500 |
| Improvements other than buildings | 618,900 |
| Machinery and equipment | 1,601,323 |
| Total Wastewater Utility capital assets | 2,410,223 |
| Electric Utility: | |
| Capital assets, not being depreciated: | |
| Land | 2,000 |
| Buildings | 132,000 |
| Machinery and equipment | 671,284 |
| Total Electric Utility capital assets | 805,284 |
| Total business-type activities capital assets | $ 4,840,583 |

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

| Description of Debt | Ending Principal Balance | Principal and Interest Due Within One Year |
|---|---|---|
| Business-type activities: | | |
| Water Utility: | | |
| Loans payable: | | |
| FmHA Loan | $ 416,721 | $ 53,424 |
| Wastewater Utility: | | |
| Revenue bonds: | | |
| 2002 Sewage Improvement | 415,000 | 39,510 |
| Total business-type activities debt | $ 831,721 | $ 92,934 |

TOWN OF KINGSFORD HEIGHTS
EXIT CONFERENCE

The contents of this report were discussed on August 25, 2010, 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.