

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

FINANCIAL STATEMENTS REVIEW REPORT

OF

TOWN OF KINGMAN

FOUNTAIN COUNTY, INDIANA

January 1, 2013 to December 31, 2017



**FILED**  
01/10/2019



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Abigail G. Lawson (Vacant) Kendal Buker	11-14-12 to 03-17-14 03-18-14 to 03-26-14 03-27-14 to 12-31-19
President of the Town Council	Michael R. Lenover Paul L. Young	01-01-13 to 12-31-15 01-01-16 to 12-31-19
Superintendent of Water Utility	Mark Harlow (Vacant)	01-01-13 to 04-30-18 05-01-18 to 12-31-18
Superintendent of Wastewater Utility	Malden A. Jones (Vacant)	04-25-13 to 05-31-18 06-01-18 to 12-31-18



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying financial statements of the Town of Kingman (Town), for the period of January 1, 2013 to December 31, 2017. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Town's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with a regulatory basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6); which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This includes determining that the basis of accounting the Town uses is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements whether due to fraud or error.

***Accountant's Responsibility***

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the prescribed basis of accounting described in Note 1. We believe that the results of our procedures provide a reasonable basis for our conclusion.


INDEPENDENT ACCOUNTANT'S REVIEW REPORT  
(Continued)

***Accountant's Conclusion***

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the prescribed basis of accounting described in Note 1.

***Basis of Accounting***

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

  
Paul D. Joyce, CPA  
State Examiner

November 30, 2018

FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

The financial statements and accompanying notes were approved by management of the Town.  
The financial statements and notes are presented as intended by the Town.

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TOWN OF KINGMAN  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH  
AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Years Ended December 31, 2013 and 2014

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13	Receipts	Disbursements	Cash and Investments 12-31-14
General	\$ 52,453	\$ 99,742	\$ 101,746	\$ 50,449	\$ 115,085	\$ 87,728	\$ 77,806
Motor Vehicle Highway	17,358	18,769	3,689	32,438	23,636	2,556	53,518
Local Road And Street	9,694	1,924	-	11,618	2,116	6,000	7,734
Law Enforcement Continuing Ed	251	350	-	601	-	-	601
Riverboat	22,431	3,027	-	25,458	3,027	12,040	16,445
Rainy Day	6,781	-	-	6,781	-	-	6,781
Levy Excess	800	-	178	622	-	-	622
Cumulative Capital Development	28,757	3,178	12,049	19,886	5,964	8,224	17,626
Cumulative Fire Firefighting Equipment	13,862	-	-	13,862	-	5,100	8,762
Cumulative Capital Improvement	6,125	1,372	-	7,497	1,352	-	8,849
Payroll	1,271	128,911	127,794	2,388	133,979	133,766	2,601
Wastewater Utility-Operating	33,841	90,207	93,450	30,598	115,588	129,242	16,944
Wastewater Util-Bond And Interest	1,661	21	-	1,682	26	-	1,708
Wastewater Utility-Deprec/Improve	15,289	11,025	-	26,314	28	-	26,342
Wastewater Utility-Debt Reserve	26,047	-	-	26,047	-	-	26,047
Water Utility-Operating	21,121	128,075	128,070	21,126	109,615	119,205	11,536
Water Utility-Bond And Interest	56,857	39	26,000	30,896	25	9,950	20,971
Water Utility-Depreciation/Improve	11,469	10	-	11,479	11	-	11,490
Water Utility-Customer Deposit	14,419	8,285	4,052	18,652	8,569	4,810	22,411
Totals	<u>\$ 340,487</u>	<u>\$ 494,935</u>	<u>\$ 497,028</u>	<u>\$ 338,394</u>	<u>\$ 519,021</u>	<u>\$ 518,621</u>	<u>\$ 338,794</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF KINGMAN  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH  
AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Years Ended December 31, 2015 and 2016

Fund	Cash and Investments			Cash and Investments			Cash and Investments
	01-01-15	Receipts	Disbursements	12-31-15	Receipts	Disbursements	12-31-16
General	\$ 77,805	\$ 107,461	\$ 102,472	\$ 82,794	\$ 109,019	\$ 90,821	\$ 100,992
Motor Vehicle Highway	53,518	23,218	16,533	60,203	23,502	55,393	28,312
Local Road And Street	7,734	2,134	5,000	4,868	2,104	4,000	2,972
Law Enforcement Continuing Ed	601	290	-	891	60	-	951
Riverboat	16,445	3,027	-	19,472	3,027	-	22,499
Park Pavilion Donation Fund	-	-	-	-	1,500	-	1,500
Rainy Day	6,781	-	3,000	3,781	-	-	3,781
LOIT Special Distribution Fund	-	-	-	-	6,864	-	6,864
Levy Excess	622	-	622	-	-	-	-
Cumulative Capital Development	17,626	5,209	5,564	17,271	5,025	-	22,296
Cumulative Fire Firefighting Equipment	8,762	-	-	8,762	2,631	-	11,393
Cumulative Capital Improvement	8,849	1,283	3,424	6,708	1,302	601	7,409
Public Safety Fund	-	-	-	-	5,824	-	5,824
Payroll	2,601	153,607	151,792	4,416	142,521	142,820	4,117
Wastewater Utility-Operating	16,944	116,862	113,355	20,451	96,571	92,277	24,745
Wastewater Util-Bond And Interest	1,709	24	-	1,733	14	-	1,747
Wastewater Utility-Deprec/Improve	26,341	18	7,773	18,586	9	-	18,595
Wastewater Utility-Debt Reserve	26,047	-	-	26,047	-	-	26,047
Water Utility-Operating	11,536	119,880	109,377	22,039	112,744	103,623	31,160
Water Utility-Bond And Interest	20,971	19	-	20,990	11	-	21,001
Water Utility-Depreciation/Improve	11,490	12,012	-	23,502	7,514	-	31,016
Water Utility-Customer Deposit	22,412	5,600	14,445	13,567	4,180	4,180	13,567
Totals	<u>\$ 338,794</u>	<u>\$ 550,644</u>	<u>\$ 533,357</u>	<u>\$ 356,081</u>	<u>\$ 524,422</u>	<u>\$ 493,715</u>	<u>\$ 386,788</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF KINGMAN  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH  
AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2017

Fund	Cash and Investments 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17
General	\$ 100,992	\$ 114,335	\$ 100,623	\$ 114,704
Motor Vehicle Highway	28,312	25,183	48	53,447
Local Road And Street	2,972	2,683	660	4,995
Law Enforcement Continuing Ed	951	260	-	1,211
Riverboat	22,499	3,027	-	25,526
Park Pavilion Donation Fund	1,500	-	1,500	-
Rainy Day	3,781	-	-	3,781
LOIT Special Distribution Fund	6,864	-	-	6,864
Cumulative Capital Development	22,296	5,243	-	27,539
Cumulative Fire Firefighting Equipment	11,393	2,756	-	14,149
Cumulative Capital Improvement	7,409	1,243	-	8,652
Public Safety Fund	5,824	7,917	-	13,741
Payroll	4,117	148,981	149,835	3,263
Wastewater Utility-Operating	24,745	102,357	90,446	36,656
Wastewater Util-Bond And Interest	1,747	14	-	1,761
Wastewater Utility-Deprec/Improve	18,595	9	-	18,604
Wastewater Utility-Debt Reserve	26,047	-	-	26,047
Water Utility-Operating	31,160	109,325	111,221	29,264
Water Utility-Bond And Interest	21,001	11	-	21,012
Water Utility-Depreciation/Improve	31,016	24,224	-	55,240
Water Utility-Customer Deposit	13,567	3,121	1,940	14,748
Totals	<u>\$ 386,788</u>	<u>\$ 550,689</u>	<u>\$ 456,273</u>	<u>\$ 481,204</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF KINGMAN  
NOTES TO FINANCIAL STATEMENTS

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the Town.

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

*D. Receipt*

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

*Taxes.* Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

*Licenses and permits.* Amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction, or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

TOWN OF KINGMAN  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

*Intergovernmental receipts.* Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

*Charges for services.* Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable TV receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

*Fines and forfeits.* Amounts received from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

*Utility fees.* Amounts received from charges for current services.

*Penalties.* Amounts received from late payment fees.

*Other receipts.* Amounts received from various sources, including, but not limited to, the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

*E. Disbursement*

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

*Personal services.* Amounts disbursed for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

*Supplies.* Amounts disbursed for articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

*Other services and charges.* Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

*Capital outlay.* Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

*Utility operating expenses.* Amounts disbursed for operating the utilities.

TOWN OF KINGMAN  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

*Other disbursements.* Amounts disbursed for various other purposes including, but not limited to, the following: interfund loan payments; loans made to other funds; internal service disbursements; and transfers out that are authorized by statute, ordinance, resolution, or court order.

*F. Interfund Transfers*

The Town may, from time to time, make transfers from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for amounts received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Town. The amounts accounted for in a specific fund may only be available for use for certain, legally-restricted purposes. Additionally, some funds are used to account for assets held by the Town in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and, therefore, the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. 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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

TOWN OF KINGMAN  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**Note 4. *Deposits and Investments***

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be 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 statutes authorize the Town to invest in securities including, but not limited to, the following: 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 5. *Risk Management***

The Town may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third-party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

TOWN OF KINGMAN  
EXIT CONFERENCE

The contents of this report were discussed on November 29, 2018, with Kendal Buker, Clerk-Treasurer, and Paul L. Young, President of the Town Council.