

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

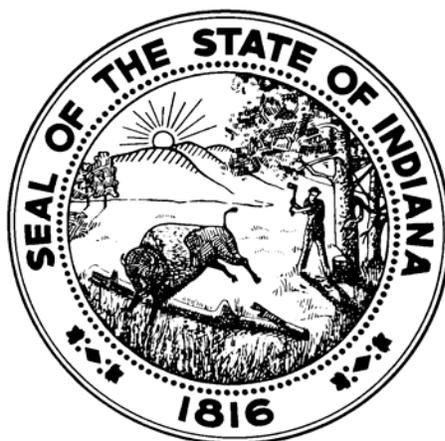
EXAMINATION REPORT

OF

TOWN OF MILFORD

DECATUR COUNTY, INDIANA

January 1, 2002 to December 31, 2005



**FILED**  
08/29/2006



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report .....	3
Schedules of Receipts, Disbursements, and Cash and Investment Balances.....	4
Notes to Schedules .....	5
Examination Results and Comments:	
Bank Account Reconciliations .....	6
List of Employees Not Filed with County Treasurer.....	6
Certified Report Not Filed .....	6
Annual Report.....	6
Receipt Issuance .....	6
Deposits.....	7
Condition of Records .....	7
Appropriations.....	7
Federal and State Agencies – Compliance Requirements .....	7-8
Capital Asset Records .....	8
Exit Conference.....	9

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Chloe Knight (Deceased)	01-01-99 to 08-01-02
	Theresa R. Reed	10-01-02 to 12-31-03
	Robert Taylor	01-01-04 to 01-05-05
	Theresa R. Reed	01-06-05 to 12-31-07
President of the Town Council	Hughie Reed	01-01-02 to 12-31-03
	Janice Dykes	01-01-04 to 12-31-06



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF MILFORD, DECATUR COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Milford (Town), for the period of January 1, 2002 to December 31, 2005. The Town's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2002, 2003, 2004, and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

July 25, 2006

TOWN OF MILFORD  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL FUND TYPES  
As Of And For The Years Ended December 31, 2002, 2003, 2004, And 2005

	Cash and Investments 01-01-02	Receipts	Disbursements	Cash and Investments 12-31-02
Governmental Funds:				
General	\$ 5,974	\$ 19,661	\$ 18,197	\$ 7,438
Motor Vehicle Highway	6,383	3,859	6,979	3,263
Local Road and Street	6,424	1,176	5,000	2,600
Cumulative Capital Improvement	1,187	559	-	1,746
EDIT	3,693	1,030	1,607	3,116
Totals	<u>\$ 23,661</u>	<u>\$ 26,285</u>	<u>\$ 31,783</u>	<u>\$ 18,163</u>

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Funds:				
General	\$ 7,438	\$ 5,891	\$ 12,397	\$ 932
Motor Vehicle Highway	3,263	3,694	5,231	1,726
Local Road and Street	2,600	1,070	2,527	1,143
Riverboat	-	765	-	765
Cumulative Capital Improvement	1,746	437	-	2,183
EDIT	3,116	718	-	3,834
Totals	<u>\$ 18,163</u>	<u>\$ 12,575</u>	<u>\$ 20,155</u>	<u>\$ 10,583</u>

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 932	\$ 11,042	\$ 9,016	\$ 2,958
Motor Vehicle Highway	1,726	5,622	1,751	5,597
Local Road and Street	1,143	1,321	1,813	651
Riverboat	765	763	-	1,528
Cumulative Capital Improvement	2,183	452	-	2,635
EDIT	3,834	711	-	4,545
Totals	<u>\$ 10,583</u>	<u>\$ 19,911</u>	<u>\$ 12,580</u>	<u>\$ 17,914</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 2,958	\$ 10,500	\$ 11,520	\$ 1,938
Motor Vehicle Highway	5,597	5,509	4,392	6,714
Local Road and Street	651	1,210	1,369	492
Riverboat	1,528	763	2,291	-
Cumulative Capital Improvement	2,635	374	-	3,009
EDIT	4,545	267	-	4,812
Totals	<u>\$ 17,914</u>	<u>\$ 18,623</u>	<u>\$ 19,572</u>	<u>\$ 16,965</u>

The accompanying notes are an integral part of the schedules.

TOWN OF MILFORD  
NOTES TO SCHEDULES

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, roads and streets, 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.

TOWN OF MILFORD  
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

As also noted in the prior audit, depository reconciliations of the fund balances to the bank account balances were not presented for audit for 2004 and 2005.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

As also noted in the prior audit, the Town's list of public employees was not certified to the County Treasurer in 2002, 2003, 2004, and 2005.

Indiana Code 6-1.1-22-14(a) states, in part: "On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

CERTIFIED REPORT NOT FILED

As also noted in the prior audit, the Town did not file a certified report of compensation of officers and employees (Form 100-R or its equivalent) with the State Board of Accounts for the years 2003 and 2004.

Indiana Code 5-11-13-1 states, in part: "Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

ANNUAL REPORT

Annual reports for 2002, 2003, 2004, and 2005 were not presented for audit.

Indiana Code 5-3-1-3(a) states in part: "Within sixty (60) days after the expiration of each calendar year, the fiscal officer of each civil city and town in Indiana shall publish an annual report of the receipts and expenditures of the city or town . . ."

RECEIPT ISSUANCE

As also noted in the prior audit, receipt forms were not issued for all local distributions received by the Town in 2004.

Receipt forms shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF MILFORD  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

DEPOSITS

As also noted in the prior audit, in 62% of local distributions tested, receipts were deposited later than the next business day.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

CONDITION OF RECORDS

There were posting errors in 2002, 2003, 2004, and 2005. These errors included deposits not receipted, checks not recorded and checks and receipts not recorded in the proper amounts.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

APPROPRIATIONS

As also noted in the prior audit, the records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
General	2002	\$ 10,127
EDIT Tax	2002	16,107
Motor Vehicle Highway	2004	1,751
Local Road and Street	2004	1,831
General	2004	1,196

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

As also noted in the prior report, the Town failed to comply with directives of the Internal Revenue Service by not issuing W-2s in 2003 and 2004. The town did not issue a form 1099 for a contractual employee who received payments from the Town exceeding \$600. Finally, the Town did not issue Form 941s for the fourth quarter of 2003 and all four quarters of 2004.

TOWN OF MILFORD  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CAPITAL ASSET RECORDS

The Town does not have a complete inventory of capital assets.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF MILFORD  
EXIT CONFERENCE

The contents of this report were discussed on July 25, 2006, with Theresa R. Reed, Clerk-Treasurer; and Janice Dykes, President of the Town Council.