

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

EXAMINATION REPORT
OF
TOWN OF MILLERSBURG
ELKHART COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
09/12/2006

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.....	4-5
Notes to Schedules	6-7
Exit Conference.....	8

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Wanda R. Chupp	01-01-04 to 12-31-07
President of the Town Council	James R. Winkler	01-01-04 to 12-31-06
Superintendent of the Water Utility	Benjamin D. Eldridge	01-01-04 to 12-31-06
Superintendent of the Wastewater Utility	Benjamin D. Eldridge	01-01-04 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

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 MILLERSBURG, ELKHART COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Millersburg (Town), for the period of January 1, 2004 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, 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

August 7, 2006

TOWN OF MILLERSBURG
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, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 10,317	\$ 377,797	\$ 351,189	\$ 36,925
Motor Vehicle Highway	27,101	46,562	25,332	48,331
Local Road and Street	4,046	12,721	5,687	11,080
Law Enforcement Continuing Education	28,828	5,388	14,388	19,828
Park and Recreation	1,539	63,965	42,372	23,132
Park Nonreverting Operating	21,740	20,202	12,817	29,125
Riverboat Wagering Tax Revenue Sharing	5,489	5,473	4,237	6,725
Rainy Day	-	2,405	-	2,405
Federal Grants	-	10,000	10,000	-
State Grants	-	1,449	1,449	-
Cumulative Capital Improvement	2,203	3,239	2,991	2,451
Cumulative Capital Development	39,872	32,677	42,500	30,049
County Economic Development Income Tax	15,330	21,155	21,155	15,330
Proprietary Funds:				
Water Utility:				
Operating	20,251	238,707	226,801	32,157
Bond and Interest	-	87,985	87,985	-
Reserve	81,700	5,733	-	87,433
Customer Deposits	18,523	2,786	2,469	18,840
Improvement	54,277	51,308	52,450	53,135
Wastewater Utility:				
Operating	30,471	143,276	148,662	25,085
Bond and Interest	1,871	16,820	17,807	884
Reserve	14,050	-	-	14,050
Improvement	18,253	14,700	18,000	14,953
Sewer TIF	7,397	16,583	23,655	325
Fiduciary Fund:				
Payroll	11,111	114,876	112,884	13,103
Totals	<u>\$ 414,369</u>	<u>\$ 1,295,807</u>	<u>\$ 1,224,830</u>	<u>\$ 485,346</u>

The accompanying notes are an integral part of the schedules.

TOWN OF MILLERSBURG
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, 2004 And 2005
(Continued)

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 36,925	\$ 301,381	\$ 302,487	\$ 35,819
Motor Vehicle Highway	48,331	42,932	35,516	55,747
Local Road and Street	11,080	11,310	4,027	18,363
Law Enforcement Continuing Education	19,828	5,685	7,597	17,916
Park and Recreation	23,132	36,716	40,575	19,273
Park Nonreverting Operating	29,125	19,391	16,184	32,332
Riverboat Wagering Tax Revenue Sharing	6,725	5,474	-	12,199
Rainy Day	2,405	-	-	2,405
Federal Grants	-	50,000	-	50,000
State Grants	-	4,231	3,751	480
Cumulative Capital Improvement	2,451	2,683	3,200	1,934
Cumulative Capital Development	30,049	16,041	30,000	16,090
County Economic Development Income Tax	15,330	21,301	2,668	33,963
Proprietary Funds:				
Water Utility:				
Operating	32,157	247,831	209,061	70,927
Bond and Interest	-	85,285	85,285	-
Reserve	87,433	-	-	87,433
Customer Deposits	18,840	2,525	2,635	18,730
Improvement	53,135	16,305	9,910	59,530
Wastewater Utility:				
Operating	25,085	143,120	144,336	23,869
Bond and Interest	884	16,571	17,455	-
Reserve	14,050	-	-	14,050
Improvement	14,953	13,200	10,136	18,017
Sewer TIF	325	51,764	28,167	23,922
Fiduciary Fund:				
Payroll	13,103	112,575	120,746	4,932
Totals	<u>\$ 485,346</u>	<u>\$ 1,206,321</u>	<u>\$ 1,073,736</u>	<u>\$ 617,931</u>

The accompanying notes are an integral part of the schedules.

TOWN OF MILLERSBURG
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, 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 MILLERSBURG
NOTES TO SCHEDULES
(Continued)

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. Long-Term Debt

The Town Utilities have entered into revenue bonds for refunding water bonds and improvements to the wastewater plant. The outstanding principal at December 31, 2005, was \$495,000 and \$116,000, respectively.

Note 8. Subsequent Event

On February 8, 2006, the Town Council awarded the bid for a wastewater project to W.G. Brudney. The estimated cost of the project is \$499,387. The project will be funded by a \$280,000 grant and the issuance of tax increment and sewage revenue work bonds.

TOWN OF MILLERSBURG
EXIT CONFERENCE

The contents of this report were discussed on August 7, 2006, with Wanda R. Chupp, Clerk-Treasurer; and James R. Winkler, President of the Town Council. Our examination disclosed no material items that warrant comment at this time.