

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

AUDIT REPORT

OF

TOWN OF MIDDLEBURY

ELKHART COUNTY, INDIANA

January 1, 2005 to December 31, 2006



**FILED**  
04/24/2007



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sally A. Nusbaum	01-01-04 to 12-31-07
President of the Town Council	Gary L. O'Dell	01-01-05 to 12-31-07
Superintendent of Water Utility	Ronald E. Chupp	01-01-05 to 12-31-07
Superintendent of Wastewater Utility	Bradley V. Clark	01-01-05 to 12-31-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE TOWN OF MIDDLEBURY, ELKHART COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Middlebury (Town), as of and for the years ended December 31, 2005 and 2006, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2005 and 2006, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

The Town has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Combining Schedules, as listed in the table of contents and the Schedule of Long-Term Debt are presented for additional analysis and are not a required part of the basic financial statements. The Combining Schedules, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Long-Term Debt has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

March 15, 2007

TOWN OF MIDDLEBURY  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2005

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 521,612	\$ 13,520	\$ -	\$ -	\$ (508,092)	\$ -	\$ (508,092)
Public safety	560,974	-	1,469	-	(559,505)	-	(559,505)
Highways and streets	818,350	-	-	-	(818,350)	-	(818,350)
Sanitation	84,472	-	-	-	(84,472)	-	(84,472)
Culture and recreation	427,418	-	5,885	126,080	(295,453)	-	(295,453)
Urban redevelopment and housing	132,833	-	-	-	(132,833)	-	(132,833)
Debt service	160,632	-	-	-	(160,632)	-	(160,632)
Total governmental activities	<u>2,706,291</u>	<u>13,520</u>	<u>7,354</u>	<u>126,080</u>	<u>(2,559,337)</u>	<u>-</u>	<u>(2,559,337)</u>
Business-type activities:							
Water	1,071,026	707,665	-	-	-	(363,361)	(363,361)
Wastewater	1,166,207	1,890,513	-	-	-	724,306	724,306
Total business-type activities	<u>2,237,233</u>	<u>2,598,178</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>360,945</u>	<u>360,945</u>
Total primary government	<u>\$ 4,943,524</u>	<u>\$ 2,611,698</u>	<u>\$ 7,354</u>	<u>\$ 126,080</u>	<u>(2,559,337)</u>	<u>360,945</u>	<u>(2,198,392)</u>
General receipts:							
Property taxes					1,449,185	-	1,449,185
Intergovernmental receipts					813,405	-	813,405
Other local sources					43,024	-	43,024
Unrestricted investment earnings					53,648	61,452	115,100
Interfund loans (net)					(400,000)	400,000	-
Total general receipts and interfund loans					<u>1,959,262</u>	<u>461,452</u>	<u>2,420,714</u>
Change in net assets					(600,075)	822,397	222,322
Net assets - beginning					<u>3,409,188</u>	<u>2,306,478</u>	<u>5,715,666</u>
Net assets - ending					<u>\$ 2,809,113</u>	<u>\$ 3,128,875</u>	<u>\$ 5,937,988</u>
<u>Assets</u>							
Cash and investments					\$ 2,676,758	\$ 154,470	\$ 2,831,228
Restricted assets:							
Cash and investments					<u>132,355</u>	<u>2,974,405</u>	<u>3,106,760</u>
Total assets					<u>\$ 2,809,113</u>	<u>\$ 3,128,875</u>	<u>\$ 5,937,988</u>
<u>Net Assets</u>							
Restricted for:							
Debt service					\$ 132,355	\$ 1,854,695	\$ 1,987,050
Other purposes					-	1,119,710	1,119,710
Unrestricted					<u>2,676,758</u>	<u>154,470</u>	<u>2,831,228</u>
Total net assets					<u>\$ 2,809,113</u>	<u>\$ 3,128,875</u>	<u>\$ 5,937,988</u>

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

TOWN OF MIDDLEBURY  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2005

	General	Motor Vehicle Highway	County Economic Development Income Tax	Cumulative Capital Development	2004 GOB Construction	Other Governmental Funds	Totals
<b>Receipts:</b>							
Taxes	\$ 698,139	\$ 261,382	\$ -	\$ 119,649	\$ -	\$ 370,015	\$ 1,449,185
Intergovernmental	486,485	166,603	115,886	2,503	-	175,301	946,778
Charges for services	13,520	-	-	-	-	1,469	14,989
Other	46,422	10,976	-	2,000	3,748	32,118	95,264
<b>Total receipts</b>	<b>1,244,566</b>	<b>438,961</b>	<b>115,886</b>	<b>124,152</b>	<b>3,748</b>	<b>578,903</b>	<b>2,506,216</b>
<b>Disbursements:</b>							
General government	430,385	-	-	-	-	19,842	450,227
Public safety	510,857	-	-	-	1,281	13,089	525,227
Highways and streets	-	552,866	-	-	17,947	43,635	614,448
Sanitation	84,472	-	-	-	-	-	84,472
Culture and recreation	-	-	-	-	23,503	63,904	87,407
Urban redevelopment and housing	132,833	-	-	-	-	-	132,833
<b>Debt service:</b>							
Principal	-	-	-	-	-	100,000	100,000
Interest	-	-	-	-	-	60,632	60,632
<b>Capital outlay:</b>							
General government	-	-	-	6,385	-	-	6,385
Public safety	-	-	-	22,000	12,442	1,305	35,747
Highways and streets	-	7,896	-	29,864	166,142	-	203,902
Culture and recreation	-	-	-	-	213,963	191,048	405,011
<b>Total disbursements</b>	<b>1,158,547</b>	<b>560,762</b>	<b>-</b>	<b>58,249</b>	<b>435,278</b>	<b>493,455</b>	<b>2,706,291</b>
Excess (deficiency) of revenue over disbursements	86,019	(121,801)	115,886	65,903	(431,530)	85,448	(200,075)
<b>Other financing sources (uses)</b>							
Interfund loan proceeds	-	-	-	-	-	165,000	165,000
Interfund loan payments	(400,000)	-	-	-	-	(165,000)	(565,000)
Transfers in	-	-	-	-	-	14,000	14,000
Transfers out	-	-	-	-	-	(14,000)	(14,000)
<b>Total other financing sources (uses)</b>	<b>(400,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(400,000)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(313,981)	(121,801)	115,886	65,903	(431,530)	85,448	(600,075)
Cash and investment fund balance - beginning	632,998	300,828	448,050	421,466	956,500	649,346	3,409,188
Cash and investment fund balance - ending	\$ 319,017	\$ 179,027	\$ 563,936	\$ 487,369	\$ 524,970	\$ 734,794	\$ 2,809,113
<b>Cash and Investment Assets - December 31</b>							
Cash and investments	\$ 319,017	\$ 179,027	\$ 563,936	\$ 487,369	\$ 524,970	\$ 602,439	\$ 2,676,758
<b>Restricted assets:</b>							
Cash and investments	-	-	-	-	-	132,355	132,355
<b>Total cash and investment assets - December 31</b>	<b>\$ 319,017</b>	<b>\$ 179,027</b>	<b>\$ 563,936</b>	<b>\$ 487,369</b>	<b>\$ 524,970</b>	<b>\$ 734,794</b>	<b>\$ 2,809,113</b>
<b>Cash and Investment Fund Balance - December 31</b>							
<b>Restricted for:</b>							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 132,355	\$ 132,355
Unrestricted	319,017	179,027	563,936	487,369	524,970	602,439	2,676,758
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 319,017</b>	<b>\$ 179,027</b>	<b>\$ 563,936</b>	<b>\$ 487,369</b>	<b>\$ 524,970</b>	<b>\$ 734,794</b>	<b>\$ 2,809,113</b>

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

TOWN OF MIDDLEBURY  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As of and for the Year Ended December 31, 2005

	Water Utility	Wastewater Utility	Total
Operating receipts:			
Unmetered water receipts	\$ 145,350	\$ -	\$ 145,350
Metered water receipts:	490,361	-	490,361
Wastewater receipts	-	852,725	852,725
Industrial TIF District receipts from the County	-	939,376	939,376
Tap fees	49,430	70,330	119,760
Penalties	5,203	7,219	12,422
Other receipts	<u>17,321</u>	<u>13,643</u>	<u>30,964</u>
 Total operating receipts	 <u>707,665</u>	 <u>1,883,293</u>	 <u>2,590,958</u>
Operating disbursements:			
Salaries and wages	139,374	141,651	281,025
Employee pensions and benefits	55,343	63,782	119,125
Purchased power	56,495	91,624	148,119
Material and supplies	122,423	114,722	237,145
Contractual services	17,078	121,274	138,352
Insurance disbursements	22,730	23,050	45,780
Other disbursements	<u>40,057</u>	<u>80,383</u>	<u>120,440</u>
 Total operating disbursements	 <u>453,500</u>	 <u>636,486</u>	 <u>1,089,986</u>
 Excess (deficiency) of operating receipts over operating disbursements	 <u>254,165</u>	 <u>1,246,807</u>	 <u>1,500,972</u>
Nonoperating receipts (disbursements):			
Interfund loan proceeds	500,000	7,220	507,220
Interest and investment receipts	14,785	46,667	61,452
Interfund loan payments	(100,000)	-	(100,000)
Debt service of principal	(30,000)	(262,000)	(292,000)
Interest and investment disbursement	(15,639)	(199,692)	(215,331)
Capital expenditures	<u>(571,887)</u>	<u>(68,029)</u>	<u>(639,916)</u>
 Total nonoperating receipts (disbursements)	 <u>(202,741)</u>	 <u>(475,834)</u>	 <u>(678,575)</u>
 Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	 51,424	 770,973	 822,397
Cash and investment fund balance - beginning	<u>577,088</u>	<u>1,729,390</u>	<u>2,306,478</u>
Cash and investment fund balance - ending	<u>\$ 628,512</u>	<u>\$ 2,500,363</u>	<u>\$ 3,128,875</u>
 <u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 64,470	\$ 90,000	\$ 154,470
Restricted assets:			
Cash and investments	<u>564,042</u>	<u>2,410,363</u>	<u>2,974,405</u>
Total cash and investment assets - December 31	<u>\$ 628,512</u>	<u>\$ 2,500,363</u>	<u>\$ 3,128,875</u>
 <u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ 69,996	\$ 1,784,699	\$ 1,854,695
Other purposes	494,046	625,664	1,119,710
Unrestricted	<u>64,470</u>	<u>90,000</u>	<u>154,470</u>
Total cash and investment fund balance - December 31	<u>\$ 628,512</u>	<u>\$ 2,500,363</u>	<u>\$ 3,128,875</u>

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

TOWN OF MIDDLEBURY  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2005

	Private-Purpose Trust Fund	Agency Fund
Additions:		
Contributions:		
Other	\$ 525	\$ -
Investment earnings:		
Interest	792	-
Agency fund additions	-	1,041,147
Total additions	1,317	1,041,147
Deductions:		
Agency fund deductions	-	1,040,686
Excess of total additions over total deductions	1,317	461
Cash and investment fund balance - beginning	50,517	31
Cash and investment fund balance - ending	\$ 51,834	\$ 492

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

TOWN OF MIDDLEBURY  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2006

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$ 621,290	\$ 14,400	\$ -	\$ -	\$ (606,890)	\$ -	\$ (606,890)
Public safety	659,524	1,446	-	-	(658,078)	-	(658,078)
Highways and streets	420,104	-	-	-	(420,104)	-	(420,104)
Sanitation	97,490	-	-	-	(97,490)	-	(97,490)
Culture and recreation	132,431	-	5,055	13,959	(113,417)	-	(113,417)
Debt service	191,506	-	-	-	(191,506)	-	(191,506)
<b>Total governmental activities</b>	<b>2,122,345</b>	<b>15,846</b>	<b>5,055</b>	<b>13,959</b>	<b>(2,087,485)</b>	<b>-</b>	<b>(2,087,485)</b>
<b>Business-type activities:</b>							
Water	1,515,648	1,615,400	-	-	-	99,752	99,752
Wastewater	2,237,451	1,649,065	-	-	-	(588,386)	(588,386)
<b>Total business-type activities</b>	<b>3,753,099</b>	<b>3,264,465</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(488,634)</b>	<b>(488,634)</b>
<b>Total primary government</b>	<b>\$ 5,875,444</b>	<b>\$ 3,280,311</b>	<b>\$ 5,055</b>	<b>\$ 13,959</b>	<b>(2,087,485)</b>	<b>(488,634)</b>	<b>(2,576,119)</b>
<b>General receipts:</b>							
Property taxes					1,491,256	-	1,491,256
Intergovernmental receipts					1,346,952	-	1,346,952
Other local sources					46,012	-	46,012
Unrestricted investment earnings					83,418	105,486	188,904
Interfund loans (net)					(100,000)	100,000	-
<b>Total general receipts and interfund loans</b>					<b>2,867,638</b>	<b>205,486</b>	<b>3,073,124</b>
<b>Change in net assets</b>					<b>780,153</b>	<b>(283,148)</b>	<b>497,005</b>
<b>Net assets - beginning</b>					<b>2,809,113</b>	<b>3,128,875</b>	<b>5,937,988</b>
<b>Net assets - ending</b>					<b>\$ 3,589,266</b>	<b>\$ 2,845,727</b>	<b>\$ 6,434,993</b>
<b>Assets</b>							
Cash and investments					\$ 3,490,190	\$ 187,050	\$ 3,677,240
Cash with fiscal agent					-	169,446	169,446
<b>Restricted assets:</b>							
Cash and investments					99,076	2,489,231	2,588,307
<b>Total assets</b>					<b>\$ 3,589,266</b>	<b>\$ 2,845,727</b>	<b>\$ 6,434,993</b>
<b>Net Assets</b>							
<b>Restricted for:</b>							
Debt service					\$ 99,076	\$ 743,481	\$ 842,557
Other purposes					-	1,915,196	1,915,196
Unrestricted					3,490,190	187,050	3,677,240
<b>Total net assets</b>					<b>\$ 3,589,266</b>	<b>\$ 2,845,727</b>	<b>\$ 6,434,993</b>

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

TOWN OF MIDDLEBURY  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2006

	General	Motor Vehicle Highway	County Economic Development Income Tax	Cumulative Capital Development	2004 GOB Construction	2006 Major Moves Construction Nonreverting	Other Governmental Funds	Totals
<b>Receipts:</b>								
Taxes	\$ 695,868	\$ 367,890	\$ -	\$ 130,539	\$ -	\$ -	\$ 296,959	\$ 1,491,256
Intergovernmental	448,783	111,765	156,734	-	-	470,937	172,692	1,360,911
Charges for services	14,400	-	-	-	-	-	1,446	15,846
Other	81,393	583	498	-	2,315	6,293	43,403	134,485
<b>Total receipts</b>	<b>1,240,444</b>	<b>480,238</b>	<b>157,232</b>	<b>130,539</b>	<b>2,315</b>	<b>477,230</b>	<b>514,500</b>	<b>3,002,498</b>
<b>Disbursements:</b>								
General government	464,468	-	-	-	-	-	13,623	478,091
Public safety	562,794	-	-	-	-	-	23,174	585,968
Highways and streets	-	351,424	-	-	-	-	61,538	412,962
Sanitation	97,490	-	-	-	-	-	-	97,490
Culture and recreation	-	-	-	-	-	-	111,352	111,352
Debt service:								
Principal	-	-	-	-	-	-	135,000	135,000
Interest	-	-	-	-	-	-	56,506	56,506
Capital outlay:								
General government	-	-	-	41,167	-	-	2,032	43,199
Public safety	-	-	-	-	73,556	-	-	73,556
Highways and streets	-	7,142	-	-	-	-	-	7,142
Culture and recreation	-	-	-	-	99,138	-	21,941	121,079
<b>Total disbursements</b>	<b>1,124,752</b>	<b>358,566</b>	<b>-</b>	<b>41,167</b>	<b>172,694</b>	<b>-</b>	<b>425,166</b>	<b>2,122,345</b>
Excess (deficiency) of revenue over disbursements	115,692	121,672	157,232	89,372	(170,379)	477,230	89,334	880,153
<b>Other financing sources (uses)</b>								
Interfund loan payments	-	-	-	-	-	-	(100,000)	(100,000)
Transfers in	-	-	-	-	12,930	-	89,592	102,522
Transfers out	-	(56,505)	-	-	(33,087)	-	(12,930)	(102,522)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(56,505)</b>	<b>-</b>	<b>-</b>	<b>(20,157)</b>	<b>-</b>	<b>(23,338)</b>	<b>(100,000)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	115,692	65,167	157,232	89,372	(190,536)	477,230	65,996	780,153
Cash and investment fund balance - beginning	319,017	179,027	563,936	487,369	524,970	-	734,794	2,809,113
Cash and investment fund balance - ending	\$ 434,709	\$ 244,194	\$ 721,168	\$ 576,741	\$ 334,434	\$ 477,230	\$ 800,790	\$ 3,589,266
<b>Cash and Investment Assets - December 31</b>								
Cash and investments	\$ 434,709	\$ 244,194	\$ 721,168	\$ 576,741	\$ 334,434	\$ 477,230	\$ 701,714	\$ 3,490,190
Restricted assets:								
Cash and investments	-	-	-	-	-	-	99,076	99,076
<b>Total cash and investment assets - December 31</b>	<b>\$ 434,709</b>	<b>\$ 244,194</b>	<b>\$ 721,168</b>	<b>\$ 576,741</b>	<b>\$ 334,434</b>	<b>\$ 477,230</b>	<b>\$ 800,790</b>	<b>\$ 3,589,266</b>
<b>Cash and Investment Fund Balance - December 31</b>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 99,076	\$ 99,076
Unrestricted	434,709	244,194	721,168	576,741	334,434	477,230	701,714	3,490,190
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 434,709</b>	<b>\$ 244,194</b>	<b>\$ 721,168</b>	<b>\$ 576,741</b>	<b>\$ 334,434</b>	<b>\$ 477,230</b>	<b>\$ 800,790</b>	<b>\$ 3,589,266</b>

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

TOWN OF MIDDLEBURY  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As of and for the Year Ended December 31, 2006

	Water Utility	Wastewater Utility	Total
Operating receipts:			
Unmetered water receipts	\$ 177,432	\$ -	\$ 177,432
Metered water receipts:	498,565	-	498,565
Wastewater receipts	-	867,064	867,064
Industrial TIF District receipts from the County	-	699,185	699,185
Tap and connection fees	243,715	36,518	280,233
Penalties	5,354	7,555	12,909
Other receipts	<u>12,334</u>	<u>38,743</u>	<u>51,077</u>
 Total operating receipts	 <u>937,400</u>	 <u>1,649,065</u>	 <u>2,586,465</u>
Operating disbursements:			
Salaries and wages	146,741	146,919	293,660
Employee pensions and benefits	61,563	71,999	133,562
Purchased power	55,487	96,012	151,499
Material and supplies	96,409	150,556	246,965
Contractual services	43,581	150,504	194,085
Insurance disbursements	17,251	17,791	35,042
Other disbursements	<u>72,151</u>	<u>68,840</u>	<u>140,991</u>
 Total operating disbursements	 <u>493,183</u>	 <u>702,621</u>	 <u>1,195,804</u>
 Excess (deficiency) of operating receipts over operating disbursements	 <u>444,217</u>	 <u>946,444</u>	 <u>1,390,661</u>
Nonoperating receipts (disbursements):			
Interfund loan proceeds	100,000	-	100,000
Interest and investment receipts	30,159	75,327	105,486
Interfund loan payments	-	(90,366)	(90,366)
Debt service of principal	(371,000)	(1,127,000)	(1,498,000)
Interest and investment disbursement	(21,507)	(188,426)	(209,933)
Capital expenditures	<u>(629,957)</u>	<u>(129,039)</u>	<u>(758,996)</u>
 Total nonoperating receipts (disbursements)	 <u>(892,305)</u>	 <u>(1,459,504)</u>	 <u>(2,351,809)</u>
 Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	 <u>(448,088)</u>	 <u>(513,060)</u>	 <u>(961,148)</u>
Capital contributions	678,000	-	678,000
Transfers in	28,843	424,299	453,142
Transfers out	<u>(28,843)</u>	<u>(424,299)</u>	<u>(453,142)</u>
 Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	 <u>229,912</u>	 <u>(513,060)</u>	 <u>(283,148)</u>
 Cash and investment fund balance - beginning	 <u>628,512</u>	 <u>2,500,363</u>	 <u>3,128,875</u>
 Cash and investment fund balance - ending	 <u>\$ 858,424</u>	 <u>\$ 1,987,303</u>	 <u>\$ 2,845,727</u>
 <u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 75,850	\$ 111,200	\$ 187,050
Cash with fiscal agent	169,446	-	169,446
Restricted assets:			
Cash and investments	<u>613,128</u>	<u>1,876,103</u>	<u>2,489,231</u>
 Total cash and investment assets - December 31	 <u>\$ 858,424</u>	 <u>\$ 1,987,303</u>	 <u>\$ 2,845,727</u>
 <u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ 52,188	\$ 691,293	\$ 743,481
Other purposes	730,386	1,184,810	1,915,196
Unrestricted	<u>75,850</u>	<u>111,200</u>	<u>187,050</u>
 Total cash and investment fund balance - December 31	 <u>\$ 858,424</u>	 <u>\$ 1,987,303</u>	 <u>\$ 2,845,727</u>

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

TOWN OF MIDDLEBURY  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2006

	Private-Purpose Trust Fund	Agency Fund
Additions:		
Contributions:		
Other	\$ 570	\$ -
Investment earnings:		
Interest	1,073	-
Agency fund additions	-	1,090,388
Total additions	1,643	1,090,388
Deductions:		
Agency fund deductions	-	1,090,388
Excess of total additions over total deductions	1,643	-
Cash and investment fund balance - beginning	51,834	492
Cash and investment fund balance - ending	\$ 53,477	\$ 492

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

TOWN OF MIDDLEBURY  
NOTES TO FINANCIAL STATEMENTS

I. 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 the following services: public safety (police), highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, and urban redevelopment.

These financial statements present the Town (primary government). There are no significant component units which require inclusion.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The motor vehicle highway fund is used by the Town to account for state motor vehicle highway distributions and property tax levied. This fund is used principally for the construction and maintenance of streets and alleys.

The county economic development income tax fund accounts for financial resources related to economic development projects including infrastructure improvements. Financing is provided by a county income tax.

The cumulative capital development fund is used by the Town to account for receipts and disbursements of taxes levied under Indiana Code 36-9-15.5 for capital project uses.

The 2004 GOB construction fund accounts for proceeds from the issuance of general obligation bonds. This fund is used principally for the construction of capital assets.

TOWN OF MIDDLEBURY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The 2006 major moves construction nonreverting fund accounts for state distributions according to Indiana Code 8-14-16 and disbursements according to Indiana Code 8-14-16-5.

The Town reports the following major proprietary funds:

The water utility fund accounts for the operation of the water distribution system.

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations and collection systems.

Additionally, the Town reports the following fund types:

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the Town.

The agency fund accounts for assets held by the Town as an agent for the employees and serve as control of accounts for certain cash transactions during the time they are a liability to the Town.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment 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. Investment transactions are not presented on the financial statements.

If the Town utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government. The Town does not have any internal service funds.

TOWN OF MIDDLEBURY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

3. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

4. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the Town's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

TOWN OF MIDDLEBURY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the Town submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the Town receives approval of the Indiana Department of Local Government Finance.

The Town's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

TOWN OF MIDDLEBURY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At December 31, 2006, the bank balances held at First State Bank of Middlebury and The Bank of New York Trust Company, N.A. in the amount of \$3,778,012 was collateralized with securities held by the pledging financial institutions' trust departments or agents but not in the Town's name. The remaining bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the years ended December 31, 2005 and 2006, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2005</u>	<u>2006</u>
MVH	Other governmental	\$ -	\$ 56,505
2004 GOB Construction	Other governmental	-	33,087
Other governmental	Other governmental	14,000	-
Other governmental	2004 GOB Construction	<u>-</u>	<u>12,930</u>
Totals		<u>\$ 14,000</u>	<u>\$ 102,522</u>

The Town typically uses transfers to fund ongoing operating subsidies and to transfer the portion of state-shared revenues from the General Fund to the debt service fund for current-year debt service requirements.

C. Segment Information

The Town issued water utility revenue bonds to finance a wellfield, water treatment plant, tower, and distribution lines. Investors in the revenue bonds rely solely on the revenue generated by the individual activities for repayment. Summary financial information for the water utility is presented below.

TOWN OF MIDDLEBURY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Condensed Statement of Cash and Investment Net Assets		
	2005	2006
Cash and investment assets:		
Unrestricted cash and investments	\$ 64,470	\$ 75,850
Cash with fiscal agent	-	169,446
Restricted cash and investments	564,042	613,128
Total cash and investment assets	\$ 628,512	\$ 858,424
Cash and investment net assets:		
Restricted for:		
Debt service	\$ 69,996	\$ 52,188
Other purposes	494,046	730,386
Unrestricted	64,470	75,850
Total cash and investment net assets	\$ 628,512	\$ 858,424

Condensed Statement of Receipts, Disbursements and Changes in Cash and Investment Net Assets		
	2005	2006
Receipts (pledged against bond)	\$ 707,665	\$ 937,400
Operating disbursements	(453,500)	(493,183)
Excess of receipts over disbursements	254,165	444,217
Nonoperating receipts (disbursements):		
Interest and investment receipts	14,785	30,159
Intergovernmental	400,000	100,000
Interest disbursed	(15,639)	(21,507)
Capital contributions	-	678,000
Debt service of principal	(30,000)	(371,000)
Capital expenditures	(571,887)	(629,957)
Total nonoperating disbursements	(202,741)	(214,305)
Excess of receipts over disbursements and nonoperating disbursements	51,424	229,912
Beginning cash and investment net assets	577,088	628,512
Ending cash and investment net assets	\$ 628,512	\$ 858,424

IV. Other Information

A. Risk Management

The Town is 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; and natural disasters.

TOWN OF MIDDLEBURY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Job Related Illnesses or Injuries to Employees

During 1998, the Town joined with other governmental entities in the Indiana Public Employers' Plan, a public entity risk pool currently operating as a common risk management and insurance program for approximately 350 member governmental entities. This risk pool was formed in 1990. The purpose of the risk pool is to provide a medium for the funding and administration of Workman's Compensation. The Town pays an annual premium to the risk pool for its Workman's Compensation coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

B. Rate Structure – Enterprise Funds

Water Utility

On June 27, 1989, the Town Council adopted Ordinance 256 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on August 8, 2006.

Wastewater Utility

The current rate structure was approved by the Town Council on March 19, 2001.

TOWN OF MIDDLEBURY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2005

	Local Road and Street	Park and Recreation	Cemetery Operating	Law Enforcement Continuing Education	Rainy Day	Park Nonreverting Operating
Receipts:						
Taxes	\$ -	\$ 129,147	\$ -	\$ -	\$ -	\$ -
Intergovernmental	32,790	3,845	-	3,448	-	126,080
Charges for services	-	-	-	1,469	-	-
Other	-	-	16,768	-	-	5,885
Total receipts	<u>32,790</u>	<u>132,992</u>	<u>16,768</u>	<u>4,917</u>	<u>-</u>	<u>131,965</u>
Disbursements:						
General government	-	-	19,842	-	-	-
Public safety	-	-	-	13,089	-	-
Highways and streets	43,635	-	-	-	-	-
Culture and recreation	-	59,782	-	-	-	4,122
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Public safety	-	-	-	-	-	-
Culture and recreation	-	37,469	-	-	-	153,579
Total disbursements	<u>43,635</u>	<u>97,251</u>	<u>19,842</u>	<u>13,089</u>	<u>-</u>	<u>157,701</u>
Excess (deficiency) of revenue over disbursements	<u>(10,845)</u>	<u>35,741</u>	<u>(3,074)</u>	<u>(8,172)</u>	<u>-</u>	<u>(25,736)</u>
Other financing sources (uses)						
Interfund loan proceeds	-	-	-	-	-	100,000
Interfund loan payments	-	(65,000)	-	-	-	(100,000)
Transfers in	-	-	-	-	-	-
Transfers out	-	(14,000)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(79,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(10,845)</u>	<u>(43,259)</u>	<u>(3,074)</u>	<u>(8,172)</u>	<u>-</u>	<u>(25,736)</u>
Cash and investment fund balance - beginning	<u>22,549</u>	<u>111,796</u>	<u>51,992</u>	<u>22,008</u>	<u>14,160</u>	<u>133,829</u>
Cash and investment fund balance - ending	<u>\$ 11,704</u>	<u>\$ 68,537</u>	<u>\$ 48,918</u>	<u>\$ 13,836</u>	<u>\$ 14,160</u>	<u>\$ 108,093</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ 11,704	\$ 68,537	\$ 48,918	\$ 13,836	\$ 14,160	\$ 108,093
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - December 31	<u>\$ 11,704</u>	<u>\$ 68,537</u>	<u>\$ 48,918</u>	<u>\$ 13,836</u>	<u>\$ 14,160</u>	<u>\$ 108,093</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>11,704</u>	<u>68,537</u>	<u>48,918</u>	<u>13,836</u>	<u>14,160</u>	<u>108,093</u>
Total cash and investment fund balance - December 31	<u>\$ 11,704</u>	<u>\$ 68,537</u>	<u>\$ 48,918</u>	<u>\$ 13,836</u>	<u>\$ 14,160</u>	<u>\$ 108,093</u>

TOWN OF MIDDLEBURY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2005  
 (Continued)

	Debt Service	Cumulative Capital Improvement	General Improvement	Industrial Development	Park Nonreverting Capital	Totals
Receipts:						
Taxes	\$ 240,868	\$ -	\$ -	\$ -	\$ -	\$ 370,015
Intergovernmental	-	9,138	-	-	-	175,301
Charges for services	-	-	-	-	-	1,469
Other	-	-	1,279	438	7,748	32,118
<b>Total receipts</b>	<b>240,868</b>	<b>9,138</b>	<b>1,279</b>	<b>438</b>	<b>7,748</b>	<b>578,903</b>
Disbursements:						
General government	-	-	-	-	-	19,842
Public safety	-	-	-	-	-	13,089
Highways and streets	-	-	-	-	-	43,635
Culture and recreation	-	-	-	-	-	63,904
Debt service:						
Principal	100,000	-	-	-	-	100,000
Interest	60,632	-	-	-	-	60,632
Capital outlay:						
Public safety	-	1,305	-	-	-	1,305
Culture and recreation	-	-	-	-	-	191,048
<b>Total disbursements</b>	<b>160,632</b>	<b>1,305</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>493,455</b>
Excess (deficiency) of revenue over disbursements	80,236	7,833	1,279	438	7,748	85,448
Other financing sources (uses)						
Interfund loan proceeds	-	-	-	65,000	-	165,000
Interfund loan payments	-	-	-	-	-	(165,000)
Transfers in	-	-	-	-	14,000	14,000
Transfers out	-	-	-	-	-	(14,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65,000</b>	<b>14,000</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	80,236	7,833	1,279	65,438	21,748	85,448
Cash and investment fund balance - beginning	52,119	49,591	118,607	50,193	22,502	649,346
Cash and investment fund balance - ending	<u>\$ 132,355</u>	<u>\$ 57,424</u>	<u>\$ 119,886</u>	<u>\$ 115,631</u>	<u>\$ 44,250</u>	<u>\$ 734,794</u>
<b><u>Cash and Investment Assets - December 31</u></b>						
Cash and investments	\$ -	\$ 57,424	\$ 119,886	\$ 115,631	\$ 44,250	\$ 602,439
Restricted assets:						
Cash and investments	132,355	-	-	-	-	132,355
<b>Total cash and investment assets - December 31</b>	<b><u>\$ 132,355</u></b>	<b><u>\$ 57,424</u></b>	<b><u>\$ 119,886</u></b>	<b><u>\$ 115,631</u></b>	<b><u>\$ 44,250</u></b>	<b><u>\$ 734,794</u></b>
<b><u>Cash and Investment Fund Balance - December 31</u></b>						
Restricted for:						
Debt service	\$ 132,355	\$ -	\$ -	\$ -	\$ -	\$ 132,355
Unrestricted	-	57,424	119,886	115,631	44,250	602,439
<b>Total cash and investment fund balance - December 31</b>	<b><u>\$ 132,355</u></b>	<b><u>\$ 57,424</u></b>	<b><u>\$ 119,886</u></b>	<b><u>\$ 115,631</u></b>	<b><u>\$ 44,250</u></b>	<b><u>\$ 734,794</u></b>

TOWN OF MIDDLEBURY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2006

	Local Road and Street	Park and Recreation	Cemetery Operating	Law Enforcement Continuing Education	Rainy Day	Motor Vehicle Highway Nonreverting Wheel Tax	Riverboat Nonreverting
<b>Receipts:</b>							
Taxes	\$ -	\$ 138,732	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	33,098	-	-	58,090	-	38,384	18,601
Charges for services	-	-	-	1,446	-	-	-
Other	-	-	22,966	2,676	-	-	-
<b>Total receipts</b>	<b>33,098</b>	<b>138,732</b>	<b>22,966</b>	<b>62,212</b>	<b>-</b>	<b>38,384</b>	<b>18,601</b>
<b>Disbursements:</b>							
General government	-	-	12,631	-	-	-	992
Public safety	-	-	-	23,174	-	-	-
Highways and streets	27,538	-	-	-	-	34,000	-
Culture and recreation	-	102,659	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	2,032	-	-	-	-
Culture and recreation	-	21,941	-	-	-	-	-
<b>Total disbursements</b>	<b>27,538</b>	<b>124,600</b>	<b>14,663</b>	<b>23,174</b>	<b>-</b>	<b>34,000</b>	<b>992</b>
Excess (deficiency) of revenue over disbursements	5,560	14,132	8,303	39,038	-	4,384	17,609
<b>Other financing sources (uses)</b>							
Interfund loan payments	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	19,225	37,280
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,225</b>	<b>37,280</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,560	14,132	8,303	39,038	-	23,609	54,889
Cash and investment fund balance - beginning	11,704	68,537	48,918	13,836	14,160	-	-
Cash and investment fund balance - ending	<u>\$ 17,264</u>	<u>\$ 82,669</u>	<u>\$ 57,221</u>	<u>\$ 52,874</u>	<u>\$ 14,160</u>	<u>\$ 23,609</u>	<u>\$ 54,889</u>
<b>Cash and Investment Assets - December 31</b>							
Cash and investments	\$ 17,264	\$ 82,669	\$ 57,221	\$ 52,874	\$ 14,160	\$ 23,609	\$ 54,889
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - December 31</b>	<u>\$ 17,264</u>	<u>\$ 82,669</u>	<u>\$ 57,221</u>	<u>\$ 52,874</u>	<u>\$ 14,160</u>	<u>\$ 23,609</u>	<u>\$ 54,889</u>
<b>Cash and Investment Fund Balance - December 31</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	17,264	82,669	57,221	52,874	14,160	23,609	54,889
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 17,264</u>	<u>\$ 82,669</u>	<u>\$ 57,221</u>	<u>\$ 52,874</u>	<u>\$ 14,160</u>	<u>\$ 23,609</u>	<u>\$ 54,889</u>

TOWN OF MIDDLEBURY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2006  
 (Continued)

	Park Nonreverting Operating	Debt Service	Cumulative Capital Improvement	General Improvement	Industrial Development	Park Nonreverting Capital	Totals
<b>Receipts:</b>							
Taxes	\$ -	\$ 158,227	\$ -	\$ -	\$ -	\$ -	\$ 296,959
Intergovernmental	13,959	-	10,560	-	-	-	172,692
Charges for services	-	-	-	-	-	-	1,446
Other	8,931	-	-	734	654	7,442	43,403
<b>Total receipts</b>	<b>22,890</b>	<b>158,227</b>	<b>10,560</b>	<b>734</b>	<b>654</b>	<b>7,442</b>	<b>514,500</b>
<b>Disbursements:</b>							
General government	-	-	-	-	-	-	13,623
Public safety	-	-	-	-	-	-	23,174
Highways and streets	-	-	-	-	-	-	61,538
Culture and recreation	8,693	-	-	-	-	-	111,352
Debt service:							
Principal	-	135,000	-	-	-	-	135,000
Interest	-	56,506	-	-	-	-	56,506
Capital outlay:							
General government	-	-	-	-	-	-	2,032
Culture and recreation	-	-	-	-	-	-	21,941
<b>Total disbursements</b>	<b>8,693</b>	<b>191,506</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>425,166</b>
Excess (deficiency) of revenue over disbursements	14,197	(33,279)	10,560	734	654	7,442	89,334
<b>Other financing sources (uses)</b>							
Interfund loan payments	(100,000)	-	-	-	-	-	(100,000)
Transfers in	33,087	-	-	-	-	-	89,592
Transfers out	(12,930)	-	-	-	-	-	(12,930)
<b>Total other financing sources (uses)</b>	<b>(79,843)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(23,338)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(65,646)	(33,279)	10,560	734	654	7,442	65,996
Cash and investment fund balance - beginning	108,093	132,355	57,424	119,886	115,631	44,250	734,794
Cash and investment fund balance - ending	\$ 42,447	\$ 99,076	\$ 67,984	\$ 120,620	\$ 116,285	\$ 51,692	\$ 800,790
<b>Cash and Investment Assets - December 31</b>							
Cash and investments	\$ 42,447	\$ -	\$ 67,984	\$ 120,620	\$ 116,285	\$ 51,692	\$ 701,714
Restricted assets:							
Cash and investments	-	99,076	-	-	-	-	99,076
<b>Total cash and investment assets - December 31</b>	<b>\$ 42,447</b>	<b>\$ 99,076</b>	<b>\$ 67,984</b>	<b>\$ 120,620</b>	<b>\$ 116,285</b>	<b>\$ 51,692</b>	<b>\$ 800,790</b>
<b>Cash and Investment Fund Balance - December 31</b>							
Restricted for:							
Debt service	\$ -	\$ 99,076	\$ -	\$ -	\$ -	\$ -	\$ 99,076
Unrestricted	42,447	-	67,984	120,620	116,285	51,692	701,714
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 42,447</b>	<b>\$ 99,076</b>	<b>\$ 67,984</b>	<b>\$ 120,620</b>	<b>\$ 116,285</b>	<b>\$ 51,692</b>	<b>\$ 800,790</b>

TOWN OF MIDDLEBURY  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 For The Year Ended December 31, 2006

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Bonds payable:		
General obligation bonds:		
General Obligation Bonds of 1999	\$ 170,000	\$ 110,000
General Obligation Bonds of 2004	<u>1,210,000</u>	<u>30,000</u>
Total governmental activities long-term debt	<u>\$ 1,380,000</u>	<u>\$ 140,000</u>
Business-type Activities:		
Water Utility		
SRF Loan - 2006 Bonds	<u>\$ 5,935,000</u>	<u>\$ 200,000</u>
Wastewater Utility		
Revenue Bonds:		
Refunding Bonds of 2003	588,000	75,000
SRF Loan - 1998 Bonds	2,216,000	136,000
Build Indiana Loan - 2001 Bonds	<u>1,071,000</u>	<u>64,000</u>
Total Wastewater Utility	<u>3,875,000</u>	<u>275,000</u>
Total business-type activities long-term debt:	<u>\$ 9,810,000</u>	<u>\$ 475,000</u>

TOWN OF MIDDLEBURY  
AUDIT RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

The Town does not maintain capital assets records.

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)

SERVICE AND TIME RECORDS

Two employees, who are salaried, did not fill out and turn in time cards noting time worked, vacation, sick, personal and other time-off during 2005 and 2006. Beginning in 2007 one of them is complying with this policy.

Without this written and approved information their service records could not be accurately maintained. It could not be determined if these two employees were conforming to the Town's Leave Policies as listed in the Employee Handbook.

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)

SALES TAX

Sales tax was paid on some purchases. We noted sales tax being paid on 2 out of 25 claims reviewed.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OFFICIAL BOND

The Clerk-Treasurer's official bond was not filed in the Office of the County Recorder as required by statute.

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

TOWN OF MIDDLEBURY  
EXIT CONFERENCE

The contents of this report were discussed on March 15, 2007, with Sally A. Nusbaum, Clerk-Treasurer; and Gary O'Dell, President of the Town Council. The officials concurred with our audit findings.