

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

EXAMINATION REPORT
OF
TOWN OF MICHIGANTOWN
CLINTON COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
12/31/2008

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Judith Rule

01-01-03 to 12-31-11

President of the Town Council

Wanda Surber

01-01-06 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF MICHIGANTOWN, CLINTON COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Michigantown (Town), for the period of January 1, 2006 to December 31, 2007. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not a required part of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

October 30, 2008

TOWN OF MICHIGANTOWN
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 88,487	\$ 69,534	\$ 67,864	\$ 90,157
Motor Vehicle Highway	100,324	24,935	18,753	106,506
Local Road and Street	20,251	2,100	1,884	20,467
Law Enforcement Continuing Education	276	50	-	326
County Economic Development Income Tax	45,965	4,780	3,000	47,745
Riverboat	3,893	-	-	3,893
Cumulative Capital Improvement	5,341	1,451	-	6,792
Cumulative Capital Development	32,233	3,558	177	35,614
Levy Excess	-	3,002	-	3,002
Proprietary Funds:				
Wastewater Operating	24,395	86,375	87,668	23,102
Wastewater Bond and Interest	16,550	16,100	16,550	16,100
Wastewater Reserve	24,549	686	-	25,235
Wastewater Improvement	74,528	24,895	6,893	92,530
Totals	<u>\$ 436,792</u>	<u>\$ 237,466</u>	<u>\$ 202,789</u>	<u>\$ 471,469</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 90,157	\$ 52,558	\$ 66,633	\$ 76,082
Motor Vehicle Highway	106,506	20,515	17,394	109,627
Local Road and Street	20,467	2,114	705	21,876
Law Enforcement Continuing Education	326	280	-	606
County Economic Development Income Tax	47,745	4,952	-	52,697
Riverboat	3,893	2,044	-	5,937
Cumulative Capital Improvement	6,792	1,426	1,105	7,113
Cumulative Capital Development	35,614	1,850	-	37,464
Levy Excess	3,002	-	3,002	-
Proprietary Funds:				
Wastewater Operating	23,102	95,685	88,827	29,960
Wastewater Bond and Interest	16,100	15,650	16,100	15,650
Wastewater Reserve	25,235	622	-	25,857
Wastewater Improvement	92,530	25,961	-	118,491
Totals	<u>\$ 471,469</u>	<u>\$ 223,657</u>	<u>\$ 193,766</u>	<u>\$ 501,360</u>

The accompanying notes are an integral part of the financial information.

TOWN OF MICHIGANTOWN
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, 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 MICHIGANTOWN
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2007

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets have not been included.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Machinery and equipment	\$ 44,452
 Total governmental activities, capital assets not being depreciated	 \$ 44,452
 Business-type activities:	
Wastewater Utility:	
Capital assets	
Land	\$ 80,000
Buildings	759,766
Improvements other than buildings	1,182,406
Machinery and equipment	<u>99,322</u>
 Total business-type activities capital assets	 \$ 2,121,494

TOWN OF MICHIGANTOWN
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type Activities:		
Wastewater Utility		
Revenue bonds:		
Wastewater Line Improvement	\$ 133,000	\$ 17,658

TOWN OF MICHIGANTOWN
EXAMINATION RESULT AND COMMENT

CAPITAL ASSET RECORDS

The Utility does not maintain sufficient detailed records of capital assets for its Utility Plant in Service accounts. Upon purchase, the costs of the capital assets are added to an aggregate Utility Plant in Service account, and to subsidiary accounts for land, buildings, etc., in the General Ledger. However, records providing historical costs for some of the Utility's capital assets are not available, and records classifying and summarizing the Utility's capital assets are incomplete.

Every governmental unit should have a complete inventory of all capital assets owned which reflects 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 MICHIGANTOWN
EXIT CONFERENCE

The contents of this report were discussed on October 30, 2008, with Judith Rule, Clerk-Treasurer. The official concurred with our finding.