

B37647

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

EXAMINATION REPORT
OF
TOWN OF MILLHOUSEN
DECATUR COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
10/13/2010

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5
Examination Results and Comments:	
Official Bond	6
Bank Account Reconciliations	6
Appropriations.....	7
Annual Report.....	7
Exit Conference.....	8

OFFICIALS

Office

Official

Term

Clerk-Treasurer

Marilyn Horan

01-01-08 to 12-31-11

President of the
Town Council

Robert Witkemper

01-01-08 to 12-31-10



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

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Town of Millhousen (Town), for the period of January 1, 2008 to December 31, 2009. 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, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

July 12, 2010

TOWN OF MILLHOUSEN
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 29,678	\$ 9,230	\$ 16,098	\$ 22,810
Motor vehicle highway	37,893	3,875	-	41,768
Local road and street	12,884	1,562	720	13,726
EDIT	3,563	975	-	4,538
Cumulative capital improvement	<u>11,368</u>	<u>506</u>	<u>-</u>	<u>11,874</u>
Totals	<u>\$ 95,386</u>	<u>\$ 16,148</u>	<u>\$ 16,818</u>	<u>\$ 94,716</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 22,810	\$ 16,777	\$ 11,444	\$ 28,143
Motor vehicle highway	41,768	4,935	-	46,703
Local road and street	13,726	1,492	-	15,218
EDIT	4,538	576	-	5,114
Cumulative capital improvement	<u>11,874</u>	<u>417</u>	<u>-</u>	<u>12,291</u>
Totals	<u>\$ 94,716</u>	<u>\$ 24,197</u>	<u>\$ 11,444</u>	<u>\$ 107,469</u>

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

TOWN OF MILLHOUSE
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: highways and streets 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 MILLHOUSEN
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

The Clerk-Treasurer's official bond does not comply with current requirements. Currently, the official bond is for \$15,000.

Public Law 176 House Enrolled Act 1514, effective July 1, 2009, amended IC 5-4-1-18, and requires surety bonds required under IC 5-4-1-18 to be annual bonds instead of for the term of office. The minimum amount of annual coverage was increased from \$15,000 to \$30,000 for each \$1,000,000 in receipts for all city controllers and city and town clerk-treasurers.

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for examination.

IC 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."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF MILLHOUSEN
EXAMINATION RESULTS AND COMMENTS
(Continued)

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
General	2008	<u>\$ 1,092</u>

IC 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."

ANNUAL REPORT

The 2009 Annual Report was not filed until May 11, 2010.

Public Law 176 House Enrolled Act 1514 Effective July 1, 2009, amended IC 5-11-1-4 to provide:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision."

TOWN OF MILLHOUSEN
EXIT CONFERENCE

The contents of this report were discussed on July 12, 2010, with Marilyn Horan, Clerk-Treasurer. The official concurred with our findings.