

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF MILFORD

KOSCIUSKO COUNTY, INDIANA

January 1, 2010 to December 31, 2011



**FILED**  
09/21/2012



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report.....	3
Financial Statements:	
Statements of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	6-7
Notes to Financial Statements .....	8-11
Supplementary Information:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	14-21
Schedule of Payables and Receivables .....	22
Schedule of Leases and Debt .....	23
Examination Results and Comments:	
Penalties and Interest.....	24
Utility Receipt Tax Returns .....	24
Overdrawn Fund Balances .....	24
Capital Asset Records .....	25
Wastewater Bond Ordinance Requirements .....	25
Penalties, Interest, and Other Charges .....	25
Exit Conference.....	26

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Charlotte D. Siegfried Joellen Free	01-01-08 to 12-31-11 01-01-12 to 12-31-15
President of the Town Council	Robert Cockburn Doug Ruch	01-01-10 to 12-31-11 01-01-12 to 12-31-12



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial statements of the Town of Milford (Town), for the period of January 1, 2010 to December 31, 2011. The Town's management is responsible for the financial statements. 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the years ended December 31, 2010 and 2011, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Town's management, Town Council, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

July 3, 2012

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## FINANCIAL STATEMENTS

The financial statements and accompanying notes were approved by management of the Town. The financial statements and notes are presented as intended by the Town.

TOWN OF MILFORD  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2010

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 573,302	\$ 508,184	\$ 492,512	\$ 588,974
Motor Vehicles Highway	166,004	198,983	187,869	177,118
Local Road And Street	24,861	14,020	15,471	23,410
Park Nonreverting Operating	5,487	1,175	100	6,562
Police Education	6,024	3,126	1,329	7,821
Riverboat	45,140	19,858	-	64,998
Community Building	6,092	6,424	10,485	2,031
Police Grants	-	4,625	4,625	-
Rainy Day	28,493	97,857	10,000	116,350
CEDIT	505,472	108,668	215,065	399,075
Levy Excess	3,584	1,355	3,275	1,664
Tax Increment Financing #1	220,495	142,877	22,715	340,657
Drug Confiscation	1,335	-	-	1,335
Cumulative Capital Improvement Cigarette Tax	60,822	4,748	-	65,570
Cumulative Capitol Development	249,522	20,152	35,800	233,874
Cumulative Capitol Improvement Tax Levy	296,613	29,093	-	325,706
Cumulative Sewer	160,774	22,354	15,000	168,128
Payroll	(1,512)	470,701	473,183	(3,994)
Wastewater Utility-Operating	(60,796)	322,322	296,077	(34,551)
Wastewater Utility-Bond And Interest	(61,873)	187,019	133,898	(8,752)
Wastewater Utility-Depreciation/Improvement	99,936	-	-	99,936
Wastewater Utility-Debt Reserve	96,222	22,910	-	119,132
Water Utility-Operating	102,722	127,049	162,613	67,158
Water Utility-Depreciation/Improvement	43,038	5,228	15,766	32,500
Water Utility-Customer Deposit	21,995	4,838	2,035	24,798
Totals	<u>\$ 2,593,752</u>	<u>\$ 2,323,566</u>	<u>\$ 2,097,818</u>	<u>\$ 2,819,500</u>

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

TOWN OF MILFORD  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 588,974	\$ 421,932	\$ 509,014	\$ 501,892
Motor Vehicles Highway	177,118	239,087	189,940	226,265
Local Road And Street	23,410	13,602	4,459	32,553
Park Nonreverting Operating	6,562	1,382	1,083	6,861
Police Education	7,821	713	690	7,844
Riverboat	64,998	9,700	10,401	64,297
Rainy Day	116,350	-	4,808	111,542
CEDIT	399,075	79,609	149,593	329,091
Levy Excess	1,664	-	1,664	-
Tax Increment Financing #1	340,657	93,945	138,571	296,031
Cumulative Capital Improvement Cigarette Tax	65,570	4,451	8,775	61,246
Cumulative Capitol Development	233,874	18,896	45,604	207,166
Cumulative Capitol Improvement Tax Levy	325,706	27,589	50,000	303,295
Community Building	2,031	5,977	5,003	3,005
Police Grants	-	2,216	1,690	526
Drug Confiscation	1,335	-	-	1,335
Cumulative Sewer	168,128	21,553	5,614	184,067
Payroll	(3,994)	451,505	454,967	(7,456)
Wastewater Utility-Operating	(34,551)	357,946	246,605	76,790
Wastewater Utility-Bond And Interest	(8,752)	131,265	136,273	(13,760)
Wastewater Utility-Depreciation/Improvement	99,936	-	875	99,061
Wastewater Utility-Debt Reserve	119,132	18,328	-	137,460
Water Utility-Operating	67,158	131,355	136,032	62,481
Water Utility-Depreciation/Improvement	32,500	5,202	31,065	6,637
Water Utility-Customer Deposit	24,798	2,898	1,450	26,246
Totals	<u>\$ 2,819,500</u>	<u>\$ 2,039,151</u>	<u>\$ 2,134,176</u>	<u>\$ 2,724,475</u>

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

TOWN OF MILFORD  
NOTES TO FINANCIAL STATEMENTS

**Note 1. 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 some or all of the following services: public safety (police and fire), health and social services, culture and recreation, general administrative services, water, and wastewater.

The accompanying financial statements present the financial information for the Town.

*B. Basis of Accounting*

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), 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 regulatory 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.

*C. Cash and Investments*

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

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

Licenses and permits which include amounts received from businesses, occupations, or non-businesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state,

TOWN OF MILFORD  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Penalties which include fees received for late payments.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies, which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

TOWN OF MILFORD  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

*F. Interfund Transfers*

The Town may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Town. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Town in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

TOWN OF MILFORD  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**Note 4. *Deposits and Investments***

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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.

**Note 5. *Risk Management***

The Town may be 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; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Town by recording as a disbursement any replacement items purchased.

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### SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's 2010 Annual Report can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

For additional financial information, the Town's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Town which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was approved by management of the Town. It is presented as intended by the Town.

TOWN OF MILFORD  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010

	General	Motor Vehicles Highway	Local Road And Street	Park Nonreverting Operating	Police Education	Riverboat	Community Building
Cash and investments - beginning	\$ 573,302	\$ 166,004	\$ 24,861	\$ 5,487	\$ 6,024	\$ 45,140	\$ 6,092
Receipts:							
Taxes	285,364	140,238	-	-	-	-	-
Licenses and permits	27,628	-	-	-	850	-	-
Intergovernmental	186,694	57,757	13,942	-	-	9,700	-
Charges for services	1,624	-	-	-	45	-	-
Fines and forfeits	-	-	-	-	881	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	6,874	988	78	1,175	1,350	10,158	6,424
Total receipts	<u>508,184</u>	<u>198,983</u>	<u>14,020</u>	<u>1,175</u>	<u>3,126</u>	<u>19,858</u>	<u>6,424</u>
Disbursements:							
Personal services	286,401	97,620	-	-	-	-	-
Supplies	19,218	25,399	-	-	-	-	-
Other services and charges	161,274	34,503	-	-	79	-	10,485
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	25,619	30,347	15,471	-	1,250	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	100	-	-	-
Total disbursements	<u>492,512</u>	<u>187,869</u>	<u>15,471</u>	<u>100</u>	<u>1,329</u>	<u>-</u>	<u>10,485</u>
Excess (deficiency) of receipts over disbursements	<u>15,672</u>	<u>11,114</u>	<u>(1,451)</u>	<u>1,075</u>	<u>1,797</u>	<u>19,858</u>	<u>(4,061)</u>
Cash and investments - ending	<u>\$ 588,974</u>	<u>\$ 177,118</u>	<u>\$ 23,410</u>	<u>\$ 6,562</u>	<u>\$ 7,821</u>	<u>\$ 64,998</u>	<u>\$ 2,031</u>

TOWN OF MILFORD  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Police Grants	Rainy Day	CEDIT	Levy Excess	Tax Increment Financing #1	Drug Confiscation	Cumulative Capital Improvement Cigarette Tax
Cash and investments - beginning	\$ -	\$ 28,493	\$ 505,472	\$ 3,584	\$ 220,495	\$ 1,335	\$ 60,822
Receipts:							
Taxes	-	-	-	-	142,877	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	97,857	107,881	-	-	-	4,538
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	4,625	-	787	1,355	-	-	210
Total receipts	4,625	97,857	108,668	1,355	142,877	-	4,748
Disbursements:							
Personal services	4,625	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	215,065	-	22,715	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	10,000	-	3,275	-	-	-
Total disbursements	4,625	10,000	215,065	3,275	22,715	-	-
Excess (deficiency) of receipts over disbursements	-	87,857	(106,397)	(1,920)	120,162	-	4,748
Cash and investments - ending	\$ -	\$ 116,350	\$ 399,075	\$ 1,664	\$ 340,657	\$ 1,335	\$ 65,570

TOWN OF MILFORD  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Cumulative Capitol Development	Cumulative Capitol Improvement Tax Levy	Cumulative Sewer	Payroll	Wastewater Utility-Operating	Wastewater Utility-Bond And Interest
Cash and investments - beginning	\$ 249,522	\$ 296,613	\$ 160,774	\$ (1,512)	\$ (60,796)	\$ (61,873)
Receipts:						
Taxes	17,139	25,024	19,550	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	1,963	2,857	2,226	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	316,208	-
Penalties	-	-	-	-	5,698	-
Other receipts	1,050	1,212	578	470,701	416	187,019
Total receipts	<u>20,152</u>	<u>29,093</u>	<u>22,354</u>	<u>470,701</u>	<u>322,322</u>	<u>187,019</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	133,898
Capital outlay	35,800	-	15,000	-	6,913	-
Utility operating expenses	-	-	-	-	223,162	-
Other disbursements	-	-	-	473,183	66,002	-
Total disbursements	<u>35,800</u>	<u>-</u>	<u>15,000</u>	<u>473,183</u>	<u>296,077</u>	<u>133,898</u>
Excess (deficiency) of receipts over disbursements	<u>(15,648)</u>	<u>29,093</u>	<u>7,354</u>	<u>(2,482)</u>	<u>26,245</u>	<u>53,121</u>
Cash and investments - ending	<u>\$ 233,874</u>	<u>\$ 325,706</u>	<u>\$ 168,128</u>	<u>\$ (3,994)</u>	<u>\$ (34,551)</u>	<u>\$ (8,752)</u>

TOWN OF MILFORD  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Wastewater Utility-Depreciation/ Improvement	Wastewater Utility-Debt Reserve	Water Utility-Operating	Water Utility-Depreciation/ Improvement	Water Utility-Customer Deposit	Totals
Cash and investments - beginning	\$ 99,936	\$ 96,222	\$ 102,722	\$ 43,038	\$ 21,995	\$ 2,593,752
Receipts:						
Taxes	-	-	-	-	-	630,192
Licenses and permits	-	-	-	-	-	28,478
Intergovernmental	-	-	-	-	-	485,415
Charges for services	-	-	-	-	-	1,669
Fines and forfeits	-	-	-	-	-	881
Utility fees	-	-	102,766	-	-	418,974
Penalties	-	-	756	-	-	6,454
Other receipts	-	22,910	23,527	5,228	4,838	751,503
Total receipts	-	22,910	127,049	5,228	4,838	2,323,566
Disbursements:						
Personal services	-	-	-	-	-	388,646
Supplies	-	-	-	-	-	44,617
Other services and charges	-	-	-	-	-	206,341
Debt service - principal and interest	-	-	-	-	-	133,898
Capital outlay	-	-	6,610	-	-	374,790
Utility operating expenses	-	-	136,358	-	2,035	361,555
Other disbursements	-	-	19,645	15,766	-	587,971
Total disbursements	-	-	162,613	15,766	2,035	2,097,818
Excess (deficiency) of receipts over disbursements	-	22,910	(35,564)	(10,538)	2,803	225,748
Cash and investments - ending	\$ 99,936	\$ 119,132	\$ 67,158	\$ 32,500	\$ 24,798	\$ 2,819,500

TOWN OF MILFORD  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011

	General	Motor Vehicles Highway	Local Road And Street	Park Nonreverting Operating	Police Education	Riverboat	Rainy Day
Cash and investments - beginning	\$ 588,974	\$ 177,118	\$ 23,410	\$ 6,562	\$ 7,821	\$ 64,998	\$ 116,350
Receipts:							
Taxes	262,805	178,969	-	-	-	9,700	-
Licenses and permits	-	-	-	-	390	-	-
Intergovernmental	154,244	59,367	13,602	-	-	-	-
Charges for services	-	270	-	1,382	10	-	-
Fines and forfeits	-	-	-	-	213	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	4,883	481	-	-	100	-	-
Total receipts	<u>421,932</u>	<u>239,087</u>	<u>13,602</u>	<u>1,382</u>	<u>713</u>	<u>9,700</u>	<u>-</u>
Disbursements:							
Personal services	302,925	82,517	-	-	-	-	-
Supplies	27,734	30,908	-	-	-	-	-
Other services and charges	163,274	36,350	-	-	115	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	14,912	40,165	4,459	-	-	10,401	4,808
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	169	-	-	1,083	575	-	-
Total disbursements	<u>509,014</u>	<u>189,940</u>	<u>4,459</u>	<u>1,083</u>	<u>690</u>	<u>10,401</u>	<u>4,808</u>
Excess (deficiency) of receipts over disbursements	<u>(87,082)</u>	<u>49,147</u>	<u>9,143</u>	<u>299</u>	<u>23</u>	<u>(701)</u>	<u>(4,808)</u>
Cash and investments - ending	<u>\$ 501,892</u>	<u>\$ 226,265</u>	<u>\$ 32,553</u>	<u>\$ 6,861</u>	<u>\$ 7,844</u>	<u>\$ 64,297</u>	<u>\$ 111,542</u>

TOWN OF MILFORD  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	CEDIT	Levy Excess	Tax Increment Financing #1	Cumulative Capital Improvement Cigarette Tax	Cumulative Capitol Development	Cumulative Capitol Improvement Tax Levy	Community Building
Cash and investments - beginning	\$ 399,075	\$ 1,664	\$ 340,657	\$ 65,570	\$ 233,874	\$ 325,706	\$ 2,031
Receipts:							
Taxes	-	-	93,945	-	17,244	25,177	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	79,609	-	-	4,451	1,652	2,412	-
Charges for services	-	-	-	-	-	-	5,977
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>79,609</u>	<u>-</u>	<u>93,945</u>	<u>4,451</u>	<u>18,896</u>	<u>27,589</u>	<u>5,977</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	302
Other services and charges	-	-	-	-	-	-	4,701
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	138,571	8,775	45,604	50,000	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	149,593	1,664	-	-	-	-	-
Total disbursements	<u>149,593</u>	<u>1,664</u>	<u>138,571</u>	<u>8,775</u>	<u>45,604</u>	<u>50,000</u>	<u>5,003</u>
Excess (deficiency) of receipts over disbursements	<u>(69,984)</u>	<u>(1,664)</u>	<u>(44,626)</u>	<u>(4,324)</u>	<u>(26,708)</u>	<u>(22,411)</u>	<u>974</u>
Cash and investments - ending	<u>\$ 329,091</u>	<u>\$ -</u>	<u>\$ 296,031</u>	<u>\$ 61,246</u>	<u>\$ 207,166</u>	<u>\$ 303,295</u>	<u>\$ 3,005</u>

TOWN OF MILFORD  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Police Grants	Drug Confiscation	Cumulative Sewer	Payroll	Wastewater Utility-Operating	Wastewater Utility-Bond And Interest
Cash and investments - beginning	\$ -	\$ 1,335	\$ 168,128	\$ (3,994)	\$ (34,551)	\$ (8,752)
Receipts:						
Taxes	-	-	19,669	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	1,884	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	350,549	-
Penalties	-	-	-	-	7,397	-
Other receipts	2,216	-	-	451,505	-	131,265
Total receipts	<u>2,216</u>	<u>-</u>	<u>21,553</u>	<u>451,505</u>	<u>357,946</u>	<u>131,265</u>
Disbursements:						
Personal services	1,690	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	136,273
Capital outlay	-	-	5,614	-	689	-
Utility operating expenses	-	-	-	-	245,916	-
Other disbursements	-	-	-	454,967	-	-
Total disbursements	<u>1,690</u>	<u>-</u>	<u>5,614</u>	<u>454,967</u>	<u>246,605</u>	<u>136,273</u>
Excess (deficiency) of receipts over disbursements	<u>526</u>	<u>-</u>	<u>15,939</u>	<u>(3,462)</u>	<u>111,341</u>	<u>(5,008)</u>
Cash and investments - ending	<u>\$ 526</u>	<u>\$ 1,335</u>	<u>\$ 184,067</u>	<u>\$ (7,456)</u>	<u>\$ 76,790</u>	<u>\$ (13,760)</u>

TOWN OF MILFORD  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Wastewater Utility-Depreciation/ Improvement	Wastewater Utility-Debt Reserve	Water Utility-Operating	Water Utility-Depreciation/ Improvement	Water Utility-Customer Deposit	Totals
Cash and investments - beginning	\$ 99,936	\$ 119,132	\$ 67,158	\$ 32,500	\$ 24,798	\$ 2,819,500
Receipts:						
Taxes	-	-	-	-	-	607,509
Licenses and permits	-	-	-	-	-	390
Intergovernmental	-	-	-	-	-	317,221
Charges for services	-	-	-	-	-	7,639
Fines and forfeits	-	-	-	-	-	213
Utility fees	-	-	130,512	5,202	2,898	489,161
Penalties	-	-	843	-	-	8,240
Other receipts	-	18,328	-	-	-	608,778
Total receipts	-	18,328	131,355	5,202	2,898	2,039,151
Disbursements:						
Personal services	-	-	-	-	-	387,132
Supplies	-	-	-	-	-	58,944
Other services and charges	-	-	-	-	-	204,440
Debt service - principal and interest	-	-	-	-	-	136,273
Capital outlay	-	-	930	-	-	324,928
Utility operating expenses	875	-	135,102	31,065	1,450	414,408
Other disbursements	-	-	-	-	-	608,051
Total disbursements	875	-	136,032	31,065	1,450	2,134,176
Excess (deficiency) of receipts over disbursements	(875)	18,328	(4,677)	(25,863)	1,448	(95,025)
Cash and investments - ending	\$ 99,061	\$ 137,460	\$ 62,481	\$ 6,637	\$ 26,246	\$ 2,724,475

TOWN OF MILFORD  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2011

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ -	\$ -
Wastewater	-	5,566
Water	-	<u>1,506</u>
Totals	<u>\$ -</u>	<u>\$ 7,072</u>

TOWN OF MILFORD  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2011

<u>Lessor</u>	<u>Purpose</u>	<u>Ending Principal Balance</u>	<u>Principal and Interest Due Within One Year</u>
Wastewater Utility: Revenue Bonds	2004 Improvements	<u>\$ 1,275,000</u>	<u>\$ 138,473</u>

TOWN OF MILFORD  
EXAMINATION RESULTS AND COMMENTS

***PENALTIES AND INTEREST***

Penalties and interest totaling \$158 were paid to the Indiana Department of Revenue for the late payment of the Utility Receipts Tax for the year ended December 31, 2010. A review of payments indicated that the annual 2010 payment was made on April 24, 2011. Utility Receipts Tax payments must be made by April 15th of the subsequent year.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***UTILITY RECEIPT TAX RETURNS***

Utility Receipts Tax payments of \$1,491 and \$1,440 were made for 2010 and 2011, respectively; however, no tax returns were presented for examination to determine the proper amount of tax due. A similar comment was issued prior Examination Report No. B37863.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states, in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***OVERDRAWN FUND BALANCES***

The Payroll Fund, Wastewater Utility-Operating Fund, and Wastewater Utility-Bond and Interest Fund were overdrawn in 2010 by \$3,994, \$34,551, and \$8,752 respectively. The Payroll Fund and Wastewater Utility-Bond and Interest Fund were overdrawn in 2011 by \$7,456 and \$13,760, respectively. A similar comment was in prior examination Report B37863.

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF MILFORD  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

***CAPITAL ASSET RECORDS***

The capital asset records were not complete for our examination. A similar comment was in the prior examination Report B37863.

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)

***WASTEWATER BOND ORDINANCE REQUIREMENTS***

The Wastewater Principal Fund and the Wastewater Interest Fund (combined for financial statement presentation as the Wastewater Utility-Bond and Interest Fund) had December 31, 2011, cash balance of \$152 and (\$13,912), respectively. The bond ordinance requires that there be sufficient balance in the bond and interest fund to meet the next debt payment due. Since the debt payment January 1, 2012 was paid in December 2011, there should be a zero balance at December 31, 2011.

The Wastewater Utility-Debt Reserve Fund had a December 31, 2011 cash balance of \$137,460. The bond ordinance requires an adequate reserve balance, calculated to be \$142,550 at December 31, 2011. A similar comment was noted on prior Reports B33212 and B37863.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***PENALTIES, INTEREST, AND OTHER CHARGES***

During 2010, the Town paid \$3,588 to the Indiana Department of Revenue that could not be identified as payroll or sales taxes. No documentation could be found to determine the nature of these payments or the period to which these payments related.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (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 3, 2012, with Joellen Free, Clerk-Treasurer, and Doug Ruch, President of the Town Council. The officials concurred with our findings.