

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

COMPLIANCE ENGAGEMENT REPORT

OF

TOWN OF MILLERSBURG

ELKHART COUNTY, INDIANA

January 1, 2019 to December 31, 2023



FILED

07/01/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Patricia Barhydt MacKenzie Taylor	01-01-19 to 12-31-19 01-01-20 to 12-31-24
President of the Town Council	James Winkler Dean Smith	01-01-19 to 12-31-22 01-01-23 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Town of Millersburg (Town), for the period of January 1, 2019 to December 31, 2023. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the Town as this engagement was not conducted in accordance with any standards established by an authoritative standard setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The Comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the Comments incorporated within this report was not verified for accuracy.

The Schedule of Officials and Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statements) are informational only. The Statements have not been subjected to any procedures designed to express an opinion or provide any assurance on them, and, accordingly, we do not express an opinion or provide any assurance on them.

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the Town's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

The contents of this report were communicated to MacKenzie Taylor, Clerk-Treasurer, and Larry Randolph, Town Council member, on June 13, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

May 2, 2024

TOWN OF MILLERSBURG
COMMENTS

PENALTIES, INTEREST, AND OTHER CHARGES

A similar comment appeared in a Management Letter communicating noncompliance, dated June 11, 2019.

Condition and Context

The Town did not have adequate internal controls in place to ensure that credit card payments were made on a timely basis to avoid additional fees and interest.

The Town paid a total of \$378 in interest and \$157 in late fees to its credit card company during the engagement period.

- During 2019, \$84 and \$78 were paid to interest and late fees, respectively.
- During 2020, \$55 and \$39 were paid to interest and late fees, respectively.
- During 2021, \$139 and \$40 were paid to interest and late fees, respectively.
- During 2022, \$45 were paid to interest.
- During 2023, \$55 were paid to interest.

The Town Council approved the use of credit cards for authorized individuals in Ordinance 2022-08, which states in part:

"Credit card charges that do not meet audit requirements are the responsibility of the employee authorizing the charge. Any interest or penalty incurred due to the late filing with the Clerk Treasurer of accounts payable voucher for payment of a credit card or incurred due to delay in furnishing of documentation required for audit by an officer or employee, shall be the responsibility of that officers or employee."

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

TOWN OF MILLERSBURG
COMMENTS
(Continued)

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

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 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 unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS

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TOWN OF MILLERSBURG
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2019 and 2020

Fund	Cash and Investments			Cash and Investments			Cash and Investments
	01-01-19	Receipts	Disbursements	12-31-19	Receipts	Disbursements	12-31-20
GENERAL FUND	\$ 550,250	\$ 804,716	\$ 522,932	\$ 832,034	\$ 683,713	\$ 672,095	\$ 843,652
MOTOR VEHICLE HIGHWAY	146,411	40,987	26,177	161,221	61,094	43,058	179,257
LOCAL ROAD & STREET	55,221	17,262	6,313	66,170	16,573	-	82,743
MVH RESTRICTED FUND	-	19,433	-	19,433	17,139	-	36,572
PARK NONREVERT OPERATING	117,770	13,465	964	130,271	3,025	57,723	75,573
LOCAL LAW ENFORCEMENT	12,962	754	-	13,716	-	-	13,716
RIVERBOAT	29,197	5,349	-	34,546	5,349	34,000	5,895
PARK & RECREATION	3,729	67,419	44,986	26,162	76,918	50,352	52,728
RAINY DAY	115,931	-	-	115,931	-	30,900	85,031
CUM CAP IMP - CIG TAX	22,438	2,063	-	24,501	1,958	24,000	2,459
CUM CAP DEVELOPMENT	13,945	11,165	-	25,110	8,003	-	33,113
ECONOMIC DEV INCOME TAX	193,444	90,856	4,946	279,354	86,077	4,928	360,503
PUBLIC SAFETY	188,715	92,522	44,356	236,881	88,034	66,656	258,259
COVID / CARES ACT	-	-	-	-	30,691	30,691	-
COMMUNITY FOUNDATION GRANT (NEW POCKET PARK)	13,480	336	7,202	6,614	-	6,615	(1)
COMMUNITY CROSSINGS GRANT	15,130	-	-	15,130	-	-	15,130
CARRIAGE TIF	68,236	105,482	138,400	35,318	139,813	-	175,131
2018 FOREST RIVER TIF	15,686	93,336	2,130	106,892	68,497	29,782	145,607
PAYROLL	6,436	433,351	435,067	4,720	450,988	449,059	6,649
SEWAGE UTILITY OPERATING	12,175	232,700	235,735	9,140	261,315	261,238	9,217
SEWER UTILITY BOND & INTEREST	15,907	47,085	62,992	-	-	-	-
SEW- UTILITY IMPROVEMENT	74,860	24,000	33,770	65,090	24,000	15,809	73,281
WATER UTILITY OPERATING	167,328	252,073	253,851	165,550	255,910	209,898	211,562
WATER UTILITY METER DEPOSIT	24,389	1,360	2,804	22,945	1,280	1,893	22,332
WATER UTILITY IMPROVEMENT	596,500	12,556	8,800	600,256	12,693	171,210	441,739
WATER TOWER MAINTENANCE	30,742	4,000	-	34,742	4,000	4,500	34,242
Totals	<u>\$ 2,490,882</u>	<u>\$ 2,372,270</u>	<u>\$ 1,831,425</u>	<u>\$ 3,031,727</u>	<u>\$ 2,297,070</u>	<u>\$ 2,164,407</u>	<u>\$ 3,164,390</u>

TOWN OF MILLERSBURG
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2021 and 2022

Fund	Cash and Investments			Cash and Investments			Cash and Investments
	01-01-21	Receipts	Disbursements	12-31-21	Receipts	Disbursements	12-31-22
GENERAL FUND	\$ 843,651	\$ 709,187	\$ 624,071	\$ 928,767	\$ 628,948	\$ 590,281	\$ 967,434
MOTOR VEHICLE HIGHWAY	179,256	62,510	35,748	206,018	54,653	44,622	216,049
LOCAL ROAD & STREET	82,743	18,225	32,000	68,968	19,160	11,222	76,906
MVH RESTRICTED FUND	36,572	18,942	-	55,514	19,824	-	75,338
PARK NONREVERT OPERATING-BICKNEL DONATION	75,572	5,639	6,319	74,892	5,360	16,186	64,066
LOCAL LAW ENFORCEMENT	13,715	2,334	-	16,049	675	2,375	14,349
RIVERBOAT	5,897	5,343	-	11,240	5,388	-	16,628
PARK & RECREATION	52,728	85,924	56,339	82,313	61,525	56,637	87,201
RAINY DAY	85,031	-	84,100	931	-	-	931
CUM CAP IMP - CIG TAX	2,458	1,855	-	4,313	1,737	-	6,050
CUM CAP DEVELOPMENT	33,112	25,724	30,000	28,836	21,224	2,389	47,671
ECONOMIC DEV INCOME TAX	360,505	83,923	158,227	286,201	79,476	135,239	230,438
DONATIONS- TOWN EVENTS	-	-	-	-	1,294	780	514
PUBLIC SAFETY LOIT	258,258	83,011	106,537	234,732	81,420	14,733	301,419
ARP COVID LOCAL FISCAL RECOVERY FUND	-	107,355	-	107,355	108,168	50,710	164,813
TOWN HALL LOAN	-	300,000	300,000	-	-	-	-
DONATIONS- SPEED MONITOR	-	-	-	-	600	600	-
LOCAL ROAD & BRIDGE MATCHING GRANT	15,129	364,442	-	379,571	231,148	480,059	130,660
UNRESTRICTED OPIOID DISTRIBUTION	-	-	-	-	708	-	708
RESTRICTED OPIOID DISTRIBUTION	-	-	-	-	1,651	-	1,651
CARRIAGE TIF	175,130	-	100,667	74,463	-	63,172	11,291
2018 FOREST RIVER TIF	145,607	92,802	72,451	165,958	112,996	68,831	210,123
PAYROLL	6,649	479,532	481,465	4,716	478,433	477,968	5,181
SEWAGE UTILITY OPERATING	9,216	289,656	209,835	89,037	322,594	237,321	174,310
SEW- UTILITY IMPROVEMENT	73,282	24,000	14,946	82,336	24,000	4,354	101,982
WATER UTILITY OPERATING	211,560	269,172	274,007	206,725	282,129	229,892	258,962
WATER UTILITY METER DEPOSIT	22,333	1,530	1,312	22,551	1,720	1,614	22,657
WATER UTILITY IMPROVEMENT	441,739	12,000	150,375	303,364	12,000	180,201	135,163
WATER TOWER MAINTENANCE	34,242	4,000	-	38,242	4,000	41,242	1,000
Totals	<u>\$ 3,164,385</u>	<u>\$ 3,047,106</u>	<u>\$ 2,738,399</u>	<u>\$ 3,473,092</u>	<u>\$ 2,560,831</u>	<u>\$ 2,710,428</u>	<u>\$ 3,323,495</u>

TOWN OF MILLERSBURG
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2023

Fund	Cash and Investments 01-01-23	Receipts	Disbursements	Cash and Investments 12-31-23
GENERAL FUND	\$ 967,433	\$ 810,626	\$ 531,056	\$ 1,247,003
MOTOR VEHICLE HIGHWAY	216,049	58,355	79,327	195,077
LOCAL ROAD & STREET	76,906	19,865	8,550	88,221
MVH RESTRICTED FUND	75,337	20,607	36,556	59,388
PARK NONREVERT OPERATING-BICKNEL DONATION	64,066	13,708	34,424	43,350
LOCAL LAW ENFORCEMENT	14,349	203	4,055	10,497
RIVERBOAT	16,628	5,382	11,000	11,010
PARK & RECREATION	87,201	76,106	54,317	108,990
RAINY DAY	931	-	-	931
CUM CAP IMP - CIG TAX	6,051	1,737	2,836	4,952
CUM CAP DEVELOPMENT	47,672	28,195	5,450	70,417
ECONOMIC DEV INCOME TAX	230,439	114,471	47,101	297,809
DONATIONS- TOWN EVENTS	515	825	1,290	50
PUBLIC SAFETY LOIT	301,418	120,402	73,104	348,716
ARP COVID LOCAL FISCAL RECOVERY FUND	164,812	-	90,173	74,639
LOCAL ROAD & BRIDGE MATCHING GRANT	130,660	36,556	150,621	16,595
UNRESTRICTED OPIOID DISTRIBUTION	708	127	-	835
RESTRICTED OPIOID DISTRIBUTION	1,651	370	-	2,021
CARRIAGE TIF	11,291	-	-	11,291
2018 FOREST RIVER TIF	210,123	142,781	69,409	283,495
PAYROLL	5,182	464,201	464,108	5,275
SEWAGE UTILITY OPERATING	174,310	293,313	275,143	192,480
SEW- UTILITY IMPROVEMENT	101,983	24,000	1,074	124,909
WATER UTILITY OPERATING	258,962	257,607	208,857	307,712
WATER UTILITY METER DEPOSIT	22,656	2,276	340	24,592
WATER UTILITY IMPROVEMENT	135,162	12,000	4,505	142,657
WATER TOWER MAINTENANCE	1,000	4,000	-	5,000
Totals	<u>\$ 3,323,495</u>	<u>\$ 2,507,713</u>	<u>\$ 2,153,296</u>	<u>\$ 3,677,912</u>