

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

EXAMINATION REPORT
OF
TOWN OF MILLERSBURG
ELKHART COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
11/16/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Patricia Barhydt	01-01-08 to 12-31-11
President of the Town Council	James R. Winkler	01-01-08 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Town of Millersburg (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.

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 required parts 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

August 25, 2010

TOWN OF MILLERSBURG
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY 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	\$ 3,288	\$ 337,833	\$ 333,148	\$ 7,973
Motor Vehicle Highway	54,021	44,616	44,888	53,749
Local Road and Street	20,057	10,254	9,398	20,913
Park and Recreation	19,713	27,022	41,654	5,081
Park Nonreverting Operating	31,273	14,386	27,603	18,056
Law Enforcement Continuing Education	29,463	10,039	16,309	23,193
Riverboat	7,844	5,445	-	13,289
Rainy Day	4,333	13,012	-	17,345
State Grants	(198)	2,245	1,439	608
Cumulative Capital Improvement	2,335	2,823	-	5,158
Cumulative Capital Development	15,702	6,371	14,097	7,976
County Economic Development Income Tax	614	26,027	8,347	18,294
Local Major Moves Construction	58,441	1,189	-	59,630
Watertower Maintenance	-	1,667	-	1,667
Forest River TIF	-	29,496	29,454	42
Proprietary Funds:				
Water Utility - Operating	45,049	254,065	248,146	50,968
Water Utility - Bond and Interest	2,700	86,960	86,960	2,700
Water Utility - Reserve	87,433	-	-	87,433
Water Utility - Customer Deposit	20,275	2,924	2,009	21,190
Water Utility - Improvement	159,549	12,246	160,932	10,863
Wastewater Utility - Operating	18,625	173,053	165,744	25,934
Wastewater Utility - Bond and Interest	58	42,187	41,953	292
Wastewater Utility - Improvement	928	29,993	23,125	7,796
Wastewater TIF Debt Reserve	6,050	-	6,050	-
Fiduciary Fund:				
Payroll	14,718	4,647	19,365	-
Totals	<u>\$ 602,271</u>	<u>\$ 1,138,500</u>	<u>\$ 1,280,621</u>	<u>\$ 460,150</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 7,973	\$ 449,794	\$ 416,270	\$ 41,497
Motor Vehicle Highway	53,749	40,742	59,094	35,397
Local Road and Street	20,913	9,110	8,796	21,227
Park and Recreation	5,081	44,181	40,882	8,380
Park Nonreverting Operating	18,056	15,658	8,829	24,885
Law Enforcement Continuing Education	23,193	19,640	15,224	27,609
Riverboat	13,289	5,432	17,117	1,604
Rainy Day	17,345	-	13,923	3,422
State Grants	608	1,951	2,559	-
Cumulative Capital Improvement	5,158	2,661	3,480	4,339
Cumulative Capital Development	7,976	13,914	21,808	82
County Economic Development Income Tax	18,294	36,143	13,741	40,696
Local Major Moves Construction	59,630	379	44,210	15,799
Water Tower Maintenance	1,667	4,000	-	5,667
Forest River TIF	42	36,662	36,703	1
Carriage TIF	-	125,965	85,430	40,535
Proprietary Funds:				
Water Utility - Operating	50,968	250,619	251,587	50,000
Water Utility - Bond and Interest	2,700	91,459	86,912	7,247
Water Utility - Depreciation	87,433	-	-	87,433
Water Utility - Customer Deposit	21,190	2,210	2,260	21,140
Water Utility - Improvement	10,863	131,363	16,775	125,451
Wastewater Utility - Operating	25,934	168,100	165,558	28,476
Wastewater Utility - Bond and Interest	292	42,611	42,903	-
Wastewater Utility - Improvement	7,796	24,000	7,052	24,744
Fiduciary Fund:				
Payroll	-	10,000	5,132	4,868
Totals	<u>\$ 460,150</u>	<u>\$ 1,526,594</u>	<u>\$ 1,366,245</u>	<u>\$ 620,499</u>

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

TOWN OF MILLERSBURG
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, health and social services, 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. 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 MILLERSBURG
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Note 7. Subsequent Events

Temporary Loan

The Town obtained a temporary \$200,000 bank loan in January 2010 to pay for the construction of a new water plant building. The loan will be repaid from Carriage TIF funds. At August 25, 2010, the balance due on the loan is \$170,779.69. The loan will be repaid in full by December 31, 2010.

Water System Improvement Project

The Town Council has approved a water utility improvements project estimated to cost \$1,076,035 contingent upon receiving Federal grant funds. An application has been filed with the Indiana Office of Community and Rural Affairs requesting \$976,375 in grant funds. The balance of the project would be funded from Water Department revenues. The current status of the grant request is not known.

TOWN OF MILLERSBURG
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2009

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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 83,150
Buildings	243,091
Improvements other than buildings	2,286,019
Machinery and equipment	<u>451,049</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 3,063,309</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 82,874
Buildings	596,687
Improvements other than buildings	623,234
Machinery and equipment	<u>55,457</u>
Total Water Utility capital assets	<u>1,358,252</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	9,352
Buildings	418,622
Improvements other than buildings	1,553,158
Machinery and equipment	<u>28,282</u>
Total Wastewater Utility capital assets	<u>2,009,414</u>
Total business-type activities capital assets	<u>\$ 3,367,666</u>

TOWN OF MILLERSBURG
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Water Utility:		
Revenue bonds:		
1999 Water Revenue Bonds	\$ 230,000	\$ 85,660
Wastewater Utility:		
Revenue bonds:		
1977 Sewer Revenue Bonds	77,000	13,400
2006 SFR Wastewater Bonds	<u>144,000</u>	<u>23,515</u>
Total Wastewater Utility	<u>221,000</u>	<u>36,915</u>
Total business-type activities debt	<u>\$ 451,000</u>	<u>\$ 122,575</u>

TOWN OF MILLERSBURG
EXIT CONFERENCE

The contents of this report were discussed on August 25, 2010, with Patricia Barhydt, Clerk-Treasurer; James R. Winkler, President of the Town Council; and Priscilla A. Hile, Town Council member. Our examination disclosed no material items that warrant comment at this time.