

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF MILLTOWN

CRAWFORD COUNTY, INDIANA

January 1, 2009 to December 31, 2010



FILED
06/14/2012

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Evanelle Goss Susan M. Mills	01-01-08 to 12-31-11 01-01-12 to 12-31-15
President of the Town Council	Curt Hudson	01-01-09 to 12-31-12
Town Manager	James Pevlor	01-01-09 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 MILLTOWN, CRAWFORD COUNTY, INDIANA

We have examined the financial statements of the Town of Milltown (Town), for the period of January 1, 2009 to December 31, 2010. 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, 2009 and 2010, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis 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 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

March 14, 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 MILLTOWN
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2009

Fund	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
General	\$ 26,819	\$ 174,673	\$ 269,638	(68,146)
Motor Vehicle Highway	50,143	44,420	38,236	56,327
Local Road & Street	7,298	3,617	8,328	2,587
Cemetery Fund	(987)	91,425	86,565	3,873
Block Watch	-	60	-	60
Trash Pick-Up	(2,759)	54,437	54,939	(3,261)
Police Continuing Education	74	570	299	345
Riverboat Fund	208,053	174,582	142,323	240,312
Car Seat	15	600	602	13
Park & Recreation	634	-	-	634
Donations - Marshal	976	4,235	3,485	1,726
Harrison Co. Community Foundation	93	-	-	93
Jarvis Trust	123,124	1,331	91,253	33,202
Cemetery Investment	4,200	-	-	4,200
Old Firehouse Rental	-	1,533	333	1,200
Medical/Police Building Rental	9,702	10,801	7,926	12,577
Cemetery Perpetual Care	4,999	1,157	5,825	331
Rainy Day Fund	9,575	1,541	-	11,116
County Economic Development Income Tax	31,233	29,452	31,516	29,169
Police K-9 Unit	362	1,899	1,627	634
Sewer Bond - Sinking Fund	21,426	15,050	2	36,474
CCI	12,515	2,858	-	15,373
Medical Building Depreciation Fund	8,095	843	-	8,938
Insurance Reimbursement - Building	-	92,205	965	91,240
Cemetery Investment - Trust Indiana	117,058	86,670	-	203,728
Payroll Fund	(68,268)	173,479	174,347	(69,136)
Sewer Operating	26,533	217,901	209,887	34,547
Sewer Guaranteed Deposits	9,697	1,400	1,500	9,597
Waste Water Project	4,666	-	4,666	-
Sewer Debt Reserve	3,744	506	-	4,250
Totals	<u>\$ 609,020</u>	<u>\$ 1,187,245</u>	<u>\$ 1,134,262</u>	<u>\$ 662,003</u>

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

TOWN OF MILLTOWN
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	\$ (68,146)	\$ 293,766	\$ 182,374	\$ 43,246
Motor Vehicle Highway	56,327	24,145	44,970	35,502
Local Road & Street	2,587	3,680	-	6,267
Trash Pick-Up	(3,261)	61,014	54,328	3,425
Riverboat Fund	240,312	118,871	117,872	241,311
Cemetery Perpetual Care	331	1,118	901	548
Harrison Co. Community Foundation	93	-	-	93
Jarvis Trust	33,202	1,733	18,836	16,099
Medical/Police Building Rental	12,577	10,800	7,715	15,662
Rainy Day Fund	11,116	7,498	-	18,614
Police Continuing Education	345	345	767	(77)
County Economic Development Income Tax	29,169	26,917	26,930	29,156
Cemetery Fund	3,873	22,972	21,464	5,381
Police K-9 Unit	634	10,546	10,128	1,052
Cemetery Investment	4,200	-	4,200	-
First Federal Savings	-	227,504	13	227,491
Old Firehouse Rental	1,200	3,679	1,597	3,282
Insurance Reimbursement - Building	91,240	509	76,207	15,542
Block Watch	60	-	-	60
CCI	15,373	2,729	-	18,102
Park & Recreation	634	-	-	634
Donations - Marshal	1,726	3,011	3,860	877
Cemetery Investment - Trust Indiana	203,728	448	204,176	-
Car Seat	13	500	494	19
Medical Building Depreciation Fund	8,938	2,483	-	11,421
Payroll Fund	(69,136)	184,159	172,193	(57,170)
Sewer Operating	34,547	182,214	194,410	22,351
Sewer Guaranteed Deposits	9,597	1,700	1,700	9,597
Sewer Bond - Sinking Fund	36,474	56,680	57,608	35,546
Sewer Debt Reserve	4,250	1,707	-	5,957
Totals	<u>\$ 662,003</u>	<u>\$ 1,250,728</u>	<u>\$ 1,202,743</u>	<u>\$ 709,988</u>

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

TOWN OF MILLTOWN
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), highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, and wastewater.

The accompanying financial statements present the financial information for the Town (primary government), and does not include financial information for any of the Town's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Town (primary government).

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 may include, but are not limited to, 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 nonbusinesses 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.

TOWN OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, 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.

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

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 may include, but are not limited to, 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.

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

TOWN OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 MILLTOWN
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 Annual Reports can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

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 and/or prepared by management of the Town. It is presented as intended by the Town.

TOWN OF MILLTOWN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009

	General	Motor Vehicle Highway	Local Road & Street	Cemetery Fund	Block Watch	Trash Pick-Up	Police Continuing Education
Cash and investments - beginning	\$ 26,819	\$ 50,143	\$ 7,298	\$ (987)	\$ -	\$ (2,759)	\$ 74
Receipts:							
Taxes	-	-	-	1,959	-	-	-
Licenses and permits	49	-	-	-	-	-	-
Intergovernmental	94,758	24,420	3,617	338	-	-	-
Charges for services	35,800	20,000	-	3,250	-	54,437	570
Utility fees	-	-	-	-	-	-	-
Other receipts	44,066	-	-	85,878	60	-	-
Total receipts	<u>174,673</u>	<u>44,420</u>	<u>3,617</u>	<u>91,425</u>	<u>60</u>	<u>54,437</u>	<u>570</u>
Disbursements:							
Personal services	223,935	28,076	-	115	-	-	-
Supplies	6,414	5,351	6,166	639	-	-	299
Other services and charges	39,289	4,809	2,162	-	-	54,939	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	85,811	-	-	-
Total disbursements	<u>269,638</u>	<u>38,236</u>	<u>8,328</u>	<u>86,565</u>	<u>-</u>	<u>54,939</u>	<u>299</u>
Excess (deficiency) of receipts over disbursements	<u>(94,965)</u>	<u>6,184</u>	<u>(4,711)</u>	<u>4,860</u>	<u>60</u>	<u>(502)</u>	<u>271</u>
Cash and investments - ending	<u>\$ (68,146)</u>	<u>\$ 56,327</u>	<u>\$ 2,587</u>	<u>\$ 3,873</u>	<u>\$ 60</u>	<u>\$ (3,261)</u>	<u>\$ 345</u>

TOWN OF MILLTOWN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Riverboat Fund	Car Seat	Park & Recreation	Donations - Marshal	Harrison Co. Community Foundation	Jarvis Trust
Cash and investments - beginning	\$ 208,053	\$ 15	\$ 634	\$ 976	\$ 93	\$ 123,124
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	145,315	-	-	-	-	-
Charges for services	3,500	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	25,767	600	-	4,235	-	1,331
Total receipts	<u>174,582</u>	<u>600</u>	<u>-</u>	<u>4,235</u>	<u>-</u>	<u>1,331</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	35,000	602	-	3,485	-	-
Other services and charges	7,651	-	-	-	-	-
Debt service - principal and interest	39,000	-	-	-	-	-
Capital outlay	44,734	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	15,938	-	-	-	-	91,253
Total disbursements	<u>142,323</u>	<u>602</u>	<u>-</u>	<u>3,485</u>	<u>-</u>	<u>91,253</u>
Excess (deficiency) of receipts over disbursements	<u>32,259</u>	<u>(2)</u>	<u>-</u>	<u>750</u>	<u>-</u>	<u>(89,922)</u>
Cash and investments - ending	<u>\$ 240,312</u>	<u>\$ 13</u>	<u>\$ 634</u>	<u>\$ 1,726</u>	<u>\$ 93</u>	<u>\$ 33,202</u>

TOWN OF MILLTOWN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Cemetery Investment	Old Firehouse Rental	Medical/Police Building Rental	Cemetery Perpetual Care	Rainy Day Fund	County Economic Development Income Tax
Cash and investments - beginning	\$ 4,200	\$ -	\$ 9,702	\$ 4,999	\$ 9,575	\$ 31,233
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	1,541	27,162
Charges for services	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	1,533	10,801	1,157	-	2,290
Total receipts	-	1,533	10,801	1,157	1,541	29,452
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	333	7,926	5,825	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	31,516
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	333	7,926	5,825	-	31,516
Excess (deficiency) of receipts over disbursements	-	1,200	2,875	(4,668)	1,541	(2,064)
Cash and investments - ending	<u>\$ 4,200</u>	<u>\$ 1,200</u>	<u>\$ 12,577</u>	<u>\$ 331</u>	<u>\$ 11,116</u>	<u>\$ 29,169</u>

TOWN OF MILLTOWN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Police K-9 Unit	Sewer Bond/Sinking Fund	CCI	Medical Building Depreciation Fund	Insurance Reimbursement - Building	Cemetery Investment - Trust Indiana
Cash and investments - beginning	\$ 362	\$ 21,426	\$ 12,515	\$ 8,095	\$ -	\$ 117,058
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	1,899	-	2,858	-	-	-
Charges for services	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	15,050	-	843	92,205	86,670
Total receipts	<u>1,899</u>	<u>15,050</u>	<u>2,858</u>	<u>843</u>	<u>92,205</u>	<u>86,670</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	1,627	-	-	-	965	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	2	-	-	-	-
Total disbursements	<u>1,627</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>965</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>272</u>	<u>15,048</u>	<u>2,858</u>	<u>843</u>	<u>91,240</u>	<u>86,670</u>
Cash and investments - ending	<u>\$ 634</u>	<u>\$ 36,474</u>	<u>\$ 15,373</u>	<u>\$ 8,938</u>	<u>\$ 91,240</u>	<u>\$ 203,728</u>

TOWN OF MILLTOWN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Payroll Fund	Sewer Operating	Sewer Guaranteed Deposits	Waste Water Project	Sewer Debt Reserve	Totals
Cash and investments - beginning	\$ (68,268)	\$ 26,533	\$ 9,697	\$ 4,666	\$ 3,744	\$ 609,020
Receipts:						
Taxes	-	-	-	-	-	1,959
Licenses and permits	-	-	-	-	-	49
Intergovernmental	-	-	-	-	-	301,908
Charges for services	-	-	-	-	-	117,557
Utility fees	-	217,746	-	-	-	217,746
Other receipts	173,479	155	1,400	-	506	548,026
Total receipts	<u>173,479</u>	<u>217,901</u>	<u>1,400</u>	<u>-</u>	<u>506</u>	<u>1,187,245</u>
Disbursements:						
Personal services	-	-	-	-	-	252,126
Supplies	-	-	-	-	-	57,956
Other services and charges	-	-	-	-	-	125,526
Debt service - principal and interest	-	57,836	-	-	-	96,836
Capital outlay	-	12,050	-	-	-	88,300
Utility operating expenses	-	97,622	-	-	-	97,622
Other disbursements	174,347	42,379	1,500	4,666	-	415,896
Total disbursements	<u>174,347</u>	<u>209,887</u>	<u>1,500</u>	<u>4,666</u>	<u>-</u>	<u>1,134,262</u>
Excess (deficiency) of receipts over disbursements	<u>(868)</u>	<u>8,014</u>	<u>(100)</u>	<u>(4,666)</u>	<u>506</u>	<u>52,983</u>
Cash and investments - ending	<u>\$ (69,136)</u>	<u>\$ 34,547</u>	<u>\$ 9,597</u>	<u>\$ -</u>	<u>\$ 4,250</u>	<u>\$ 662,003</u>

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

	General	Motor Vehicle Highway	Local Road & Street	Trash Pick-Up	Riverboat Fund	Cemetery Perpetual Care	Harrison Co. Community Foundation
Cash and investments - beginning	\$ (68,146)	\$ 56,327	\$ 2,587	\$ (3,261)	\$ 240,312	\$ 331	\$ 93
Receipts:							
Intergovernmental	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	293,766	24,145	3,680	61,014	118,871	1,118	-
Total receipts	<u>293,766</u>	<u>24,145</u>	<u>3,680</u>	<u>61,014</u>	<u>118,871</u>	<u>1,118</u>	<u>-</u>
Disbursements:							
Personal services	92,391	15,090	-	-	-	901	-
Supplies	2,538	-	-	-	-	-	-
Other services and charges	33,560	29,880	-	54,328	-	-	-
Capital outlay	4,635	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	49,250	-	-	-	117,872	-	-
Total disbursements	<u>182,374</u>	<u>44,970</u>	<u>-</u>	<u>54,328</u>	<u>117,872</u>	<u>901</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>111,392</u>	<u>(20,825)</u>	<u>3,680</u>	<u>6,686</u>	<u>999</u>	<u>217</u>	<u>-</u>
Cash and investments - ending	<u>\$ 43,246</u>	<u>\$ 35,502</u>	<u>\$ 6,267</u>	<u>\$ 3,425</u>	<u>\$ 241,311</u>	<u>\$ 548</u>	<u>\$ 93</u>

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

	Jarvis Trust	Medical/ Police Rental Building	Rainy Day Fund	Police Continuing Education	Count Economic Development Income Tax	Cemetery Fund
Cash and investments - beginning	\$ 33,202	\$ 12,577	\$ 11,116	\$ 345	\$ 29,169	\$ 3,873
Receipts:						
Intergovernmental	-	-	-	-	26,917	-
Utility fees	-	-	-	-	-	-
Other receipts	1,733	10,800	7,498	345	-	22,972
Total receipts	<u>1,733</u>	<u>10,800</u>	<u>7,498</u>	<u>345</u>	<u>26,917</u>	<u>22,972</u>
Disbursements:						
Personal services	-	-	-	-	23,108	21,464
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	3,822	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	18,836	7,715	-	767	-	-
Total disbursements	<u>18,836</u>	<u>7,715</u>	<u>-</u>	<u>767</u>	<u>26,930</u>	<u>21,464</u>
Excess (deficiency) of receipts over disbursements	<u>(17,103)</u>	<u>3,085</u>	<u>7,498</u>	<u>(422)</u>	<u>(13)</u>	<u>1,508</u>
Cash and investments - ending	<u>\$ 16,099</u>	<u>\$ 15,662</u>	<u>\$ 18,614</u>	<u>\$ (77)</u>	<u>\$ 29,156</u>	<u>\$ 5,381</u>

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

	Police K-9 Unit	Cemetery Investment	First Federal Savings	Old Firehouse Rental	Insurance Reimbursement - Rental	Block Watch
Cash and investments - beginning	\$ 634	\$ 4,200	\$ -	\$ 1,200	\$ 91,240	\$ 60
Receipts:						
Intergovernmental	-	-	227,504	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	10,546	-	-	3,679	509	-
Total receipts	<u>10,546</u>	<u>-</u>	<u>227,504</u>	<u>3,679</u>	<u>509</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	10,128	4,200	13	1,597	76,207	-
Total disbursements	<u>10,128</u>	<u>4,200</u>	<u>13</u>	<u>1,597</u>	<u>76,207</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>418</u>	<u>(4,200)</u>	<u>227,491</u>	<u>2,082</u>	<u>(75,698)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,052</u>	<u>\$ -</u>	<u>\$ 227,491</u>	<u>\$ 3,282</u>	<u>\$ 15,542</u>	<u>\$ 60</u>

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

	CCI	Park & Recreation	Donations - Marshal	Cemetery Investment - Trust Indiana	Car Seat	Medical Building Depreciation Fund
Cash and investments - beginning	\$ 15,373	\$ 634	\$ 1,726	\$ 203,728	\$ 13	\$ 8,938
Receipts:						
Intergovernmental	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	2,729	-	3,011	448	500	2,483
Total receipts	<u>2,729</u>	<u>-</u>	<u>3,011</u>	<u>448</u>	<u>500</u>	<u>2,483</u>
Disbursements:						
Personal services	-	-	-	204,176	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	3,860	-	494	-
Total disbursements	<u>-</u>	<u>-</u>	<u>3,860</u>	<u>204,176</u>	<u>494</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>2,729</u>	<u>-</u>	<u>(849)</u>	<u>(203,728)</u>	<u>6</u>	<u>2,483</u>
Cash and investments - ending	<u>\$ 18,102</u>	<u>\$ 634</u>	<u>\$ 877</u>	<u>\$ -</u>	<u>\$ 19</u>	<u>\$ 11,421</u>

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

	Payroll Fund	Sewer Operating	Sewer Guaranteed Deposits	Sewer Bond-Sinking Fund	Sewer Debt Reserve	Totals
Cash and investments - beginning	\$ (69,136)	\$ 34,547	\$ 9,597	\$ 36,474	\$ 4,250	\$ 662,003
Receipts:						
Intergovernmental	-	-	-	-	-	254,421
Utility fees	-	182,214	-	-	-	182,214
Other receipts	184,159	-	1,700	56,680	1,707	814,093
Total receipts	<u>184,159</u>	<u>182,214</u>	<u>1,700</u>	<u>56,680</u>	<u>1,707</u>	<u>1,250,728</u>
Disbursements:						
Personal services	-	-	-	-	-	357,130
Supplies	-	-	-	-	-	2,538
Other services and charges	-	-	-	-	-	121,590
Capital outlay	-	-	-	-	-	4,635
Utility operating expenses	-	97,617	1,700	-	-	99,317
Other disbursements	172,193	96,793	-	57,608	-	617,533
Total disbursements	<u>172,193</u>	<u>194,410</u>	<u>1,700</u>	<u>57,608</u>	<u>-</u>	<u>1,202,743</u>
Excess (deficiency) of receipts over disbursements	<u>11,966</u>	<u>(12,196)</u>	<u>-</u>	<u>(928)</u>	<u>1,707</u>	<u>47,985</u>
Cash and investments - ending	<u>\$ (57,170)</u>	<u>\$ 22,351</u>	<u>\$ 9,597</u>	<u>\$ 35,546</u>	<u>\$ 5,957</u>	<u>\$ 709,988</u>

TOWN OF MILLTOWN
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year	Fund
Notes and loans payable	\$ 49,124	\$ 47,500	Riverboat
Revenue bonds:			
2007 Series A wastewater expansion and improvement	917,000	47,826	Sewer Bond - Sinking Fund
2007 Series B wastewater expansion and improvement	<u>214,000</u>	<u>10,828</u>	Sewer Bond - Sinking Fund
Total debt	<u>\$ 1,180,124</u>	<u>\$ 106,154</u>	

TOWN OF MILLTOWN
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

Bank Account Reconciliations

Reconciliations of the fund balances to the bank account balances were not being performed on a monthly basis. At the start of the examination, the last month that a cash reconciliation had been performed in which the fund balances reconciled to the bank balance was March 31, 2010. Incorrect reconciliations were performed from April to September 2010, and no monthly cash reconciliations had been performed since September 2010. Currently, the Town's financial records have been reconciled to the bank accounts as of December 31, 2011.

Indiana Code 5-13-6-1(e) states: "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)

Transaction Recording

Some receipts and disbursements were not posted to the records of the Town during the examination period. During 2010, \$7,648 in disbursements and \$5,647 in receipts were not posted to the Ledger of Receipts, Disbursements, and Balances. Also, \$1,367 was earned and added directly to an investment without the interest being posted to the records. A receipt in the amount of \$2,888 was posted twice and \$9,511 in receipts were posted incorrectly to various funds.

Receipts and disbursements for the Wastewater Utility were posted to the simplified cash journal, but they had not been spread across to the proper Wastewater Utility funds and expenditure classifications.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Annual Financial Reports

The Annual Financial Report for 2010 was not filed until November 3, 2011. The Annual Financial Reports prepared and filed by the Town for the fiscal years 2009 and 2010 were materially misstated. The reports did not include all of the funds of the Town and the receipts and disbursements reported for some funds did not agree to the Town's records. Also, the majority of receipts were classified incorrectly as other receipts.

TOWN OF MILLTOWN
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 5-11-1-4(a) states:

"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."

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ADVANCE PAYMENT/OVERPAYMENT OF SALARY OF CLERK-TREASURER

Town employees are paid on a weekly basis. During the examination of payroll for the years 2009 through 2011, we noted that Evanelle Goss, former Clerk-Treasurer, made advance salary payments to herself on 84 occasions. Advance payments ranged from 1 day to 92 days prior to the time she should have received the salary payments.

Additionally, Evanelle Goss, former Clerk-Treasurer, issued payroll checks to herself totaling \$8,860.50 in excess of the approved annual salary set by the Town Council for the period January 1, 2010 through December 31, 2011. Withholdings were withheld on one of the excess salary payments received during 2010. The gross amount of this check was \$455.90, and it was reported on Department of Treasury Form W-2, resulting in the Town paying additional matching Social Security and Medicare taxes in the amount of \$34.88. During 2010, Evanelle Goss received 10 additional payroll checks in the amount of \$335.93 each. The salary overpayments for 2010 were \$3,359.30 + \$455.90 + 34.88 for a total amount of \$3,850.08. During 2011, Evanelle Goss received 13 additional payroll checks in the amount \$388.10 each, for a total overpayment of \$5,045.30.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Indiana Code 36-5-3-2 states in part:

"(a) As used in this section, "compensation" means the total of all money paid to an elected town officer for performing duties as a town officer, regardless of the source of funds from which the money was paid.

(b) The town legislative body shall by ordinance fix the compensation of its own members, the town clerk-treasurer and the town marshal. The legislative body shall provide reasonable compensation for other town officers and employees.

(c) The compensation of an elected town officer may not be changed in the year for which it is fixed, nor may it be reduced below the amount fixed for the previous year. . . ."

Evanelle Goss, former Clerk-Treasurer, has been requested to reimburse the Town Payroll Fund for overpayments of salary and benefits totaling \$8,895.38. (See Summary of Charges, page 34)

TOWN OF MILLTOWN
EXAMINATION RESULTS AND COMMENTS
(Continued)

COLLECTIONS NOT DEPOSITED

Evanelle Goss, former Clerk-Treasurer, was responsible for accounting for all collections received by the Town and the Wastewater Utility, posting the collections to the Ledger of Receipts, Disbursements, and Balances and the Simplified Cash Journal, and depositing the collections into the Town or Wastewater Utility's bank account. During the review of the monthly bank reconcilements performed, it was determined that Town receipts in the amount of \$418 and Consumer's Guarantee Deposit receipts in the amount of \$400 had not been deposited into the respective bank accounts.

Indiana Code 5-13-6-1(c) states in part

" . . . all local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance. . . "

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Evanelle Goss, former Clerk-Treasurer, has been requested to reimburse the Riverboat Fund \$360, Police Continuing Education Fund \$50, General Fund \$8, and the Sewer Guaranteed Deposits Fund \$400. (See Summary of Charges, page 34)

PERSONAL EXPENSES

On October 4, 2011, a Samsung cell phone and a Straight Talk Unlimited Text, Talk and Web Access 30 Day Service Card, along with two wireless service fees were charged to the Town's Wal-Mart credit card in the amount of \$115.47. On November 5, 2011, an additional Straight Talk card and wireless service fee was charged to the Town's Wal-Mart credit card in the amount of \$45.25. Town officials indicated that these items are not on hand at the Town Hall and were not Town purchases. Signed credit card receipts obtained from Walmart indicate that Evanelle Goss, former Clerk-Treasurer, was the individual that made these purchases.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Evanelle Goss, former Clerk-Treasurer, has been requested to reimburse the Town's General Fund for personal expenses in the amount of \$160.72. (See Summary of Charges, page 34)

PAYROLL DEFICIENCIES

The following deficiencies were noted during the examination of the payroll records:

1. Employee time and attendance reports were not properly approved.
2. No subsidiary ledgers were maintained which would provide balances of individual withholding accounts.

TOWN OF MILLTOWN
EXAMINATION RESULTS AND COMMENTS
(Continued)

3. Gross payroll was not always properly posted to the Employees Earnings Records (General Payroll Form 99B) which resulted in the Form W-2s for some employees to be incorrectly prepared.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OVERDRAWN CASH BALANCES

The cash balance of the following funds were overdrawn in 2009 and 2010:

Fund	2009	2010
General	\$ 68,146	\$ -
Payroll Fund	69,136	57,170
Trash Pick-Up	3,261	-
Police Continuing Education	-	77

The cash 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 MILLTOWN
EXAMINATION RESULTS AND COMMENTS
(Continued)

APPROPRIATIONS

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

Fund	2009	2010
General	\$ 29,155	\$ 22,916
Cemetery Fund	-	1,065
Totals	\$ 29,155	\$ 23,981

Indiana Code 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."

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the examination period:

1. Claims were not adequately itemized.
2. Claims or invoices did not have evidence to support receipt of goods or services.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

TOWN OF MILLTOWN
EXAMINATION RESULTS AND COMMENTS
(Continued)

CUSTOMER DEPOSIT REGISTER

The detailed Guarantee Deposit Register does not reconcile with the customer deposit cash balance on the Simplified Cash Journal. The balance of the individual accounts in the Guarantee Deposit Register is \$1,910 more than the fund balance on the Simplified Cash Journal at December 31, 2010. This is due to collections not deposited and the amounts refunded or applied to the individual accounts were not being posted to the Guarantee Deposit Register at the time a check was written and posted to the cash journal.

Instances were also noted in which the Town receipt was used in lieu of the prescribed receipt Form 310 – Consumer Guarantee Deposit, and other instances were noted in which the Consumer Guarantee Deposit, did not always properly designate the form of the collection, i.e., cash check, money order.

At all times, the manual and 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)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DISTRIBUTION OF GROSS REVENUES TO THE VARIOUS FUNDS

Gross revenues were not being distributed to the various utility funds in accordance with Revenue Bond Ordinance 2007-2. The ordinance, which governs the 2007A and 2007B Sewage Works Revenue Bonds, requires monthly transfers of the gross revenues from the Wastewater Operating Fund to the Bond and Interest Fund so that sufficient amounts are available to pay bond principal and interest payments when they come due. During 2009 and 2010, instead of making the required monthly transfers to the Bond and Interest Fund, large transfers were made just prior to the payments being due. The bond ordinance also requires transfers to be made of the gross revenues from the Wastewater Operating Fund to the Debt Reserve Fund in order to pay the bond holders in the event that there are insufficient funds in the Bond and Interest Fund to make current bond payments when due. Transfers are to be made equally over a 120 month period until the reserve requirement has been satisfied. During 2009 and 2010, monthly transfers were not being made and as a result the Debt Reserve Fund at December 31, 2010, was underfunded by \$19,467.

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)

DELINQUENT WASTEWATER ACCOUNTS

As of December 31, 2011, delinquent wastewater fees and penalties that were at least 90 days in arrears, totaled \$16,735 and had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

TOWN OF MILLTOWN
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) A list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
 - (A) The name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent.
 - (B) A description of the premises, as shown by the records of the county auditor.
 - (C) The amount of the delinquent fees, together with the penalty.
- (2) An individual instrument for each lot or parcel of real property on which the fees are delinquent.

(c) The officer shall record a copy of each list or each individual instrument with the county recorder. . . .

(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May. . . ."

UNAPPROVED USES OF MOTOR VEHICLE HIGHWAY DISTRIBUTIONS

We noted that payments for payroll of the Town Marshal and other police personnel exceeded the allowable percentage that can be expended from the Motor Vehicle Highway Fund by \$1,160 for 2009 and \$1,911 for 2010.

Indiana Code 8-14-1-5(b) states in part:

". . . monies allocated to cities and towns under this chapter may be expended for law enforcement purposes subject to the following limitations:

- (1) For cities and towns with a population of less than five thousand (5,000) no more than fifteen percent (15%) may be spent for law enforcement purposes."

SALES TAX

Sales tax was paid on some purchases.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF MILLTOWN
EXAMINATION RESULTS AND COMMENTS
(Continued)

INTEREST ON INVESTMENTS

On September 7, 2010, the Town purchased a certificate of deposit in the amount of \$226,099.55. Interest earned on this investment has been automatically added to the principal and not recorded in the financial records.

Interest on investments should not be automatically added into the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

POLICE DEPARTMENT RECEIPTS AND FEES

Receipts and fees collected by the Police Department were remitted to the Clerk-Treasurer less frequently than once a week. Five instances were noted in which fees collected for handgun applications were remitted to the Clerk-Treasurer between 9 and 19 days after the date of collection and one additional instance in which there were 50 days between the date of the collection and date of receipt issued by the Clerk-Treasurer.

Receipts and fees collected by a police department should be remitted to the Clerk-Treasurer or City Controller at least once each week. (Cities and Towns Bulletin and Uniform Compliance Guidelines, September 2003)

CAPITAL ASSET RECORDS

The Town does not maintain sufficient detailed records of capital assets owned by the Town and the Wastewater Utility. The Town's capital asset ledger has not been updated to account for adjustments reported in these accounts during the current prior periods. Deletions or disposals of capital assets were not recorded. In addition, inventories of capital assets were not taken so that capital assets on hand could be reconciled back to the capital asset ledger.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the Capital Asset Ledger. 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)

OFFICIAL BOND

Evanelle Goss, former Clerk-Treasurer, was covered under an Indiana Public Officials Bond (Bond No. B161202) with Pekin Insurance for the years she was in office. For the period January 1, 2009 to December 31, 2009, the coverage amount was \$15,000. For the years January 1, 2010 to December 31, 2010, and January 1, 2011 to December 31, 2011, the coverage amount was \$30,000 for each year.

TOWN OF MILLTOWN
EXIT CONFERENCE

The contents of this report were discussed on March 14, 2012, with Curt Hudson, President of Town Council, and Ray Saylor, Town Marshal. The officials concurred with our findings.

The contents of this report were discussed on March 14, 2012, with Susan M. Mills, Clerk-Treasurer, and James Pevlor, Town Manager.

The applicable portions of this report were discussed on April 17, 2012, with Evanelle Goss, former Clerk-Treasurer. The official indicated that she would be responding to the report but no Official Response was received.

TOWN OF MILLTOWN
SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Evanelle Goss, former Clerk-Treasurer:			
Advance Payment/Overpayment of Salary of Clerk-Treasurer, page 26	\$ 8,895.38	\$ -	\$ 8,895.38
Collections Not Deposited, page 27	818.00	-	818.00
Personal Expenses, page 27	<u>160.72</u>	<u>-</u>	<u>160.72</u>
 Totals	 <u>\$ 9,874.10</u>	 <u>\$ -</u>	 <u>\$ 9,874.10</u>

This report was forwarded to the Office of the Indiana Attorney General and the local prosecuting attorney.

AFFIDAVIT

STATE OF INDIANA)
HARRISON COUNTY))

I, Jonathan Wineinger, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Town of Milltown, Crawford County, Indiana, for the period from January 1, 2009 to December 31, 2010, is true and correct to the best of my knowledge and belief.

Jonathan Wineinger
Field Examiner

Subscribed and sworn to before me this 10th day of May, 2012.

Sheri L. Brown
Clerk of the Circuit Court