

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF MILAN

RIPLEY COUNTY, INDIANA

January 1, 2009 to December 31, 2010



FILED
04/26/2012

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Gladys M. Moody	01-01-08 to 12-31-15
President of the Town Council	Paul E. Hildebrand	01-01-09 to 12-31-12
Town Manager	Johnnie R. Ingram	01-01-09 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF MILAN, RIPLEY COUNTY, INDIANA

We have examined the financial statements of the Town of Milan (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

February 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 MILAN
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
General	\$ 112,317	\$ 249,219	\$ 352,566	\$ 8,970
Motor Vehicle Highway	76,547	47,617	53,346	70,818
Local Road And Street	32,691	7,129	4,185	35,635
Donations	1,195	-	385	810
Law Enforcement Continuing Education	705	713	522	896
Riverboat	963,843	157,112	207,788	913,167
Parks And Recreation	15,533	10,523	14,622	11,434
Rainy Day	-	453	-	453
Wagering Tax	35,603	11,364	17,584	29,383
Cumulative Capital Improvement Cigarette Tax	6,723	5,568	-	12,291
County Economic Development Income Tax	90,962	24,502	6,893	108,571
Beautification Community Grant	250	-	250	-
Payroll	-	312,518	309,213	3,305
Utility Clearance	20,304	751,046	720,413	50,937
Wastewater Utility-Operating	124,954	561,549	548,510	137,993
Wastewater Utility-Bond And Interest	199,209	163,384	160,994	201,599
Wastewater Utility-Debt Reserve	163,385	118	165	163,338
Water Utility-Operating	119,778	287,530	289,246	118,062
Water Utility-Customer Deposit	60,487	11,200	9,045	62,642
Milan Library Project CF-08-215	-	172,000	172,000	-
City of Lawrenceburg Grant	-	364,500	364,500	-
Totals	<u>\$ 2,024,486</u>	<u>\$ 3,138,045</u>	<u>\$ 3,232,227</u>	<u>\$ 1,930,304</u>

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

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

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General Fund	\$ 8,970	\$ 387,901	\$ 331,837	\$ 65,034
Motor Vehicle Highway	70,818	47,075	73,945	43,948
Local Road And Street	35,635	7,315	12,356	30,594
Law Enforcement Continuing Education	896	630	627	899
Riverboat	913,167	173,540	500,042	586,665
Rainy Day	453	13,019	-	13,472
Wagering Tax	29,383	11,365	18,907	21,841
Donation Baylor Foundation	810	-	-	810
Cumulative Capital Improvement Cigarette Tax	12,291	5,317	5,983	11,625
County Economic Development Income Tax	108,571	22,738	4,349	126,960
Park And Recreation	11,434	12,840	8,915	15,359
Payroll	3,305	334,935	334,480	3,760
Utility Clearance	50,937	748,849	781,886	17,900
Wastewater Utility	137,993	574,130	561,200	150,923
Wastewater Utility-Bond And Interest	201,599	163,267	160,662	204,204
Wastewater Utility Debt Reserve	163,338	49	60	163,327
Water Utility	118,062	310,975	317,205	111,832
Water Utility Customer Deposit	62,642	10,300	7,469	65,473
Milan Library Project CF-08-215	-	219,063	219,063	-
Ripley County Economic Development Grant	-	16,000	-	16,000
Duke Energy Grant	-	5,000	-	5,000
Rising Sun Regional Foundation Grant	-	50,000	50,000	-
Pike Lumber Road Entrance	-	175,000	175,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	<u>\$ 1,930,304</u>	<u>\$ 3,289,308</u>	<u>\$ 3,563,986</u>	<u>\$ 1,655,626</u>

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

TOWN OF MILAN
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, water, wastewater, storm water, trash, and urban redevelopment.

The accompanying financial statements presents 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 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.

TOWN OF MILAN
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.

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.

TOWN OF MILAN
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

TOWN OF MILAN
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 and replacement items purchased.

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 percent 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.

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

TOWN OF MILAN
 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 And Street	Donations	Law Enforcement Continuing Education	Riverboat	Parks And Recreation	Rainy Day
Cash and investments - beginning	\$ 112,317	\$ 76,547	\$ 32,691	\$ 1,195	\$ 705	\$ 963,843	\$ 15,533	\$ -
Receipts:								
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	249,219	47,617	7,129	-	713	157,112	10,523	453
Total receipts	<u>249,219</u>	<u>47,617</u>	<u>7,129</u>	<u>-</u>	<u>713</u>	<u>157,112</u>	<u>10,523</u>	<u>453</u>
Disbursements:								
Personal services	168,397	45,753	-	-	-	-	-	-
Supplies	20,976	-	-	-	-	-	-	-
Other services and charges	157,695	-	2,194	-	-	-	8,208	-
Capital outlay	1,002	7,593	1,991	-	-	-	6,414	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	4,496	-	-	385	522	207,788	-	-
Total disbursements	<u>352,566</u>	<u>53,346</u>	<u>4,185</u>	<u>385</u>	<u>522</u>	<u>207,788</u>	<u>14,622</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(103,347)</u>	<u>(5,729)</u>	<u>2,944</u>	<u>(385)</u>	<u>191</u>	<u>(50,676)</u>	<u>(4,099)</u>	<u>453</u>
Cash and investments - ending	<u>\$ 8,970</u>	<u>\$ 70,818</u>	<u>\$ 35,635</u>	<u>\$ 810</u>	<u>\$ 896</u>	<u>\$ 913,167</u>	<u>\$ 11,434</u>	<u>\$ 453</u>

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

	Wagering Tax	Cumulative Capital Improvement Cigarette Tax	County Economic Development Income Tax	Beautification Community Grant	Payroll	Utility Clearance	Wastewater Utility-Operating
Cash and investments - beginning	\$ 35,603	\$ 6,723	\$ 90,962	\$ 250	\$ -	\$ 20,304	\$ 124,954
Receipts:							
Utility fees	-	-	-	-	-	-	561,549
Penalties	-	-	-	-	-	-	-
Other receipts	11,364	5,568	24,502	-	312,518	751,046	-
Total receipts	<u>11,364</u>	<u>5,568</u>	<u>24,502</u>	<u>-</u>	<u>312,518</u>	<u>751,046</u>	<u>561,549</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	6,893	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	385,310
Other disbursements	17,584	-	-	250	309,213	720,413	163,200
Total disbursements	<u>17,584</u>	<u>-</u>	<u>6,893</u>	<u>250</u>	<u>309,213</u>	<u>720,413</u>	<u>548,510</u>
Excess (deficiency) of receipts over disbursements	<u>(6,220)</u>	<u>5,568</u>	<u>17,609</u>	<u>(250)</u>	<u>3,305</u>	<u>30,633</u>	<u>13,039</u>
Cash and investments - ending	<u>\$ 29,383</u>	<u>\$ 12,291</u>	<u>\$ 108,571</u>	<u>\$ -</u>	<u>\$ 3,305</u>	<u>\$ 50,937</u>	<u>\$ 137,993</u>

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

	Wastewater Utility-Bond And Interest	Wastewater Utility-Debt Reserve	Water Utility-Operating	Water Utility-Customer Deposit	Milan Library Project CF-08-215	City of Lawrenceburg Grant	Totals
Cash and investments - beginning	\$ 199,209	\$ 163,385	\$ 119,778	\$ 60,487	\$ -	\$ -	\$ 2,024,486
Receipts:							
Utility fees	-	-	-	-	-	-	561,549
Penalties	-	-	2,502	-	-	-	2,502
Other receipts	163,384	118	285,028	11,200	172,000	364,500	2,573,994
Total receipts	<u>163,384</u>	<u>118</u>	<u>287,530</u>	<u>11,200</u>	<u>172,000</u>	<u>364,500</u>	<u>3,138,045</u>
Disbursements:							
Personal services	-	-	-	-	-	-	214,150
Supplies	-	-	-	-	-	-	20,976
Other services and charges	-	-	-	-	-	-	174,990
Capital outlay	-	-	-	-	-	-	17,000
Utility operating expenses	-	-	268,355	9,045	-	-	662,710
Other disbursements	160,994	165	20,891	-	172,000	364,500	2,142,401
Total disbursements	<u>160,994</u>	<u>165</u>	<u>289,246</u>	<u>9,045</u>	<u>172,000</u>	<u>364,500</u>	<u>3,232,227</u>
Excess (deficiency) of receipts over disbursements	<u>2,390</u>	<u>(47)</u>	<u>(1,716)</u>	<u>2,155</u>	<u>-</u>	<u>-</u>	<u>(94,182)</u>
Cash and investments - ending	<u>\$ 201,599</u>	<u>\$ 163,338</u>	<u>\$ 118,062</u>	<u>\$ 62,642</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,930,304</u>

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

	General Fund	Motor Vehicle Highway	Local Road And Street	Law Enforcement Continuing Education	Riverboat	Rainy Day	Wagering Tax	Donation Baylor Foundation
Cash and investments - beginning	\$ 8,970	\$ 70,818	\$ 35,635	\$ 896	\$ 913,167	\$ 453	\$ 29,383	\$ 810
Receipts:								
Taxes	210,523	-	-	-	-	-	-	-
Licenses and permits	-	-	-	570	-	-	-	-
Intergovernmental	103,767	47,075	7,315	-	173,238	13,019	11,365	-
Charges for services	66,995	-	-	60	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	6,616	-	-	-	302	-	-	-
Total receipts	<u>387,901</u>	<u>47,075</u>	<u>7,315</u>	<u>630</u>	<u>173,540</u>	<u>13,019</u>	<u>11,365</u>	<u>-</u>
Disbursements:								
Personal services	180,834	68,922	-	-	-	-	-	-
Supplies	20,933	-	-	-	-	-	-	-
Other services and charges	129,355	-	10,580	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	715	5,023	1,776	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	627	500,042	-	18,907	-
Total disbursements	<u>331,837</u>	<u>73,945</u>	<u>12,356</u>	<u>627</u>	<u>500,042</u>	<u>-</u>	<u>18,907</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>56,064</u>	<u>(26,870)</u>	<u>(5,041)</u>	<u>3</u>	<u>(326,502)</u>	<u>13,019</u>	<u>(7,542)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 65,034</u>	<u>\$ 43,948</u>	<u>\$ 30,594</u>	<u>\$ 899</u>	<u>\$ 586,665</u>	<u>\$ 13,472</u>	<u>\$ 21,841</u>	<u>\$ 810</u>

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

	Cumulative Capital Improvement Cigarette Tax	County Economic Development Income Tax	Park And Recreation	Payroll	Utility Clearance	Wastewater Utility	Wastewater Utility-Bond And Interest	Wastewater Utility Debt Reserve
Cash and investments - beginning	\$ 12,291	\$ 108,571	\$ 11,434	\$ 3,305	\$ 50,937	\$ 137,993	\$ 201,599	\$ 163,338
Receipts:								
Taxes	-	-	1,618	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	5,317	22,738	243	-	-	-	-	-
Charges for services	-	-	2,500	-	-	-	-	-
Utility fees	-	-	-	-	-	574,130	-	-
Other receipts	-	-	8,479	334,935	748,849	-	163,267	49
Total receipts	5,317	22,738	12,840	334,935	748,849	574,130	163,267	49
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	5,983	4,349	8,091	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	160,662	60
Capital outlay	-	-	824	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	397,553	-	-
Other disbursements	-	-	-	334,480	781,886	163,647	-	-
Total disbursements	5,983	4,349	8,915	334,480	781,886	561,200	160,662	60
Excess (deficiency) of receipts over disbursements	(666)	18,389	3,925	455	(33,037)	12,930	2,605	(11)
Cash and investments - ending	\$ 11,625	\$ 126,960	\$ 15,359	\$ 3,760	\$ 17,900	\$ 150,923	\$ 204,204	\$ 163,327

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

	Water Utility	Water Utility Customer Deposit	Milan Library Project CF-08-215	Ripley County Economic Development Grant	Duke Energy Grant	Rising Sun Regional Foundation Grant	Pike Lumber Road Entrance	Totals
Cash and investments - beginning	\$ 118,062	\$ 62,642	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,930,304
Receipts:								
Taxes	-	-	-	-	-	-	-	212,141
Licenses and permits	-	-	-	-	-	-	-	570
Intergovernmental	-	-	-	-	-	-	-	384,077
Charges for services	-	-	-	-	-	-	-	69,555
Utility fees	310,975	-	-	-	-	-	-	885,105
Other receipts	-	10,300	219,063	16,000	5,000	50,000	175,000	1,737,860
Total receipts	<u>310,975</u>	<u>10,300</u>	<u>219,063</u>	<u>16,000</u>	<u>5,000</u>	<u>50,000</u>	<u>175,000</u>	<u>3,289,308</u>
Disbursements:								
Personal services	-	-	-	-	-	-	-	249,756
Supplies	-	-	-	-	-	-	-	20,933
Other services and charges	-	-	-	-	-	-	-	158,358
Debt service - principal and interest	-	-	-	-	-	-	-	160,722
Capital outlay	37,394	-	-	-	-	-	-	45,732
Utility operating expenses	279,410	7,469	-	-	-	-	-	684,432
Other disbursements	401	-	219,063	-	-	50,000	175,000	2,244,053
Total disbursements	<u>317,205</u>	<u>7,469</u>	<u>219,063</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>175,000</u>	<u>3,563,986</u>
Excess (deficiency) of receipts over disbursements	<u>(6,230)</u>	<u>2,831</u>	<u>-</u>	<u>16,000</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>(274,678)</u>
Cash and investments - ending	<u>\$ 111,832</u>	<u>\$ 65,473</u>	<u>\$ -</u>	<u>\$ 16,000</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,655,626</u>

TOWN OF MILAN
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 Decemeber 31, 2010

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year	Fund/ Department
Business-type activities:			
Wastewater Utility:			
Loans Payable	<u>\$ 1,612,000</u>	<u>\$ 137,986</u>	Wastewater Utility

TOWN OF MILAN
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT VARIANCES (Applies to Clerk-Treasurer)

We noted the following variances between the amounts reported on the Annual Financial Report and the financial ledger for the years 2009 and 2010.

1. The year 2009 financial ledger showed receipt and disbursement activity for the Milan Library Project CF-08-215 Fund and City of Lawrenceburg Grant Fund in the amounts of \$172,000 and \$364,500, respectively, that was not reported on the Annual Financial Report.
2. The year 2010 the financial ledger showed receipt and disbursement activity for the Milan Library Project CF-08-215 Fund; Rising Sun Regional Foundation Fund; Grant and Pike Lumber Road Entrance Fund for \$219,063, \$50,000 and \$175,000, respectively, that was not reported on the Annual Financial Report.
3. The year 2010 financial ledger showed cash and investment balances for the Ripley County Economic Development Grant Fund and Duke Energy Grant Fund in the amounts of \$16,000 and \$5,000, respectively, which were not reported in the 2010 Annual Report.

The Town approved adjustments to be made to their financial statements for the above items.

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)

BANK RECONCILIATIONS (Applies to Clerk-Treasurer)

Bank reconciliations of record cash balances to the bank account balances were prepared monthly, but contained errors and an unidentified reconciling item as noted below at December 31, 2010:

1. Check number 11414 dated November 9, 2010, in the amount of \$150 was voided prior to December 31, 2010, but included as a reconciling item.
2. The outstanding check list presented for examination included \$3,790 of checks which had cleared the bank prior to December 31, 2010.
3. The Town's reconciliation included a reconciling amount of \$1,234, which could not be identified.
4. The reconciliation presented for examination showed a "cash necessary to balance" (record balance of cash in excess of net bank balances) of \$2,530. After adjustments were made for identified errors, the reconciliation showed a "cash necessary to balance" in the amount of \$124.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

TOWN OF MILAN
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

UNCOLLECTIBLE ACCOUNTS (Applies to Town Council)

The Accounts Receivable Aged Trial Balance for the Utilities contained numerous accounts 90 days or more past due. Town officials stated they have pursued collection of these old accounts; however, due to customers moving out of town, bankruptcies, death, etc., some of these accounts may never be collected. The Town Council has not adopted a written policy concerning a procedure for the writing off of uncollectible accounts. As a result, delinquent accounts represent a significant percentage of total accounts receivable at December 31, 2010, as shown in the following schedule:

	Water Utility	Wastewater Utility	Sanitation Trash	Total
Accounts Receivable	\$ 34,446.84	\$ 75,815.00	\$ 9,856.36	\$ 120,118.20
Accounts Over 90 Days Delinquent	22,516.38	52,785.32	6,831.02	82,132.72
90 Days Delinquent as a Percentage of Accounts Receivable	65%	70%	69%	68%

The governing body of a governmental unit should have a written policy concerning a procedure for the writing off of bad debts, uncollectible accounts receivable, or any adjustments to record balances. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

A similar comment was made in prior Reports B31021 and B35405.

NO CAPITAL ASSET RECORDS (Applies to Clerk-Treasurer and Town Council)

The Town does not maintain capital asset records for its governmental funds or for its utility funds.

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. 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)

A similar comment was made in prior Reports B31021 and B35405.

TOWN OF MILAN
EXIT CONFERENCE

The contents of this report were discussed on February 14, 2012, with Gladys M. Moody, Clerk-Treasurer; Paul E. Hildebrand, President of the Town Council; and Johnnie R. Ingram, Town Manager.