

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

MILAN TOWNSHIP

ALLEN COUNTY, INDIANA

January 1, 2012 to December 31, 2015



**FILED**  
06/16/2016



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Chad MacDowell	01-01-11 to 12-31-18
Chairman of the Township Board	Mark Bradtmueller	01-01-12 to 12-31-12
	Dan Meyer	01-01-13 to 12-31-13
	David Krohn	01-01-14 to 12-31-14
	Mark Bradtmueller	01-01-15 to 12-31-15
	Dan Meyer	01-01-16 to 12-31-16



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF MILAN TOWNSHIP, ALLEN COUNTY, INDIANA

We have examined the accompanying financial statements of Milan Township (Township), for the period of January 1, 2012 to December 31, 2015. The financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on the financial statements 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 Township prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana 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 effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Township for the period of January 1, 2012 to December 31, 2015.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Township for the period of January 1, 2012 to December 31, 2015, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Township's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Leases and Debt, and Schedule of Capital Assets, 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.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

April 7, 2016

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## FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

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

MILAN TOWNSHIP, ALLEN COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended December 31, 2012 and 2013

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12	Receipts	Disbursements	Cash and Investments 12-31-13
Township	\$ 58,161	\$ 25,236	\$ 31,279	\$ 52,118	\$ 22,326	\$ 29,506	\$ 44,938
Township Assistance	76,409	7,586	8,560	75,435	6,229	8,362	73,302
Fire Fighting	4,917	55,568	48,625	11,860	50,683	51,625	10,918
Horse Drawn Vehicle	-	6,600	6,600	-	7,260	7,260	-
Rainy Day	43,408	15,000	-	58,408	15,000	-	73,408
Cumulative Fire	<u>285,740</u>	<u>51,167</u>	<u>49,585</u>	<u>287,322</u>	<u>43,349</u>	<u>34,580</u>	<u>296,091</u>
Totals	<u>\$ 468,635</u>	<u>\$ 161,157</u>	<u>\$ 144,649</u>	<u>\$ 485,143</u>	<u>\$ 144,847</u>	<u>\$ 131,333</u>	<u>\$ 498,657</u>

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



MILAN TOWNSHIP, ALLEN COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended December 31, 2014 and 2015

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14	Receipts	Disbursements	Cash and Investments 12-31-15
Township	\$ 44,938	\$ 23,422	\$ 33,051	\$ 35,309	\$ 23,972	\$ 28,664	\$ 30,617
Township Assistance	73,302	6,270	9,032	70,540	6,199	15,000	61,739
Fire Fighting	10,918	52,789	60,125	3,582	52,910	47,364	9,128
Horse Drawn Vehicle	-	19,470	19,470	-	31,625	31,625	-
Rainy Day	73,408	15,000	12,038	76,370	15,000	19,621	71,749
Cumulative Fire	296,091	43,666	59,885	279,872	51,413	160,098	171,187
Fire Building Debt	-	-	-	-	145,061	121,476	23,585
Totals	<u>\$ 498,657</u>	<u>\$ 160,617</u>	<u>\$ 193,601</u>	<u>\$ 465,673</u>	<u>\$ 326,180</u>	<u>\$ 423,848</u>	<u>\$ 368,005</u>

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

MILAN TOWNSHIP, ALLEN COUNTY  
NOTES TO FINANCIAL STATEMENTS

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The Township was established under the laws of the State of Indiana. The Township operates under a township trustee/township board form of government and provides some or all of the following services: public safety (fire), health and social services (township assistance), culture and recreation (parks and/or community centers), and general administrative services (weed and dog control).

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

*B. Basis of Accounting*

The financial statements are reported on a regulatory basis of accounting prescribed by the Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

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

*D. Receipts*

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

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

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 the following: peddler licenses, dog tax licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

MILAN TOWNSHIP, ALLEN COUNTY  
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 these types of receipts include, but are not limited to the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions 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.

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

*E. Disbursements*

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

Personal services, which 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 Township. It includes all expenditures for the reduction of the principal and interest of the Township'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.

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 Township 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.

MILAN TOWNSHIP, ALLEN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the Township. 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 Township. 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 Township 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 Township 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 Township 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 Township 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 Township 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.

MILAN TOWNSHIP, ALLEN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 Township 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.

**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 a cost-sharing 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 Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the Township 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.

INPRS 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:

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

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

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#### OTHER INFORMATION - UNAUDITED

The Township's Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Township 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 other information presented was approved by management of the Township. It is presented as intended by the Township.

MILAN TOWNSHIP, ALLEN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2012

	Township	Township Assistance	Fire Fighting	Horse Drawn Vehicle	Rainy Day	Cumulative Fire	Totals
Cash and investments - beginning	\$ 58,161	\$ 76,409	\$ 4,917	\$ -	\$ 43,408	\$ 285,740	\$ 468,635
Receipts:							
Taxes	23,403	7,045	41,128	-	-	48,451	120,027
Licenses and permits	-	-	-	6,600	-	-	6,600
Intergovernmental	1,240	363	14,440	-	-	2,301	18,344
Other receipts	593	178	-	-	15,000	415	16,186
Total receipts	<u>25,236</u>	<u>7,586</u>	<u>55,568</u>	<u>6,600</u>	<u>15,000</u>	<u>51,167</u>	<u>161,157</u>
Disbursements:							
Personal services	18,130	-	-	440	-	-	18,570
Supplies	454	-	-	-	-	-	454
Other services and charges	5,195	1,060	48,625	6,160	-	368	61,408
Capital outlay	-	-	-	-	-	49,217	49,217
Other disbursements	7,500	7,500	-	-	-	-	15,000
Total disbursements	<u>31,279</u>	<u>8,560</u>	<u>48,625</u>	<u>6,600</u>	<u>-</u>	<u>49,585</u>	<u>144,649</u>
Excess (deficiency) of receipts over disbursements	<u>(6,043)</u>	<u>(974)</u>	<u>6,943</u>	<u>-</u>	<u>15,000</u>	<u>1,582</u>	<u>16,508</u>
Cash and investments - ending	<u>\$ 52,118</u>	<u>\$ 75,435</u>	<u>\$ 11,860</u>	<u>\$ -</u>	<u>\$ 58,408</u>	<u>\$ 287,322</u>	<u>\$ 485,143</u>



MILAN TOWNSHIP, ALLEN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013

	Township	Township Assistance	Fire Fighting	Horse Drawn Vehicle	Rainy Day	Cumulative Fire	Totals
Cash and investments - beginning	52,118	75,435	11,860	-	58,408	287,322	485,143
Receipts:							
Taxes	20,378	5,706	34,555	-	-	40,618	101,257
Licenses and permits	-	-	-	7,260	-	-	7,260
Intergovernmental	1,256	352	16,128	-	-	2,332	20,068
Other receipts	692	171	-	-	15,000	399	16,262
Total receipts	22,326	6,229	50,683	7,260	15,000	43,349	144,847
Disbursements:							
Personal services	16,071	-	-	484	-	-	16,555
Supplies	227	-	-	-	-	-	227
Other services and charges	5,708	862	51,625	6,776	-	34,580	99,551
Other disbursements	7,500	7,500	-	-	-	-	15,000
Total disbursements	29,506	8,362	51,625	7,260	-	34,580	131,333
Excess (deficiency) of receipts over disbursements	(7,180)	(2,133)	(942)	-	15,000	8,769	13,514
Cash and investments - ending	\$ 44,938	\$ 73,302	\$ 10,918	\$ -	\$ 73,408	\$ 296,091	\$ 498,657

MILAN TOWNSHIP, ALLEN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2014

	Township	Township Assistance	Fire Fighting	Horse Drawn Vehicle	Rainy Day	Cumulative Fire	Fire Building Debt	Totals
Cash and investments - beginning	\$ 44,938	\$ 73,302	\$ 10,918	\$ -	\$ 73,408	\$ 296,091	\$ -	\$ 498,657
Receipts:								
Taxes	21,442	5,773	35,962	-	-	41,070	-	104,247
Licenses and permits	-	-	-	19,470	-	-	-	19,470
Intergovernmental	1,235	333	16,827	-	-	2,213	-	20,608
Other receipts	745	164	-	-	15,000	383	-	16,292
Total receipts	<u>23,422</u>	<u>6,270</u>	<u>52,789</u>	<u>19,470</u>	<u>15,000</u>	<u>43,666</u>	<u>-</u>	<u>160,617</u>
Disbursements:								
Personal services	19,633	-	-	708	-	-	-	20,341
Supplies	472	-	-	220	-	-	-	692
Other services and charges	5,446	1,532	60,125	18,542	12,038	7,478	-	105,161
Capital outlay	-	-	-	-	-	52,407	-	52,407
Other disbursements	7,500	7,500	-	-	-	-	-	15,000
Total disbursements	<u>33,051</u>	<u>9,032</u>	<u>60,125</u>	<u>19,470</u>	<u>12,038</u>	<u>59,885</u>	<u>-</u>	<u>193,601</u>
Excess (deficiency) of receipts over disbursements	<u>(9,629)</u>	<u>(2,762)</u>	<u>(7,336)</u>	<u>-</u>	<u>2,962</u>	<u>(16,219)</u>	<u>-</u>	<u>(32,984)</u>
Cash and investments - ending	<u>\$ 35,309</u>	<u>\$ 70,540</u>	<u>\$ 3,582</u>	<u>\$ -</u>	<u>\$ 76,370</u>	<u>\$ 279,872</u>	<u>\$ -</u>	<u>\$ 465,673</u>

MILAN TOWNSHIP, ALLEN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015

	Township	Township Assistance	Fire Fighting	Horse Drawn Vehicle	Rainy Day	Cumulative Fire	Fire Building Debt	Totals
Cash and investments - beginning	\$ 35,309	\$ 70,540	\$ 3,582	\$ -	\$ 76,370	\$ 279,872	\$ -	\$ 465,673
Receipts:								
Taxes	21,982	5,762	36,822	-	-	41,266	137,978	243,810
Licenses and permits	-	-	-	31,625	-	-	-	31,625
Intergovernmental	1,236	324	16,088	-	-	2,119	7,083	26,850
Other receipts	754	113	-	-	15,000	8,028	-	23,895
Total receipts	<u>23,972</u>	<u>6,199</u>	<u>52,910</u>	<u>31,625</u>	<u>15,000</u>	<u>51,413</u>	<u>145,061</u>	<u>326,180</u>
Disbursements:								
Personal services	20,227	-	-	1,149	-	-	-	21,376
Supplies	765	-	-	-	-	526	-	1,291
Other services and charges	7,672	-	47,364	333	19,621	26,318	-	101,308
Debt service - principal and interest	-	-	-	-	-	-	121,476	121,476
Capital outlay	-	-	-	-	-	133,254	-	133,254
Other disbursements	-	15,000	-	30,143	-	-	-	45,143
Total disbursements	<u>28,664</u>	<u>15,000</u>	<u>47,364</u>	<u>31,625</u>	<u>19,621</u>	<u>160,098</u>	<u>121,476</u>	<u>423,848</u>
Excess (deficiency) of receipts over disbursements	<u>(4,692)</u>	<u>(8,801)</u>	<u>5,546</u>	<u>-</u>	<u>(4,621)</u>	<u>(108,685)</u>	<u>23,585</u>	<u>(97,668)</u>
Cash and investments - ending	<u>\$ 30,617</u>	<u>\$ 61,739</u>	<u>\$ 9,128</u>	<u>\$ -</u>	<u>\$ 71,749</u>	<u>\$ 171,187</u>	<u>\$ 23,585</u>	<u>\$ 368,005</u>

MILAN TOWNSHIP, ALLEN COUNTY  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2015

Description of Debt		Ending	Principal and
Type	Purpose	Principal	Interest Due
		Balance	Within One
			Year
Governmental activities:			
Notes and loans payable	Fire Station	\$ 1,287,752	\$ 121,476
Totals		<u>\$ 1,287,752</u>	<u>\$ 121,476</u>

MILAN TOWNSHIP, ALLEN COUNTY  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2015

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>Ending Balance</u>
Governmental activities:	
Land	\$ 30,000
Buildings	1,400,000
Machinery, equipment, and vehicles	<u>470,000</u>
Total governmental activities	<u>1,900,000</u>
Total capital assets	<u><u>\$ 1,900,000</u></u>

#### OTHER REPORTS

In addition to this report, other reports may have been issued for the Township. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.