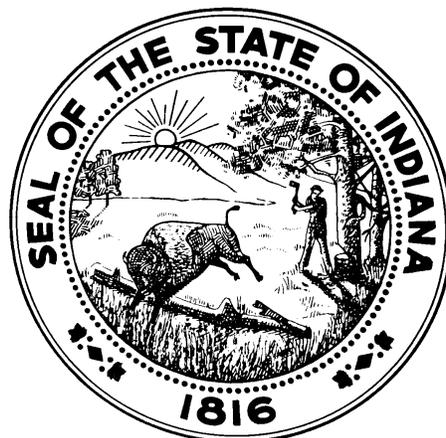


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
TOWN OF MONROVIA
MORGAN COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
11/12/2008

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5-6
Supplementary Information:	
Schedule of Capital Assets.....	7
Schedule of Long-Term Debt	8
Examination Results and Comments:	
Interest on Investments	9
Annual Report Errors	9
Condition of Records	9
Exit Conference.....	10

OFFICIALS

Office

Official

Term

Clerk-Treasurer

Norieta Sighting

01-01-06 to 12-31-11

President of the
Town Council

Robert Marley

01-01-06 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF MONROVIA, MORGAN COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Monrovia (Town), for the period of January 1, 2006 to December 31, 2007. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

October 7, 2008

TOWN OF MONROVIA
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 100,249	\$ 176,368	\$ 140,881	\$ 135,736
Motor Vehicle Highway	119,532	28,296	13,088	134,740
Local Road and Street	42,595	5,770	100	48,265
Law Enforcement Continuing Education	844	170	-	1,014
Riverboat	11,891	3,952	15,843	-
Cumulative Capital Improvement	-	2,244	2,244	-
Build Indiana Fund	2,955	-	2,955	-
Economic Development Income Tax	20,863	21,566	11,981	30,448
Nonreverting Construction	-	77,268	75,398	1,870
Proprietary Funds:				
Wastewater Utility - Operating	43,377	238,538	238,939	42,976
Wastewater Utility - Bond and Interest	2,183	91,200	87,816	5,567
Wastewater Utility - Construction	61,169	878,955	746,895	193,229
Wastewater Utility - Debt Service	177,303	66,918	-	244,221
Totals	<u>\$ 582,961</u>	<u>\$ 1,591,245</u>	<u>\$ 1,336,140</u>	<u>\$ 838,066</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 135,736	\$ 166,115	\$ 152,494	\$ 149,357
Motor Vehicle Highway	134,740	33,734	53,592	114,882
Local Road and Street	48,265	5,793	7,346	46,712
Law Enforcement Continuing Education	1,014	445	-	1,459
Riverboat	-	3,960	3,960	-
Cumulative Capital Improvement	-	2,206	2,204	2
Economic Development Income Tax	30,448	28,193	13,262	45,379
Nonreverting Construction	1,870	26,603	27,685	788
Proprietary Funds:				
Wastewater Utility - Operating	42,976	277,449	242,552	77,873
Wastewater Utility - Bond and Interest	5,567	91,200	87,816	8,951
Wastewater Utility - Construction	193,229	53,992	170,849	76,372
Wastewater Utility - Debt Service	244,221	101,652	50,000	295,873
Totals	<u>\$ 838,066</u>	<u>\$ 791,342</u>	<u>\$ 811,760</u>	<u>\$ 817,648</u>

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

TOWN OF MONROVIA
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, health and social services, culture and recreation, wastewater, and general administrative services.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

TOWN OF MONROVIA
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Subsequent Event

During the period January 2008 to July 2008, the Town received and expended \$500,000 of federal Community Development Block Grant funds passed through the Indiana Office of Community and Rural Affairs for the purpose of construction and renovation of the Monrovia branch of the Morgan County Public Library.

Note 7. Restatement of Amounts Previously Reported

The January 1, 2006, cash and investment balances of certain funds have been restated from the amounts previously reported. The amounts of the restatement and the affected funds are:

Fund	December 31, 2005, Amount Previously Reported	January 1, 2006, Amount as Restated
Wastewater Utility - Operating	\$ 43,377	\$ 43,444
Wastewater Utility - Bond and Interest	170,000	2,183
Wastewater Utility - Construction	70,705	61,169
Wastewater Utility - Debt Service	-	177,303

TOWN OF MONROVIA
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2007

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 10,125
Buildings	40,000
Machinery and equipment	<u>130,575</u>
 Total governmental activities, capital assets not being depreciated	 \$ <u>180,700</u>
 Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 86,625
Improvements other than buildings	<u>2,893,744</u>
 Total Wastewater Utility capital assets	 \$ <u>2,980,369</u>

TOWN OF MONROVIA
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type Activities:		
Wastewater Utility		
Revenue bonds:		
Wastewater improvements	\$ 1,403,474	\$ 87,817

TOWN OF MONROVIA
EXAMINATION RESULTS AND COMMENTS

INTEREST ON INVESTMENTS

Interest earned on investments was automatically added to the principal and not recorded in the records in some instances.

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)

ANNUAL REPORT ERRORS

Annual reports for 2006 and 2007 did not include accurate information for the Wastewater Utility.

Indiana Code 5-3-1-3(a) states in part: "Within sixty (60) days after the expiration of each calendar year, the fiscal officer of each civil city and town in Indiana shall publish an annual report of the receipts and expenditures of the city or town . . ."

CONDITION OF RECORDS (Applies to Wastewater Utility)

The Simplified Cash Journal presented for examination was incomplete and not reflective of the activity of the Wastewater Utility funds for the period January 1, 2006 to August 1, 2006. The records presented did not provide sufficient information to audit or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions.

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)

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)

TOWN OF MONROVIA
EXIT CONFERENCE

The contents of this report were discussed on October 7, 2008, with Norieta Sighting, Clerk-Treasurer; Robert Marley, President of the Town Council; and Brenda Prough, Deputy Clerk-Treasurer. The officials concurred with our findings.