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

AUDIT REPORT

OF

TOWN OF MONROEVILLE

ALLEN COUNTY, INDIANA

January 1, 2008 to December 31, 2009



**FILED**  
06/03/2010



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Kevin Wenger	01-01-08 to 12-31-11
President of the Town Council	Donald Gerardot	01-01-08 to 12-31-10
Superintendent of Utilities	Larry Oberley	01-01-08 to 12-31-10



**STATE OF INDIANA**  
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE TOWN OF MONROEVILLE, ALLEN COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Monroeville (Town), as of and for the years ended December 31, 2008 and 2009, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2008 and 2009, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated April 27, 2010, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations,

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Town has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

April 27, 2010



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE TOWN OF MONROEVILLE, ALLEN COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Monroeville (Town), as of and for the years ended December 31, 2008 and 2009, which collectively comprise the Town's basic financial statements and have issued our report thereon dated April 27, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in item 2009-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we consider item 2009-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The Town's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management and federal awarding agencies and pass-through entities 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

April 27, 2010

TOWN OF MONROEVILLE  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2008

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$ 167,913	\$ 2,245	\$ -	4,019	\$ (161,649)	\$ -	\$ (161,649)
Public safety	87,624	2,737	-	-	(84,887)	-	(84,887)
Highways and streets	67,357	-	36,347	14,121	(16,889)	-	(16,889)
Sanitation	72,455	87,144	-	-	14,689	-	14,689
Economic development	115,641	-	119,721	-	4,080	-	4,080
Culture and recreation	91,274	-	72,822	-	(18,452)	-	(18,452)
Principal and interest on indebtedness	97,328	-	-	-	(97,328)	-	(97,328)
<b>Total governmental activities</b>	<b>699,592</b>	<b>92,126</b>	<b>228,890</b>	<b>18,140</b>	<b>(360,436)</b>	<b>-</b>	<b>(360,436)</b>
<b>Business-type activities:</b>							
Water Utility	168,753	190,676	-	-	-	21,923	21,923
Wastewater Utility	132,786	134,902	-	58,937	-	2,116	2,116
<b>Total business-type activities</b>	<b>301,539</b>	<b>325,578</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,039</b>	<b>24,039</b>
<b>Total primary government</b>	<b>\$ 1,001,131</b>	<b>\$ 417,704</b>	<b>\$ 228,890</b>	<b>\$ 18,140</b>	<b>(360,436)</b>	<b>24,039</b>	<b>(336,397)</b>
<b>General receipts:</b>							
Property taxes					446,301	-	446,301
Intergovernmental					79,691	-	79,691
Other local sources					12,378	-	12,378
Investment earnings					20,690	4,462	25,152
<b>Total general receipts</b>					<b>559,060</b>	<b>4,462</b>	<b>563,522</b>
<b>Change in net assets</b>					<b>198,624</b>	<b>28,501</b>	<b>227,125</b>
<b>Net assets - beginning</b>					<b>1,834,367</b>	<b>524,865</b>	<b>2,359,232</b>
<b>Net assets - ending</b>					<b>\$ 2,032,991</b>	<b>\$ 553,366</b>	<b>\$ 2,586,357</b>
<b>Assets</b>							
Cash and investments					\$ 142,971	\$ 155,866	\$ 298,837
<b>Restricted assets:</b>							
Cash and investments					1,890,020	397,500	2,287,520
<b>Total assets</b>					<b>\$ 2,032,991</b>	<b>\$ 553,366</b>	<b>\$ 2,586,357</b>
<b>Net Assets</b>							
<b>Restricted for:</b>							
Public safety					4,399	-	4,399
Highways and streets					127,115	-	127,115
Sanitation					19,088	-	19,088
Economic development					624,118	-	624,118
Culture and recreation					21,760	-	21,760
Debt service					942,528	228,575	1,171,103
Capital outlay					151,012	-	151,012
Other purposes					-	168,925	168,925
Unrestricted					142,971	155,866	298,837
<b>Total net assets</b>					<b>\$ 2,032,991</b>	<b>\$ 553,366</b>	<b>\$ 2,586,357</b>

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

TOWN OF MONROEVILLE  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2008

	General	CEDIT	Debt Service TIF	Sanitation	Other Governmental Funds	Totals
<b>Receipts:</b>						
Taxes	\$ 176,150	\$ -	\$ 254,793	\$ -	\$ 15,358	\$ 446,301
Licenses and permits	-	-	-	-	901	901
Intergovernmental	65,441	119,721	1,779	-	68,737	255,678
Charges for services	2,245	-	-	87,144	-	89,389
Fines and forfeits	1,836	-	-	-	-	1,836
Other	14,095	-	8,474	-	81,542	104,111
<b>Total receipts</b>	<b>259,767</b>	<b>119,721</b>	<b>265,046</b>	<b>87,144</b>	<b>166,538</b>	<b>898,216</b>
<b>Disbursements:</b>						
General government	149,712	-	-	-	631	150,343
Public safety	87,190	-	-	-	434	87,624
Highways and streets	16,206	-	-	-	51,151	67,357
Sanitation	-	-	-	72,455	-	72,455
Economic development	1,516	-	-	-	-	1,516
Culture and recreation	-	-	-	-	47,803	47,803
Debt service:						
Principal	-	-	62,000	-	-	62,000
Interest	-	-	35,328	-	-	35,328
Capital outlay:						
General government	17,570	-	-	-	-	17,570
Culture and recreation	-	-	-	-	43,471	43,471
Economic development	-	114,125	-	-	-	114,125
<b>Total disbursements</b>	<b>272,194</b>	<b>114,125</b>	<b>97,328</b>	<b>72,455</b>	<b>143,490</b>	<b>699,592</b>
Excess (deficiency) of receipts over disbursements	(12,427)	5,596	167,718	14,689	23,048	198,624
Cash and investment fund balance - beginning	155,398	618,522	774,810	4,399	281,238	1,834,367
Cash and investment fund balance - ending	<u>\$ 142,971</u>	<u>\$ 624,118</u>	<u>\$ 942,528</u>	<u>\$ 19,088</u>	<u>\$ 304,286</u>	<u>2,032,991</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 142,971	\$ -	\$ -	\$ -	\$ -	\$ 142,971
Restricted assets:						
Cash and investments	-	624,118	942,528	19,088	304,286	1,890,020
Total cash and investment assets - ending	<u>\$ 142,971</u>	<u>\$ 624,118</u>	<u>\$ 942,528</u>	<u>\$ 19,088</u>	<u>\$ 304,286</u>	<u>\$ 2,032,991</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 4,399	\$ 4,399
Highways and streets	-	-	-	-	127,115	127,115
Sanitation	-	-	-	19,088	-	19,088
Economic development	-	624,118	-	-	-	624,118
Culture and recreation	-	-	-	-	21,760	21,760
Debt service	-	-	942,528	-	-	942,528
Capital outlay	-	-	-	-	151,012	151,012
Unrestricted	142,971	-	-	-	-	142,971
Total cash and investment fund balance - ending	<u>\$ 142,971</u>	<u>\$ 624,118</u>	<u>\$ 942,528</u>	<u>\$ 19,088</u>	<u>\$ 304,286</u>	<u>\$ 2,032,991</u>

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

TOWN OF MONROEVILLE  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As of and for the Year Ended December 31, 2008

	Water Utility	Wastewater Utility	Totals
Operating receipts:			
Metered/measured	157,256	129,852	287,108
Fire protection receipts	33,000	-	33,000
Tap fees	-	5,050	5,050
Deposits	420	-	420
	<u>190,676</u>	<u>134,902</u>	<u>325,578</u>
Total operating receipts			
Operating disbursements:			
Salaries and wages	34,740	76,363	111,103
Employee pensions and benefits	5,637	7,242	12,879
Purchased power	9,402	9,506	18,908
Chemicals	42,933	4,557	47,490
Material and supplies	2,977	6,902	9,879
Contractual services	3,083	1,034	4,117
Repairs	-	6,872	6,872
Sales tax	7,188	-	7,188
Equipment and capital improvements	19,880	71,029	90,909
Miscellaneous	3,400	8,218	11,618
	<u>129,240</u>	<u>191,723</u>	<u>320,963</u>
Total operating disbursements			
Excess (deficiency) of operating receipts over operating disbursements	<u>61,436</u>	<u>(56,821)</u>	<u>4,615</u>
Nonoperating receipts (disbursements):			
Investment income	2,473	1,989	4,462
Grants	-	58,937	58,937
Debt service of principal	(28,000)	-	(28,000)
Interest disbursements	(11,513)	-	(11,513)
	<u>(37,040)</u>	<u>60,926</u>	<u>23,886</u>
Total nonoperating receipts (disbursements)			
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	24,396	4,105	28,501
Cash and investment fund balance - beginning	<u>288,092</u>	<u>236,773</u>	<u>524,865</u>
Cash and investment fund balance - ending	<u>\$ 312,488</u>	<u>\$ 240,878</u>	<u>\$ 553,366</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 8,008	\$ 147,858	\$ 155,866
Restricted assets:			
Cash and investments	<u>304,480</u>	<u>93,020</u>	<u>397,500</u>
Total cash and investment assets - December 31	<u>\$ 312,488</u>	<u>\$ 240,878</u>	<u>\$ 553,366</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ 228,575	\$ -	\$ 228,575
Other purposes	75,905	93,020	168,925
Unrestricted	<u>8,008</u>	<u>147,858</u>	<u>155,866</u>
Total cash and investment fund balance - December 31	<u>\$ 312,488</u>	<u>\$ 240,878</u>	<u>\$ 553,366</u>

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

TOWN OF MONROEVILLE  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2008

	Private-Purpose Trust Funds
Additions:	
Deposits	\$ 2,175
Deductions:	
Deposit refunds	2,400
Deficiency of total additions over total deductions	(225)
Cash and investment fund balance - beginning	725
Cash and investment fund balance - ending	\$ 500

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

TOWN OF MONROEVILLE  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2009

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Totals
					Governmental Activities	Business-Type Activities	
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$ 153,033	\$ 3,840	\$ -	\$ 3,790	\$ (145,403)	\$ -	\$ (145,403)
Public safety	89,878	1,603	-	-	(88,275)	-	(88,275)
Highways and streets	44,828	-	34,138	13,236	2,546	-	2,546
Sanitation	75,217	74,408	-	-	(809)	-	(809)
Economic development	124,304	-	119,053	-	(5,251)	-	(5,251)
Culture and recreation	65,654	-	70,613	-	4,959	-	4,959
Principal and interest on indebtedness	97,712	-	-	-	(97,712)	-	(97,712)
<b>Total governmental activities</b>	<b>650,626</b>	<b>79,851</b>	<b>223,804</b>	<b>17,026</b>	<b>(329,945)</b>	<b>-</b>	<b>(329,945)</b>
<b>Business-type activities:</b>							
Water Utility	227,068	160,436	-	-	-	(66,632)	(66,632)
Wastewater Utility	1,164,566	195,352	-	1,001,208	-	31,994	31,994
<b>Total business-type activities</b>	<b>1,391,634</b>	<b>355,788</b>	<b>-</b>	<b>1,001,208</b>	<b>-</b>	<b>(34,638)</b>	<b>(34,638)</b>
<b>Total primary government</b>	<b>\$ 2,042,260</b>	<b>\$ 435,639</b>	<b>\$ 223,804</b>	<b>\$ 1,018,234</b>	<b>(329,945)</b>	<b>(34,638)</b>	<b>(364,583)</b>
<b>General receipts:</b>							
Property taxes					489,143	-	489,143
Intergovernmental					87,975	-	87,975
Other local sources					67,976	-	67,976
Investment earnings					11,829	745	12,574
<b>Total general receipts</b>					<b>656,923</b>	<b>745</b>	<b>657,668</b>
<b>Change in net assets</b>					<b>326,978</b>	<b>(33,893)</b>	<b>293,085</b>
<b>Net assets - beginning</b>					<b>2,032,991</b>	<b>553,366</b>	<b>2,586,357</b>
<b>Net assets - ending</b>					<b>\$ 2,359,969</b>	<b>\$ 519,473</b>	<b>\$ 2,879,442</b>
<b>Assets</b>							
Cash and investments					\$ 163,812	\$ 205,941	\$ 369,753
<b>Restricted assets:</b>							
Cash and investments					2,196,157	313,532	2,509,689
<b>Total assets</b>					<b>\$ 2,359,969</b>	<b>\$ 519,473</b>	<b>\$ 2,879,442</b>
<b>Net Assets</b>							
<b>Restricted for:</b>							
Public safety					\$ 3,832	\$ -	\$ 3,832
Highways and streets					151,753	-	151,753
Sanitation					18,279	-	18,279
Economic development					620,067	-	620,067
Culture and recreation					58,746	-	58,746
Debt service					1,188,335	99,140	1,287,475
Capital outlay					155,145	-	155,145
Other purposes					-	214,392	214,392
Unrestricted					163,812	205,941	369,753
<b>Total net assets</b>					<b>\$ 2,359,969</b>	<b>\$ 519,473</b>	<b>\$ 2,879,442</b>

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

TOWN OF MONROEVILLE  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2009

	General Fund	CEDIT	Debt Service TIF	Sanitation	Other Governmental Funds	Totals
<b>Receipts:</b>						
Taxes	\$ 187,673	\$ -	\$ 280,282	\$ -	\$ 21,188	\$ 489,143
Licenses and permits	-	-	-	-	583	583
Intergovernmental	71,745	119,053	1,645	-	65,749	258,192
Charges for services	1,020	-	-	74,408	-	75,428
Other	11,913	-	5,592	-	78,355	95,860
<b>Total receipts</b>	<b>272,351</b>	<b>119,053</b>	<b>287,519</b>	<b>74,408</b>	<b>165,875</b>	<b>919,206</b>
<b>Disbursements:</b>						
General government	153,033	-	-	-	-	153,033
Public safety	88,728	-	-	-	1,150	89,878
Highways and streets	10,947	-	-	-	33,881	44,828
Sanitation	-	-	-	75,217	-	75,217
Economic development	1,200	-	-	-	-	1,200
Culture and recreation	-	-	-	-	61,154	61,154
Debt service:						
Principal	-	-	66,000	-	-	66,000
Interest	-	-	32,012	-	-	32,012
Capital outlay:						
Economic development	-	123,104	-	-	-	123,104
Culture and recreation	-	-	-	-	4,500	4,500
<b>Total disbursements</b>	<b>253,908</b>	<b>123,104</b>	<b>98,012</b>	<b>75,217</b>	<b>100,685</b>	<b>650,926</b>
Excess (deficiency) of receipts over disbursements	18,443	(4,051)	189,507	(809)	65,190	268,280
<b>Other financing sources:</b>						
Other receipts	2,398	-	56,000	-	-	58,398
<b>Total other financing sources</b>	<b>2,398</b>	<b>-</b>	<b>56,000</b>	<b>-</b>	<b>-</b>	<b>58,398</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	20,841	(4,051)	245,507	(809)	65,190	326,678
Cash and investment fund balance - beginning	142,971	624,118	942,528	19,088	304,286	2,032,991
Cash and investment fund balance - ending	\$ 163,812	\$ 620,067	\$ 1,188,035	\$ 18,279	\$ 369,476	\$ 2,359,669
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 163,812	\$ -	\$ -	\$ -	\$ -	\$ 163,812
Restricted assets:						
Cash and investments	-	620,067	1,188,335	18,279	369,476	2,196,157
<b>Total cash and investment assets - ending</b>	<b>\$ 163,812</b>	<b>\$ 620,067</b>	<b>\$ 1,188,335</b>	<b>\$ 18,279</b>	<b>\$ 369,476</b>	<b>\$ 2,359,969</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 3,832	\$ 3,832
Highways and streets	-	-	-	-	151,753	151,753
Sanitation	-	-	-	18,279	-	18,279
Economic development	-	620,067	-	-	-	620,067
Culture and recreation	-	-	-	-	58,746	58,746
Debt service	-	-	1,188,335	-	-	1,188,335
Capital outlay	-	-	-	-	155,145	155,145
Unrestricted	163,812	-	-	-	-	163,812
<b>Total cash and investment fund balance - ending</b>	<b>\$ 163,812</b>	<b>\$ 620,067</b>	<b>\$ 1,188,335</b>	<b>\$ 18,279</b>	<b>\$ 369,476</b>	<b>\$ 2,359,969</b>

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

TOWN OF MONROEVILLE  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As of and for the Year Ended December 31, 2009

	Water Utility	Wastewater Utility	Totals
Operating receipts:			
Metered/measured	\$ 126,456	\$ 185,343	\$ 311,799
Fire protection receipts	33,000	-	33,000
Tap fees	500	1,000	1,500
Deposits	280	-	280
Miscellaneous	200	9,009	9,209
	<u>160,436</u>	<u>195,352</u>	<u>355,788</u>
Total operating receipts			
Operating disbursements:			
Salaries and wages	56,836	75,735	132,571
Employee pensions and benefits	5,298	7,681	12,979
Purchased power	10,205	8,417	18,622
Chemicals	54,410	8,188	62,598
Material and supplies	6,553	16,961	23,514
Contractual services	13,508	1,626	15,134
Repairs	-	8,613	8,613
Sales tax	7,666	-	7,666
Equipment and capital improvements	25,574	976,208	1,001,782
Miscellaneous	3,587	7,833	11,420
	<u>183,637</u>	<u>1,111,262</u>	<u>1,294,899</u>
Total operating disbursements			
Deficiency of operating receipts over operating disbursements	<u>(23,201)</u>	<u>(915,910)</u>	<u>(939,111)</u>
Nonoperating receipts (disbursements):			
Investment income	568	177	745
Grants	-	1,001,208	1,001,208
Debt service of principal	(30,000)	(30,570)	(60,570)
Interest disbursements	(13,431)	(22,734)	(36,165)
	<u>(42,863)</u>	<u>948,081</u>	<u>905,218</u>
Total nonoperating receipts (disbursements)			
Excess of receipts over disbursements and nonoperating receipts (disbursements)	(66,064)	32,171	(33,893)
Cash and investment fund balance - beginning	<u>312,488</u>	<u>240,878</u>	<u>553,366</u>
Cash and investment fund balance - ending	<u>\$ 246,424</u>	<u>\$ 273,049</u>	<u>\$ 519,473</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 5,903	\$ 200,038	\$ 205,941
Restricted assets:			
Cash and investments	<u>240,521</u>	<u>73,011</u>	<u>313,532</u>
Total cash and investment assets - December 31	<u>\$ 246,424</u>	<u>\$ 273,049</u>	<u>\$ 519,473</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ 152,444	\$ (53,304)	\$ 99,140
Other purposes	88,077	126,315	214,392
Unrestricted	<u>5,903</u>	<u>200,038</u>	<u>205,941</u>
Total cash and investment fund balance - December 31	<u>\$ 246,424</u>	<u>\$ 273,049</u>	<u>\$ 519,473</u>

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

TOWN OF MONROEVILLE  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2009

	Private-Purpose Trust Funds
Additions:	
Deposits	\$ 3,075
Deductions:	
Deposit refunds	3,515
Deficiency of total additions over total deductions	(440)
Cash and investment fund balance - beginning	500
Cash and investment fund balance - ending	\$ 60

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

TOWN OF MONROEVILLE  
NOTES TO FINANCIAL STATEMENTS

I. 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 the following services: public safety (police and fire), highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, water, and wastewater.

The Town's financial reporting entity is composed of the following:

Primary Government: Town of Monroeville

In determining the financial reporting entity, the Town complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The credit fund (capital projects) accounts for the Town's use of economic development income tax revenues.

The debt service (TIF) fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest.

The sanitation fund (special revenue) accounts for the collection of sanitation (trash collection) fees and the payment of sanitation services.

TOWN OF MONROEVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The Town reports the following major enterprise funds:

The water utility fund accounts for the operation of the water distribution system.

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations, and collection systems.

Additionally, the Town reports the following fund type:

The private-purpose trust fund accounts for deposits paid by customers of the park department for shelter rentals.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, 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 cash and investment 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. Investment transactions are not presented on the financial statements.

If the Town utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the Town and its enterprise funds. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government. The Town does not have any internal service funds.

TOWN OF MONROEVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

When both restricted and unrestricted resources are available for use, the Town's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. Cash and Investments

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

3. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the Town in June and in 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 may 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.

4. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

5. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as a liability in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

6. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

TOWN OF MONROEVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

- 1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
- 2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
- 3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.
- 4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

Government-Wide Financial Statements

Interfund activity, if any, is eliminated or reclassified in the government-wide financial statements as follows:

TOWN OF MONROEVILLE  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the Town submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. Prior to November 1, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the Town receives approval of the Indiana Department of Local Government Finance.

The Town's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Cash and Investment Balance Deficits

At December 31, 2009, the following fund reported a deficit in cash and investments, which is a violation of the Uniform Compliance Guidelines as authorized by state statute:

Fund	2008	2009
Wastewater Utility Bond & Interest	\$ -	\$ (53,304)

The deficit arose primarily because a bond transfer per bond ordinance was not made for the new Wastewater revenue bond issued in 2008. This deficit will be repaid from future receipts.

TOWN OF MONROEVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

III. Detailed Notes on All Funds

Deposits and Investments

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The Town does not have a deposit policy for custodial credit risk. At December 31, 2009, the Town had deposit balances in the amount of \$2,879,500.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

IV. Other Information

A. Risk Management

The Town is 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, and dependents; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, and dependents; and natural disasters are covered by commercial insurance from independent third parties.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Rate Structure – Enterprise Funds

Water Utility

On October 17, 1989, the Town Council adopted Ordinance 550 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on June 4, 2002.

Wastewater Utility

The current rate structure was approved by the Town Council on December 2, 2008.

TOWN OF MONROEVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. Pension Plan

Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the 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 member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The 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

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the Town during the period were \$15,347 and 16,936 for the years ended December 31, 2008 and 2009, respectively.

TOWN OF MONROEVILLE  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	*	*	*	*	*	*
07-01-07	\$ 2,962	\$ 37,104	\$ (34,142)	8%	\$ 56,105	(61%)
07-01-08	17,270	81,574	(64,304)	21%	116,416	(55%)

\*The Town of Monroeville joined PERF effective January 1, 2007.

TOWN OF MONROEVILLE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2008

	Motor Vehicle Highway	Local Road And Street	Parks And Recreation	Park Donation	Levy Excess	Law Enforcement Continuing Education	Cumulative Capital Improvement	Totals
<b>Receipts:</b>								
Taxes	\$ -	\$ -	\$ 15,358	\$ -	\$ -	\$ -	\$ -	\$ 15,358
Licenses and permits	-	-	-	-	-	901	-	901
Intergovernmental	47,972	14,121	2,625	-	-	-	4,019	68,737
Other	-	-	7,225	73,228	-	250	839	81,542
<b>Total receipts</b>	<b>47,972</b>	<b>14,121</b>	<b>25,208</b>	<b>73,228</b>	<b>-</b>	<b>1,151</b>	<b>4,858</b>	<b>166,538</b>
<b>Disbursements:</b>								
General government	-	-	-	-	631	-	-	631
Public safety	-	-	-	-	-	434	-	434
Highways and streets	37,651	13,500	-	-	-	-	-	51,151
Culture and recreation	-	-	28,696	19,107	-	-	-	47,803
Capital outlay:								
Culture and recreation	-	-	-	43,471	-	-	-	43,471
<b>Total disbursements</b>	<b>37,651</b>	<b>13,500</b>	<b>28,696</b>	<b>62,578</b>	<b>631</b>	<b>434</b>	<b>-</b>	<b>143,490</b>
Excess (deficiency) of receipts over disbursements	10,321	621	(3,488)	10,650	(631)	717	4,858	23,048
Cash and investment fund balance - beginning	113,453	2,720	6,111	8,487	631	3,682	146,154	281,238
Cash and investment fund balance - ending	<u>\$ 123,774</u>	<u>\$ 3,341</u>	<u>\$ 2,623</u>	<u>\$ 19,137</u>	<u>\$ -</u>	<u>\$ 4,399</u>	<u>\$ 151,012</u>	<u>\$ 304,286</u>
<b>Cash and Investment Assets - Ending</b>								
<b>Restricted assets:</b>								
Cash and investments	<u>\$ 123,774</u>	<u>\$ 3,341</u>	<u>\$ 2,623</u>	<u>\$ 19,137</u>	<u>\$ -</u>	<u>\$ 4,399</u>	<u>\$ 151,012</u>	<u>\$ 304,286</u>
Total cash and investment assets - ending	<u>\$ 123,774</u>	<u>\$ 3,341</u>	<u>\$ 2,623</u>	<u>\$ 19,137</u>	<u>\$ -</u>	<u>\$ 4,399</u>	<u>\$ 151,012</u>	<u>\$ 304,286</u>
<b>Cash and Investment Fund Balance - Ending</b>								
<b>Restricted for:</b>								
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,399	\$ -	\$ 4,399
Highways and streets	123,774	3,341	-	-	-	-	-	127,115
Culture and recreation	-	-	2,623	19,137	-	-	-	21,760
Capital outlay	-	-	-	-	-	-	151,012	151,012
Total cash and investment fund balance - ending	<u>\$ 123,774</u>	<u>\$ 3,341</u>	<u>\$ 2,623</u>	<u>\$ 19,137</u>	<u>\$ -</u>	<u>\$ 4,399</u>	<u>\$ 151,012</u>	<u>\$ 304,286</u>

TOWN OF MONROEVILLE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009

	Motor Vehicle Highway	Local Road And Street	Parks and Recreation	Park Donation	Law Enforcement Continuing Education	Cumulative Capital Improvement	Totals
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ 21,188	\$ -	\$ -	\$ -	\$ 21,188
Licenses and permits	-	-	-	-	583	-	583
Intergovernmental	45,283	13,236	3,440	-	-	3,790	65,749
Other	-	-	7,290	70,722	-	343	78,355
<b>Total receipts</b>	<b>45,283</b>	<b>13,236</b>	<b>31,918</b>	<b>70,722</b>	<b>583</b>	<b>4,133</b>	<b>165,875</b>
<b>Disbursements:</b>							
Public safety	-	-	-	-	1,150	-	1,150
Highways and streets	33,381	500	-	-	-	-	33,881
Culture and recreation	-	-	27,988	33,166	-	-	61,154
Capital outlay:							
Culture and recreation	-	-	-	4,500	-	-	4,500
<b>Total disbursements</b>	<b>33,381</b>	<b>500</b>	<b>27,988</b>	<b>37,666</b>	<b>1,150</b>	<b>-</b>	<b>100,685</b>
Excess (deficiency) of receipts over disbursements	11,902	12,736	3,930	33,056	(567)	4,133	65,190
Cash and investment fund balance - beginning	123,774	3,341	2,623	19,137	4,399	151,012	304,286
Cash and investment fund balance - ending	<u>\$ 135,676</u>	<u>\$ 16,077</u>	<u>\$ 6,553</u>	<u>\$ 52,193</u>	<u>\$ 3,832</u>	<u>\$ 155,145</u>	<u>\$ 369,476</u>
<b>Cash and Investment Assets - Ending</b>							
<b>Restricted assets:</b>							
Cash and investments	<u>\$ 135,676</u>	<u>\$ 16,077</u>	<u>\$ 6,553</u>	<u>\$ 52,193</u>	<u>\$ 3,832</u>	<u>\$ 155,145</u>	<u>\$ 369,476</u>
Total cash and investment assets - ending	<u>\$ 135,676</u>	<u>\$ 16,077</u>	<u>\$ 6,553</u>	<u>\$ 52,193</u>	<u>\$ 3,832</u>	<u>\$ 155,145</u>	<u>\$ 369,476</u>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 3,832	\$ -	\$ 3,832
Highways and streets	135,676	16,077	-	-	-	-	151,753
Culture and recreation	-	-	6,553	52,193	-	-	58,746
Capital outlay	-	-	-	-	-	155,145	155,145
Total cash and investment fund balance - ending	<u>\$ 135,676</u>	<u>\$ 16,077</u>	<u>\$ 6,553</u>	<u>\$ 52,193</u>	<u>\$ 3,832</u>	<u>\$ 155,145</u>	<u>\$ 369,476</u>

TOWN OF MONROEVILLE  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended December 31, 2009

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets are included if acquired (purchased, constructed, or donated) after July 1, 1980, or if they received major renovations, restorations, or improvements after that date. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

There are only two new infrastructure items since 1980 which are for the industrial park road and parking lot and sidewalks for the park. These are shown as Improvements under Governmental Activities.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 42,000
Buildings	540,368
Improvements other than buildings	125,441
Machinery and equipment	<u>231,199</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 939,008</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 6,500
Buildings	9,110
Improvements other than buildings	1,905,024
Machinery and equipment	<u>136,919</u>
Total Water Utility capital assets	<u>2,057,553</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	68,482
Buildings	3,887
Improvements other than buildings	2,388,525
Machinery and equipment	<u>157,447</u>
Total Wastewater Utility capital assets	<u>2,618,341</u>
Total business-type activities capital assets	<u>\$ 4,675,894</u>

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

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Revenue bonds:		
1996 Redevelopment District Tax Incremental Finance Bonds	\$ 484,000	\$ 96,530
Business-type activities:		
Water Utility:		
Revenue bonds:		
1976 Waterworks Expansion	\$ 154,000	\$ 26,700
1991 Waterworks Improvements	27,000	15,228
Total Water Utility	181,000	41,928
Wastewater Utility:		
Revenue bonds:		
2008 Sewage Works Improvements	727,000	50,713
Total business-type activities debt	\$ 908,000	\$ 92,641

TOWN OF MONROEVILLE  
AUDIT RESULTS AND COMMENTS

OVERDRAWN CASH BALANCE

The cash balance of the Wastewater Utility Bond and Interest Fund was overdrawn at December 31, 2009, by \$53,304. This was due to bond transfers not made to this fund per the 2008 Sewage Works Improvements revenue bond ordinance.

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)

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the Town of Monroeville related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the Town to reduce risks to achievement of financial reporting objectives. The Town has not separated incompatible activities related to receipts, utility billings and collections, disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to undetected.
2. Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Town's audited financial statements and then determining how those identified risks should be managed. The Town has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements.
3. Monitoring of Controls: Effective internal control over financial reporting requires the Town Board to monitor and assess the quality of the Town's system of internal control. The Town Board has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the Town at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the Town has no process to identify or communicate corrective actions to improve controls.

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 objections, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

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)

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**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](http://www.in.gov/sboa)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE TOWN OF MONROEVILLE, ALLEN COUNTY, INDIANA

Compliance

We have audited the compliance of the Town of Monroeville (Town) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended December 31, 2008 and 2009. The Town's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2008 and 2009.

Internal Control Over Compliance

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

A control deficiency in a Town's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

The Town's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management and federal awarding agencies and pass-through entities 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

April 27, 2010

TOWN OF MONROEVILLE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended December 31, 2008 and 2009

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-08	Total Federal Awards Expended 12-31-09
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Pass-Through Indiana Office of Community and Rural Affairs Community Development Block Grant/State's program and Non-Entitlement Grants in Hawaii	14.228	CF-07-306	\$ -	\$ 433,533
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
Pass-Through Indiana Finance Authority Capitalization Grants for Clean Water State Revolving Funds	66.458		21,258	195,735
Total federal awards expended			<u>\$ 21,258</u>	<u>\$ 629,268</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF MONROEVILLE  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Monroeville (Town) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of towns with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

TOWN OF MONROEVILLE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:  
 Material weaknesses identified? yes  
 Significant deficiencies identified that are not considered to be material weaknesses? none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:  
 Material weaknesses identified? no  
 Significant deficiencies identified that are not considered to be material weaknesses? none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.228	Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

FEDERAL FINDING 2009-1, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the Town related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

TOWN OF MONROEVILLE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the Town to reduce risks to achievement of financial reporting objectives. The Town has not separated incompatible activities related to receipts, utility billings and collections, disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to undetected.
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3. Monitoring of Controls: Effective internal control over financial reporting requires the Town Board to monitor and assess the quality of the Town's system of internal control. The Town Board has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the Town at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the Town has no process to identify or communicate corrective actions to improve controls.

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 objections, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

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)

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

TOWN OF MONROEVILLE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

TOWN OF MONROEVILLE  
P.O. BOX 401  
MONROEVILLE, IN 46773  
(260) 740-8044

April 28, 2010

The following is the Town's **Corrective Action Plan** presented as a part of the Town of Monroeville's report for the period of January 1, 2008 to December 31, 2009.

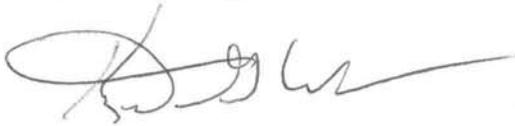
INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

The management of the Town of Monroeville has reviewed the Financial Statement Findings related to their audit for the year 2008-2009 and offer the following corrective actions:

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the Town to reduce risks to achievement of financial reporting objectives. However, the town is a very small governmental unit and management has determined that the cost associated with employing the additional staff necessary to properly segregate the duties in the business office would outweigh the benefits of a stronger internal control structure. Management acknowledges and assumes the risks inherent with the current internal control structure used by their business office.

2. Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Town's audited financial statements and then determining how those identified risks should be managed. However, the town is a very small governmental unit and management has determined that the cost associated with employing the additional staff necessary to properly segregate the duties in the business office would outweigh the benefits of a stronger internal control structure. Management acknowledges and assumes the risks inherent with the current internal control structure used by their business office.

3. Monitoring of Controls: Effective internal control over financial reporting requires the Town Board to monitor and assess the quality of the Town's system of internal control. - The Town Board has will performed either an ongoing or separate evaluation of their system of internal controls. However, the town is a very small governmental unit and management has determined that the cost associated with employing the additional staff necessary to properly segregate the duties in the business office would outweigh the benefits of a stronger internal control structure. Management acknowledges and assumes the risks inherent with the current internal control structure used by their business office.



Kevin Wenger, Clerk Treasurer,  
Town of Monroeville

TOWN OF MONROEVILLE  
EXIT CONFERENCE

The contents of this report were discussed on April 27, 2010, with Donald Gerardot, President of the Town Council; and Kevin Wenger, Clerk-Treasurer. The officials concurred with our audit findings.