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

AUDIT REPORT

OF

TOWN OF MONROVIA

MORGAN COUNTY, INDIANA

January 1, 2008 to December 31, 2009



FILED
09/22/2010

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Norieta Sighting	01-01-08 to 12-31-10
President of the Town Council	Robert Marley	01-01-08 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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 AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE TOWN OF MONROVIA, MORGAN 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 Monrovia (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 August 17, 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 integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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, 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 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 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 Long-Term Debt has 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

August 17, 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 MONROVIA, MORGAN 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 Monrovia (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 August 17, 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.

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.

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.

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. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

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)

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.

This report is intended solely for the information and use of the Town's management, The Town Council, 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

August 17, 2010

TOWN OF MONROVIA
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
Primary government:							
Governmental activities:							
General government	\$ 102,460	\$ 18,049	\$ -	\$ -	\$ (84,411)	\$ -	\$ (84,411)
Public safety	-	2,453	-	-	2,453	-	2,453
Highways and streets	90,279	-	24,997	-	(65,282)	-	(65,282)
Economic development	500,000	-	-	500,000	-	-	-
Total governmental activities	692,739	20,502	24,997	500,000	(147,240)	-	(147,240)
Business-type activities:							
Wastewater Utility	235,501	295,287	-	-	-	59,786	59,786
Total business-type activities	235,501	295,287	-	-	-	59,786	59,786
Total primary government	\$ 928,240	\$ 315,789	\$ 24,997	\$ 500,000	(147,240)	59,786	(87,454)
General receipts:							
Property taxes					74,892	-	74,892
Intergovernmental					82,994	-	82,994
Other local sources					-	31,227	31,227
Unrestricted investment earnings					14,105	-	14,105
Total general receipts					171,991	31,227	203,218
Change in net assets					24,751	91,013	115,764
Net assets - beginning					310,412	459,069	769,481
Net assets - ending					\$ 335,163	\$ 550,082	\$ 885,245
Assets							
Cash and investments					\$ 165,178	\$ 106,660	\$ 271,838
Restricted assets:							
Cash and investments					169,985	443,422	613,407
Total assets					\$ 335,163	\$ 550,082	\$ 885,245
Net Assets							
Restricted for:							
Highways and streets					\$ 132,468	\$ -	\$ 132,468
Capital outlay					37,517	-	37,517
Debt service					-	364,050	364,050
Other purposes					-	79,372	79,372
Unrestricted					165,178	106,660	271,838
Total net assets					\$ 335,163	\$ 550,082	\$ 885,245

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

TOWN OF MONROVIA
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	Economic Development Income Tax	Federal Grant	Other Governmental Funds	Totals
Receipts:					
Taxes	\$ 63,108	\$ -	\$ -	\$ 11,784	\$ 74,892
Licenses and permits	16,682	24,997	-	2,375	44,054
Intergovernmental	41,333	-	500,000	41,661	582,994
Charges for services	1,367	-	-	-	1,367
Fines and forfeits	-	-	-	78	78
Other	14,105	-	-	-	14,105
Total receipts	136,595	24,997	500,000	55,898	717,490
Disbursements:					
General government	94,816	-	-	7,644	102,460
Highways and streets	-	-	-	57,420	57,420
Capital outlay:					
Highways and streets	-	32,859	500,000	-	532,859
Total disbursements	94,816	32,859	500,000	65,064	692,739
Excess (deficiency) of receipts over disbursements	41,779	(7,862)	-	(9,166)	24,751
Cash and investment fund balance - beginning	101,190	45,379	-	163,843	310,412
Cash and investment fund balance - ending	<u>\$ 142,969</u>	<u>\$ 37,517</u>	<u>\$ -</u>	<u>\$ 154,677</u>	<u>\$ 335,163</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ 142,969	\$ -	\$ -	\$ 22,209	\$ 165,178
Restricted assets:					
Cash and investments	-	37,517	-	132,468	169,985
Total cash and investment assets - December 31	<u>\$ 142,969</u>	<u>\$ 37,517</u>	<u>\$ -</u>	<u>\$ 154,677</u>	<u>\$ 335,163</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Highways and streets	\$ -	\$ -	\$ -	\$ 132,468	\$ 132,468
Capital outlay	-	37,517	-	-	37,517
Unrestricted	142,969	-	-	22,209	165,178
Total cash and investment fund balance - December 31	<u>\$ 142,969</u>	<u>\$ 37,517</u>	<u>\$ -</u>	<u>\$ 154,677</u>	<u>\$ 335,163</u>

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

TOWN OF MONROVIA
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

	<u>Wastewater Utility</u>
Operating receipts:	
Unmetered/flat rate	\$ 295,287
Fees	12,000
Other	<u>19,227</u>
Total operating receipts	<u>326,514</u>
Operating disbursements:	
Salaries and wages	3,694
Plant operation and maintenance	31,016
Electricity	31,969
Chemicals	4,356
Material and supplies	16,430
Contractual services	39,579
Utility expenses	1,801
Insurance claims and expense	1,702
Permits	9,000
Postage	1,078
Equipment and capital improvements	<u>7,059</u>
Total operating disbursements	<u>147,684</u>
Excess of operating receipts over operating disbursements	<u>178,830</u>
Nonoperating disbursements:	
Debt service principal	(38,695)
Interest disbursements	<u>(49,122)</u>
Total nonoperating disbursements	<u>(87,817)</u>
Excess of receipts over disbursements and nonoperating disbursements	91,013
Cash and investment fund balance - beginning	<u>459,069</u>
Cash and investment fund balance - ending	<u>\$ 550,082</u>
<u>Cash and Investment Assets - December 31</u>	
Cash and investments	\$ 106,660
Restricted assets:	
Cash and investments	<u>443,422</u>
Total cash and investment assets - December 31	<u>\$ 550,082</u>
<u>Cash and Investment Fund Balance - December 31</u>	
Restricted for:	
Debt service	\$ 364,050
Other purposes	79,372
Unrestricted	<u>106,660</u>
Total cash and investment fund balance - December 31	<u>\$ 550,082</u>

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

TOWN OF MONROVIA
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES
IN CASH AND INVESTMENT BALANCES -
FIDUCIARY FUNDS
December 31, 2008

	<u>Agency Funds</u>
Cash and investment fund balance - ending	<u>\$ 18,191</u>

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

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

Functions/Programs	Disbursements	Program Receipts	Net (Disbursement) Receipt and Changes in Net Assets		
		Charges for Services	Governmental Activities	Business-Type Activities	Totals
Primary government:					
Governmental activities:					
General government	\$ 127,220	\$ 82	\$ (127,138)	\$ -	\$ (127,138)
Highways and streets	51,771	-	(51,771)	-	(51,771)
Total governmental activities	178,991	82	(178,909)	-	(178,909)
Business-type activities:					
Wastewater Utility	308,218	295,612	-	(12,606)	(12,606)
Total business-type activities	308,218	295,612	-	(12,606)	(12,606)
Total primary government	\$ 487,209	\$ 295,694	(178,909)	(12,606)	(191,515)
General receipts:					
Property taxes			39,236	-	39,236
Intergovernmental			126,094	-	126,094
Other local sources			23,758	26,458	50,216
Grants and contributions not restricted to specific programs			456	-	456
Unrestricted investment earnings			4,885	-	4,885
Total general receipts			194,429	26,458	220,887
Change in net assets			15,520	13,852	29,372
Net assets - beginning			335,163	550,082	885,245
Net assets - ending			\$ 350,683	\$ 563,934	\$ 914,617
Assets					
Cash and investments			\$ 224,731	\$ 73,001	\$ 297,732
Restricted assets:					
Cash and investments			125,952	490,933	616,885
Total assets			\$ 350,683	\$ 563,934	\$ 914,617
Net Assets					
Restricted for:					
Highways and streets			\$ 53,001	\$ -	\$ 53,001
Capital outlay			72,951	-	72,951
Debt service			-	419,997	419,997
Other purposes			-	70,936	70,936
Unrestricted			224,731	73,001	297,732
Total net assets			\$ 350,683	\$ 563,934	\$ 914,617

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

TOWN OF MONROVIA
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	Economic Development Income Tax	Other Governmental Funds	Totals
Receipts:				
Taxes	\$ 39,236	\$ -	\$ -	\$ 39,236
Licenses and permits	18,940	-	250	19,190
Intergovernmental	42,097	33,508	50,489	126,094
Charges for services	82	-	-	82
Fines and forfeits	-	-	344	344
Other	3,482	-	3,542	7,024
Total receipts	103,837	33,508	54,625	191,970
Disbursements:				
General government	127,220	-	-	127,220
Highways and streets	-	-	18,653	18,653
Capital outlay:				
Highways and streets	-	-	33,118	33,118
Total disbursements	127,220	-	51,771	178,991
Excess (deficiency) of receipts over disbursements	(23,383)	33,508	2,854	12,979
Other financing sources:				
Other receipts	2,215	-	326	2,541
Total other financing sources	2,215	-	326	2,541
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(21,168)	33,508	3,180	15,520
Cash and investment fund balance - beginning	142,969	37,517	154,677	335,163
Cash and investment fund balance - ending	<u>\$ 121,801</u>	<u>\$ 71,025</u>	<u>\$ 157,857</u>	<u>\$ 350,683</u>
Cash and Investment Assets - December 31				
Cash and investments	\$ 121,801	\$ -	\$ 102,930	\$ 224,731
Restricted assets:				
Cash and investments	-	71,025	54,927	125,952
Total cash and investment assets - December 31	<u>\$ 121,801</u>	<u>\$ 71,025</u>	<u>\$ 157,857</u>	<u>\$ 350,683</u>
Cash and Investment Fund Balance - December 31				
Restricted for:				
Highways and streets	\$ -	\$ -	\$ 53,001	\$ 53,001
Capital outlay	-	71,025	1,926	72,951
Unrestricted	121,801	-	102,930	224,731
Total cash and investment fund balance - December 31	<u>\$ 121,801</u>	<u>\$ 71,025</u>	<u>\$ 157,857</u>	<u>\$ 350,683</u>

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

TOWN OF MONROVIA
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

	<u>Wastewater Utility</u>
Operating receipts:	
Unmetered/flat rate	\$ 295,612
Fees	6,000
Other	<u>20,458</u>
Total operating receipts	<u>322,070</u>
Operating disbursements:	
Salaries and wages	3,693
Plant operation and maintenance	93,386
Electricity	44,842
Chemicals	6,701
Material and supplies	13,189
Contractual services	25,135
Utility expenses	11,664
Insurance claims and expense	1,752
Permits	2,400
Postage	1,529
Equipment and capital improvements	14,437
Miscellaneous disbursements	<u>1,673</u>
Total operating disbursements	<u>220,402</u>
Excess of operating receipts over operating disbursements	<u>101,668</u>
Nonoperating disbursements:	
Debt service principal	(40,049)
Interest disbursements	<u>(47,767)</u>
Total nonoperating disbursements	<u>(87,816)</u>
Excess of receipts over disbursements and nonoperating disbursements	13,852
Cash and investment fund balance - beginning	<u>550,082</u>
Cash and investment fund balance - ending	<u>\$ 550,082</u>
<u>Cash and Investment Assets - December 31</u>	
Cash and investments	\$ 73,001
Restricted assets:	
Cash and investments	<u>490,933</u>
Total cash and investment assets - December 31	<u>\$ 563,934</u>
<u>Cash and Investment Fund Balance - December 31</u>	
Restricted for:	
Debt service	\$ 419,997
Other purposes	70,936
Unrestricted	<u>73,001</u>
Total cash and investment fund balance - December 31	<u>\$ 563,934</u>

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

TOWN OF MONROVIA
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES
IN CASH AND INVESTMENT BALANCES -
FIDUCIARY FUNDS
December 31, 2009

	<u>Agency Funds</u>
Cash and investment fund balance - ending	<u>\$ 16,331</u>

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

TOWN OF MONROVIA
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), highways and streets, general administrative services and wastewater.

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

Primary Government: Town of Monrovia

In determining the financial reporting entity, the Town complies with the provisions of GASB Statement No. 14, as amended by GASB Statement No. 39, *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 economic development income tax fund (capital projects) accounts for the Town's use of economic development income tax revenues.

The federal grant fund, for the year ending December 31, 2008, only, accounts for federal funds used for construction of the Monrovia Branch of the Morgan County Public Library.

The Town reports the following major enterprise funds:

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

TOWN OF MONROVIA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Additionally, the Town reports the following fund types:

Agency funds account for assets held by the Town as an agent for federal and state revenue agencies and serve as control of accounts for cash transactions during the time they are a liability to the Town and for cash held in escrow for outside parties contingent on successful completion of certain services.

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.

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.

TOWN OF MONROVIA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

TOWN OF MONROVIA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, including special assessments. 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:

1. 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.

TOWN OF MONROVIA
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Primary government and component unit activity – Resource flows between the primary government and the discretely-presented component units are reported as if they were external transactions and are classified separately from internal activities within the primary government.

II. Stewardship, Compliance and Accountability

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.

III. Detailed Notes on All Funds

Deposits and Investments

A. Deposits

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 \$914,617.

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.

TOWN OF MONROVIA
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Investments

Statutory Authorization for Investments

IC 5-13-9 authorizes the Town to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the Town to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the Town and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust have a stated final maturity of one day.

Additionally, the Town may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the Town's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Town does not have a formal investment policy for custodial credit risk for investments.

All investments of the Town are held in Certificates of Deposit with authorized financial institutions.

TOWN OF MONROVIA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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; 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; 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

Wastewater Utility

The current rate structure was approved by the Town Council on September 27, 1999.

TOWN OF MONROVIA
 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	Riverboat	Rainy Day	Law Enforcement	Nonreverting #2	Local Option Income Tax - Public Safety	Cumulative Capital Improvement	Totals
Receipts:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,784	\$ -	\$ 11,784
Licenses and permits	-	-	-	-	350	2,025	-	-	2,375
Intergovernmental	22,755	5,539	3,939	7,386	-	-	-	2,042	41,661
Fines and forfeits	-	-	-	-	78	-	-	-	78
Total receipts	22,755	5,539	3,939	7,386	428	2,025	11,784	2,042	55,898
Disbursements:									
General government	-	-	3,939	598	-	1,063	-	2,044	7,644
Highways and streets	55,670	1,750	-	-	-	-	-	-	57,420
Total disbursements	55,670	1,750	3,939	598	-	1,063	-	2,044	65,064
Excess (deficiency) of receipts over disbursements	(32,915)	3,789	-	6,788	428	962	11,784	(2)	(9,166)
Cash and investment fund balance - beginning	114,882	46,712	-	-	1,459	788	-	2	163,843
Cash and investment fund balance - ending	<u>\$ 81,967</u>	<u>\$ 50,501</u>	<u>\$ -</u>	<u>\$ 6,788</u>	<u>\$ 1,887</u>	<u>\$ 1,750</u>	<u>\$ 11,784</u>	<u>\$ -</u>	<u>\$ 154,677</u>
<u>Cash and Investment Assets - December 31</u>									
Cash and investments	\$ -	\$ -	\$ -	\$ 6,788	\$ 1,887	\$ 1,750	\$ 11,784	\$ -	\$ 22,209
Restricted assets:									
Cash and investments	81,967	50,501	-	-	-	-	-	-	132,468
Total cash and investment assets - December 31	<u>\$ 81,967</u>	<u>\$ 50,501</u>	<u>\$ -</u>	<u>\$ 6,788</u>	<u>\$ 1,887</u>	<u>\$ 1,750</u>	<u>\$ 11,784</u>	<u>\$ -</u>	<u>\$ 154,677</u>
<u>Cash and Investment Fund Balance - December 31</u>									
Restricted for:									
Highways and streets	\$ 81,967	\$ 50,501	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 132,468
Unrestricted	-	-	-	6,788	1,887	1,750	11,784	-	22,209
Total cash and investment fund balance - December 31	<u>\$ 81,967</u>	<u>\$ 50,501</u>	<u>\$ -</u>	<u>\$ 6,788</u>	<u>\$ 1,887</u>	<u>\$ 1,750</u>	<u>\$ 11,784</u>	<u>\$ -</u>	<u>\$ 154,677</u>

TOWN OF MONROVIA
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2008

	Payroll	Escrow	Totals
Additions:			
Agency fund additions	\$ 7,128	\$ 8,000	\$ 15,128
Deductions:			
Agency fund deductions	45,104	-	45,104
Excess (deficiency) of total additions over total deductions	(37,976)	8,000	(29,976)
Cash and investment fund balance - beginning	48,167	-	48,167
Cash and investment fund balance - ending	\$ 10,191	\$ 8,000	\$ 18,191

TOWN OF MONROVIA
 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	Riverboat	Rainy Day	Law Enforcement	Nonreverting #2	Local Option Income Tax - Public Safety	Cumulative Capital Improvement	Totals
Receipts:									
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ 250	\$ -	\$ -	\$ -	\$ 250
Intergovernmental	23,084	5,960	3,930	2,524	-	-	13,065	1,926	50,489
Fines and forfeits	-	-	-	-	344	-	-	-	344
Other	3,402	-	-	-	140	-	-	-	3,542
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total receipts	<u>26,486</u>	<u>5,960</u>	<u>3,930</u>	<u>2,524</u>	<u>734</u>	<u>-</u>	<u>13,065</u>	<u>1,926</u>	<u>54,625</u>
Disbursements:									
Highways and streets	15,193	3,460	-	-	-	-	-	-	18,653
Capital outlay:									
Highways and streets	33,118	-	-	-	-	-	-	-	33,118
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>48,311</u>	<u>3,460</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,771</u>
Excess (deficiency) of receipts over disbursements	<u>(21,825)</u>	<u>2,500</u>	<u>3,930</u>	<u>2,524</u>	<u>734</u>	<u>-</u>	<u>13,065</u>	<u>1,926</u>	<u>2,854</u>
Other financing sources:									
Other receipts	326	-	-	-	-	-	-	-	326
Excess (deficiency) of receipts over disbursements and other financing sources	<u>(21,499)</u>	<u>2,500</u>	<u>3,930</u>	<u>2,524</u>	<u>734</u>	<u>-</u>	<u>13,065</u>	<u>1,926</u>	<u>3,180</u>
Cash and investment fund balance - beginning	<u>81,967</u>	<u>50,501</u>	<u>-</u>	<u>6,788</u>	<u>1,887</u>	<u>1,750</u>	<u>11,784</u>	<u>-</u>	<u>154,677</u>
Cash and investment fund balance - ending	<u>\$ 60,468</u>	<u>\$ 53,001</u>	<u>\$ 3,930</u>	<u>\$ 9,312</u>	<u>\$ 2,621</u>	<u>\$ 1,750</u>	<u>\$ 24,849</u>	<u>\$ 1,926</u>	<u>\$ 157,857</u>
Cash and Investment Assets - December 31									
Cash and investments	\$ 60,468	\$ -	\$ 3,930	\$ 9,312	\$ 2,621	\$ 1,750	\$ 24,849	\$ -	\$ 102,930
Restricted assets:									
Cash and investments	-	53,001	-	-	-	-	-	1,926	54,927
	<u>-</u>	<u>53,001</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,926</u>	<u>54,927</u>
Total cash and investment assets - December 31	<u>\$ 60,468</u>	<u>\$ 53,001</u>	<u>\$ 3,930</u>	<u>\$ 9,312</u>	<u>\$ 2,621</u>	<u>\$ 1,750</u>	<u>\$ 24,849</u>	<u>\$ 1,926</u>	<u>\$ 157,857</u>
Cash and Investment Fund Balance - December 31									
Restricted for:									
Highways and streets	\$ -	\$ 53,001	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,001
Capital outlay	-	-	-	-	-	-	-	1,926	1,926
Unrestricted	60,468	-	3,930	9,312	2,621	1,750	24,849	-	102,930
	<u>60,468</u>	<u>-</u>	<u>3,930</u>	<u>9,312</u>	<u>2,621</u>	<u>1,750</u>	<u>24,849</u>	<u>-</u>	<u>102,930</u>
Total cash and investment fund balance - December 31	<u>\$ 60,468</u>	<u>\$ 53,001</u>	<u>\$ 3,930</u>	<u>\$ 9,312</u>	<u>\$ 2,621</u>	<u>\$ 1,750</u>	<u>\$ 24,849</u>	<u>\$ 1,926</u>	<u>\$ 157,857</u>

TOWN OF MONROVIA
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2009

	Payroll	Escrow	Totals
Additions:			
Agency fund additions	\$ 60,500	\$ -	\$ 60,500
Deductions:			
Agency fund deductions	62,360	-	62,360
Deficiency of total additions over total deductions	(1,860)	-	(1,860)
Cash and investment fund balance - beginning	10,191	8,000	18,191
Cash and investment fund balance - ending	\$ 8,331	\$ 8,000	\$ 16,331

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

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	<u>\$ 1,324,730</u>	<u>\$ 87,817</u>

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

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 MONROVIA, MORGAN COUNTY, INDIANA

Compliance

We have audited the compliance of the Town of Monrovia (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.

This report is intended solely for the information and use of the Town's management, the Town Council, 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

August 17, 2010

TOWN OF MONROVIA
 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 Construction of Monrovia Branch of Morgan County Public Library	14.228	CF-06-238	\$ 500,000	\$ -
Total federal awards expended			<u>\$ 500,000</u>	<u>\$ -</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF MONROVIA
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 Monrovia (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 MONROVIA
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?	no
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

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

TOWN OF MONROVIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

TOWN OF MONROVIA
EXIT CONFERENCE

The contents of this report were discussed on August 24, 2010, with Norieta Sighting, Clerk-Treasurer; Robert Marley, President of the Town Council; and Brenda Prough, Utility Clerk. Our audit disclosed no material items that warrant comment at this time.