

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

EXAMINATION REPORT

OF

TOWN OF MONROE

ADAMS COUNTY, INDIANA

January 1, 2008 to December 31, 2009



FILED
11/30/2010

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Rachel A. Burkhart

01-01-08 to 12-31-11

President of the
Town Council

C. Allen Lehman

01-01-08 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF MONROE, ADAMS COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Monroe (Town), for the period of January 1, 2008 to December 31, 2009. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

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

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

September 9, 2010

TOWN OF MONROE
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 147,009	\$ 171,246	\$ 169,732	\$ 148,523
Motor Vehicle Highway	69,107	133,782	143,513	59,376
Local Road and Street	8,939	2,927	-	11,866
Park and Recreation	11,339	4,171	7,500	8,010
Rainy Day	68,600	28,000	30,000	66,600
Trash/Garbage	26,060	29,016	27,228	27,848
Cumulative Capital Improvement	31,881	3,160	4,235	30,806
Cumulative Capital Development	65,797	12,314	-	78,111
Cumulative Building and Firefighting Equipment	22,904	7,299	-	30,203
Economic Development Income Tax	68,304	40,755	42,704	66,355
Proprietary Funds:				
Water Utility - Operating	53,282	137,465	133,914	56,833
Water Utility - Reserve	17,000	12,000	-	29,000
Wastewater Utility - Operating	169,967	159,997	127,999	201,965
Wastewater Utility - Bond and Interest	10,838	18,000	17,433	11,405
Wastewater Utility - Reserve	28,000	24,000	-	52,000
Fiduciary Fund:				
Payroll	1,458	97,727	97,828	1,357
Totals	<u>\$ 800,485</u>	<u>\$ 881,859</u>	<u>\$ 802,086</u>	<u>\$ 880,258</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 148,523	\$ 175,739	\$ 152,025	\$ 172,237
Motor Vehicle Highway	59,376	63,141	42,184	80,333
Local Road and Street	11,866	3,018	879	14,005
Park and Recreation	8,010	4,295	150	12,155
Rainy Day	66,600	-	-	66,600
Trash/Garbage	27,848	34,822	34,329	28,341
Cumulative Capital Improvement	30,806	2,689	1,512	31,983
Cumulative Capital Development	78,111	10,153	61,094	27,170
Cumulative Building and Firefighting Equipment	30,203	6,133	-	36,336
Economic Development Income Tax	66,355	14,496	1,845	79,006
Proprietary Funds:				
Water Utility - Operating	56,833	123,151	127,355	52,629
Water Utility - Reserve	29,000	12,000	-	41,000
Wastewater Utility - Operating	201,965	142,704	127,463	217,206
Wastewater Utility - Bond and Interest	11,405	18,000	17,567	11,838
Wastewater Utility - Reserve	52,000	24,000	-	76,000
Fiduciary Fund:				
Payroll	1,357	110,581	110,004	1,934
Totals	<u>\$ 880,258</u>	<u>\$ 744,922</u>	<u>\$ 676,407</u>	<u>\$ 948,773</u>

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

TOWN OF MONROE
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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

Note 2. Fund Accounting

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

Note 3. Budgets

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

Note 4. Property Taxes

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

Note 5. Deposits and Investments

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

TOWN OF MONROE
NOTES TO FINANCIAL INFORMATION
(Continued)

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

Note 6. 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 this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

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

TOWN OF MONROE
 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:		
Refunding bonds of 1989	\$ <u>58,000</u>	\$ <u>2,311</u>

TOWN OF MONROE
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

There were numerous transactions that were recorded as "negative" receipts and disbursements.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

REGISTER OF INVESTMENTS NOT MAINTAINED

A Register of Investments (Form 350) was not maintained during the examination period.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

APPROPRIATIONS

The following expenditures were in excess of budgeted appropriations. A similar comment appeared in prior Report B33194.

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Motor Vehicle Highway	2008	\$ 54,383
Cumulative Capital Development	2009	31,094

IC 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

LAND PURCHASE

During 2009, the Town purchased 11.1 acres of land for \$61,094. The Town obtained two appraisals for the land. The average of the two appraisals was \$45,093.

IC 36-1-10.5-6 states in part: "A purchasing agent may not purchase any land or structure for a price greater than the average of the two (2) appraisals . . ."

TOWN OF MONROE
EXAMINATION RESULTS AND COMMENTS
(Continued)

CAPITAL ASSET RECORDS

Capital asset records for the Town, Water Utility and Wastewater Utility were not presented for examination. A similar comment appeared in prior Report B33194.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

COLLECTION OF AMOUNTS DUE

Accounts receivable of \$14,620 (approximately 56% of total accounts receivable) were 90 or more days past due at December 31, 2009. A similar comment appeared in prior Report B33194.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DELINQUENT WASTEWATER ACCOUNTS

Delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property. This comment appeared in prior Report B33194.

IC 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) A list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
 - (A) The name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent.
 - (B) A description of the premises, as shown by the records of the county auditor.
 - (C) The amount of the delinquent fees, together with the penalty; or
 - (2) An individual instrument for each lot or parcel of real property on which the fees are delinquent.
- (c) The officer shall record a copy of each list or each individual instrument with the county recorder. . . .

TOWN OF MONROE
EXAMINATION RESULTS AND COMMENTS
(Continued)

(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May. . . ."

PENALTIES ON DELINQUENT CUSTOMER ACCOUNTS

The Town has an ordinance concerning penalties on delinquent water utility bills. Penalties on delinquent wastewater bills are governed by IC 36-9-23-31. The Town did not properly calculate penalties on delinquent water or wastewater bills. This comment appeared in prior Report B33194.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

IC 36-9-23-31 states in part: "If fees assessed against real property under this chapter . . . are not paid within the time fixed by the municipal legislative body, they are delinquent. A penalty of ten percent (10%) of the amount of the fees attaches to the delinquent fees."

TOWN OF MONROE
EXIT CONFERENCE

The contents of this report were discussed on September 9, 2010, with Rachel A. Burkhart, Clerk-Treasurer; and C. Allen Lehman, President of the Town Council. The officials concurred with our findings.