

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

EXAMINATION REPORT

OF

MONROE TOWNSHIP

MADISON COUNTY, INDIANA

January 1, 2009 to December 31, 2010



FILED
09/16/2011

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OFFICIALS

Office

Official

Term

Trustee

Jon Cooper

01-01-07 to 12-31-14

Chairman of the
Township Board

Kay Cox

01-01-09 to 12-31-11



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF MONROE TOWNSHIP, MADISON COUNTY, INDIANA

We have examined the financial statements of Monroe Township (Township), for the period of January 1, 2009 to December 31, 2010. The Township's management is responsible for the financial statements. 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Township for the years ended December 31, 2009 and 2010, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Township's management and Township Advisory Board 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

July 28, 2011

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FINANCIAL STATEMENTS

MONROE TOWNSHIP, MADISON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Township	\$ 41,239	\$ 30,139	\$ 30,736	\$ 40,642
Township Assistance	22,852	12,282	25,255	9,879
Fire Fighting	228,256	228,958	206,233	250,981
Cumulative Fire	335,049	47,504	324,157	58,396
Levy Excess	6,186	-	6,186	-
Rainy Day	1,710	-	-	1,710
Cemetery Fund	64,797	31,535	21,676	74,656
Totals	<u>\$ 700,089</u>	<u>\$ 350,418</u>	<u>\$ 614,243</u>	<u>\$ 436,264</u>

MONROE TOWNSHIP, MADISON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Township	\$ 40,642	\$ 45,280	\$ 27,822	\$ 58,100
Township Assistance	9,879	41,556	28,933	22,502
Fire Fighting	250,981	163,104	141,161	272,924
Cumulative Fire	58,396	34,648	-	93,044
Levy Excess	-	494	-	494
Rainy Day	1,710	294	-	2,004
Cemetery	74,656	40,680	25,155	90,181
Totals	<u>\$ 436,264</u>	<u>\$ 326,056</u>	<u>\$ 223,071</u>	<u>\$ 539,249</u>

MONROE TOWNSHIP, MADISON COUNTY
NOTES TO FINANCIAL INFORMATION

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Township was established under the laws of the State of Indiana. The Township operates under a township trustee/township board form of government and provides some or all of the following services: public safety (fire), health and social services (township assistance).

The accompanying financial statements present the financial information for the Township (primary government), and does not include financial information for any of the Township's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Township (primary government.)

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

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

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

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

Special assessments which includes amounts levied against certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties.

MONROE TOWNSHIP, MADISON COUNTY
NOTES TO FINANCIAL INFORMATION
(Continued)

License and permits which includes amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of license and permits include: peddler licenses; dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits; and gun permits.

Intergovernmental receipts which includes receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts includes, but is not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records; copy machine charges; accident report copies, gun permit applications, 911 telephone services; recycling fees, dog pound fees; emergency medical service fees, park rental fees; swimming pool receipts; cable tv receipts; ordinance violations; fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which includes receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits help as performance guarantees (forfeitures).

Net proceeds from borrowings which includes receipts from general obligation bonds, notes and loans.

Intergovernmental loan activity which includes amounts received from other funds as loans on a temporary basis.

Transfers in which includes funds authorized by statute, ordinance, resolution or court order to be transferred in from another fund.

Internal service receipts which are comprised mostly of fees received for services performed for other funds.

Fiduciary receipts which are comprised mostly of contributions to the pensions funds from state and local sources.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services which includes outflows for salaries, wages and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

MONROE TOWNSHIP, MADISON COUNTY
NOTES TO FINANCIAL INFORMATION
(Continued)

Supplies which includes articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which includes, but is not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance; and rental charges.

Debt service principle and interest which includes fixed obligations resulting from financial transactions previously entered into by the Township. It includes all expenditures for the reduction of the principal and interest of the Township's general obligation indebtedness.

Capital outlay which includes all outflows for land, infrastructure, buildings, improvements, machinery and equipment having an appreciable and calculable period of usefulness.

Interfund loan payments and loans made which includes amounts that are owed to a particular fund by another fund.

Transfers out which includes funds authorized by statute, ordinance, resolution or court order to be transferred to another fund.

F. Interfund Transfers

The Township may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the Township. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Township. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Township in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Township submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

MONROE TOWNSHIP, MADISON COUNTY
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

The Township may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Township to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Township by recording as a disbursement and replacement items purchased.

MONROE TOWNSHIP, MADISON COUNTY
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 Township authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% 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.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Township's Annual Reports can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

MONROE TOWNSHIP, MADISON COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009

	<u>Township</u>	<u>Township Assistance</u>	<u>Fire Fighting</u>	<u>Cumulative Fire</u>	<u>Levy Excess</u>	<u>Rainy Day</u>	<u>Cemetery Fund</u>	<u>Totals</u>
Cash and investments - beginning	\$ 41,239	\$ 22,852	\$ 228,256	\$ 335,049	\$ 6,186	\$ 1,710	\$ 64,797	\$ 700,089
Receipts:								
Taxes	28,376	12,041	161,286	24,665	-	-	19,635	246,003
Intergovernmental	-	-	50,000	-	-	-	-	50,000
Charges for services	-	-	-	-	-	-	11,900	11,900
Other receipts	1,763	241	17,672	22,839	-	-	-	42,515
Total receipts	<u>30,139</u>	<u>12,282</u>	<u>228,958</u>	<u>47,504</u>	<u>-</u>	<u>-</u>	<u>31,535</u>	<u>350,418</u>
Disbursements:								
Personal services	18,447	3,806	-	-	-	-	8,975	31,228
Supplies	838	300	-	-	-	-	921	2,059
Other services and charges	11,451	4,445	138,441	-	-	-	10,632	164,969
Capital outlay	-	173	67,792	324,157	-	-	1,148	393,270
Other disbursements	-	16,531	-	-	6,186	-	-	22,717
Total disbursements	<u>30,736</u>	<u>25,255</u>	<u>206,233</u>	<u>324,157</u>	<u>6,186</u>	<u>-</u>	<u>21,676</u>	<u>614,243</u>
Excess (deficiency) of receipts over disbursements	<u>(597)</u>	<u>(12,973)</u>	<u>22,725</u>	<u>(276,653)</u>	<u>(6,186)</u>	<u>-</u>	<u>9,859</u>	<u>(263,825)</u>
Cash and investments - ending	<u>\$ 40,642</u>	<u>\$ 9,879</u>	<u>\$ 250,981</u>	<u>\$ 58,396</u>	<u>\$ -</u>	<u>\$ 1,710</u>	<u>\$ 74,656</u>	<u>\$ 436,264</u>

MONROE TOWNSHIP, MADISON COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	Township	Township Assistance	Fire Fighting	Cumulative Fire	Levy Excess	Rainy Day	Cemetery	Totals
Cash and investments - beginning	\$ 40,642	\$ 9,879	\$ 250,981	\$ 58,396	\$ -	\$ 1,710	\$ 74,656	\$ 436,264
Receipts:								
Taxes	45,201	28,848	146,876	34,644	-	-	27,697	283,266
Charges for services	-	-	-	-	-	-	10,050	10,050
Other receipts	79	12,708	16,228	4	494	294	2,933	32,740
Total receipts	<u>45,280</u>	<u>41,556</u>	<u>163,104</u>	<u>34,648</u>	<u>494</u>	<u>294</u>	<u>40,680</u>	<u>326,056</u>
Disbursements:								
Personal services	18,447	3,806	-	-	-	-	9,885	32,138
Supplies	492	99	1,431	-	-	-	1,362	3,384
Other services and charges	8,788	5,373	139,730	-	-	-	8,256	162,147
Capital outlay	95	110	-	-	-	-	5,652	5,857
Other disbursements	-	19,545	-	-	-	-	-	19,545
Total disbursements	<u>27,822</u>	<u>28,933</u>	<u>141,161</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,155</u>	<u>223,071</u>
Excess (deficiency) of receipts over disbursements	<u>17,458</u>	<u>12,623</u>	<u>21,943</u>	<u>34,648</u>	<u>494</u>	<u>294</u>	<u>15,525</u>	<u>102,985</u>
Cash and investments - ending	<u>\$ 58,100</u>	<u>\$ 22,502</u>	<u>\$ 272,924</u>	<u>\$ 93,044</u>	<u>\$ 494</u>	<u>\$ 2,004</u>	<u>\$ 90,181</u>	<u>\$ 539,249</u>

MONROE TOWNSHIP, MADISON COUNTY
EXAMINATION RESULT AND COMMENT

INVESTMENT MATURITY LIMITATIONS

The Township purchased one investment in 2010 which has a stated maturity in excess of two years. This was a Certificate of Deposit with community Bank that has a Maturity Date of December 16, 2013.

Indiana County 5-13-9-5.6 states: "Investments made under IC 5-13-9 must have a stated final maturity of not more than two years after the date of purchase or entry into a repurchase agreement."

MONROE TOWNSHIP, MADISON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 28, 2011, with Jon Cooper, Trustee, and Kay Cox, Chairman of the Township Board.