

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
TOWN OF MONROE
ADAMS COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
10/26/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jill Ellenberger	01-01-04 to 12-31-07
President of the Town Council	C. Allen Lehman	01-01-04 to 12-31-06



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Monroe (Town), for the period of January 1, 2004 to December 31, 2005. The Town's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

September 26, 2006

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, 2004 And 2005

	Cash and Investments		Cash and Investments	
	01-01-04	Receipts	Disbursements	12-31-04
Governmental Funds:				
General	\$ 138,383	\$ 135,459	\$ 127,314	\$ 146,528
Motor Vehicle Highway	73,830	55,082	62,424	66,488
Local Road and Street	19,853	3,508	6,170	17,191
Park and Recreation	19,963	3,648	313	23,298
Garbage	22,885	24,081	24,495	22,471
Cumulative Capital Improvement	30,500	3,068	2,668	30,900
Cumulative Capital Development	57,415	10,129	35,262	32,282
Cumulative Building and Fire Fighting Equipment	85,230	6,150	-	91,380
Economic Development Income Tax	47,438	10,018	886	56,570
Build Indiana	2,000	-	-	2,000
Proprietary Funds:				
Water Utility - Operating	74,781	86,351	93,565	67,567
Water Utility - Bond and Interest	11,277	16,000	15,755	11,522
Water Utility - Reserve	11,000	-	-	11,000
Wastewater Utility - Operating	118,621	146,110	129,111	135,620
Wastewater Utility - Bond and Interest	7,888	18,000	17,266	8,622
Wastewater Utility - Depreciation	12,829	30,000	37,508	5,321
Wastewater Utility - Reserve	14,500	6,400	-	20,900
Fiduciary Fund:				
Payroll	1,037	85,627	85,841	823
Totals	\$ 749,430	\$ 639,631	\$ 638,578	\$ 750,483

	Cash and Investments		Cash and Investments	
	01-01-05	Receipts	Disbursements	12-31-05
Governmental Funds:				
General	\$ 146,528	\$ 158,105	\$ 118,273	\$ 186,360
Motor Vehicle Highway	66,488	50,019	70,630	45,877
Local Road and Street	17,191	3,684	7,970	12,905
Park and Recreation	23,298	3,907	-	27,205
Garbage	22,471	24,819	25,617	21,673
Cumulative Capital Improvement	30,900	2,566	1,442	32,024
Cumulative Capital Development	32,282	10,416	-	42,698
Cumulative Building and Fire Fighting Equipment	91,380	7,761	-	99,141
Economic Development Income Tax	56,570	10,143	976	65,737
Build Indiana	2,000	-	-	2,000
Proprietary Funds:				
Water Utility - Operating	67,567	85,831	95,933	57,465
Water Utility - Bond and Interest	11,522	16,500	15,731	12,291
Water Utility - Reserve	11,000	-	-	11,000
Wastewater Utility - Operating	135,620	148,400	127,715	156,305
Wastewater Utility - Bond and Interest	8,622	18,000	17,636	8,986
Wastewater Utility - Depreciation	5,321	30,000	25,005	10,316
Wastewater Utility - Reserve	20,900	-	-	20,900
Fiduciary Fund:				
Payroll	823	87,816	87,228	1,411
Totals	\$ 750,483	\$ 657,967	\$ 594,156	\$ 814,294

The accompanying notes are an integral part of the schedules.

TOWN OF MONROE
NOTES TO SCHEDULES

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, planning and zoning, 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.

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.

TOWN OF MONROE
NOTES TO SCHEDULES
(Continued)

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.

Note 7. Long-Term Debt

The Town has entered into debt of revenue bonds for the Water and Wastewater Utilities. The outstanding principal at December 31, 2005, was \$8,000 and \$100,000, respectively.

TOWN OF MONROE
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

The Cumulative Capital Development Fund expenditures exceeded budgeted appropriations for 2004 by \$5,262.

Indiana Code 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."

DEPOSITS

In tests of receipts to deposits for Town and Utility funds, deposits were made 4 to 17 days after the date of the receipt.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

CAPITAL ASSET RECORDS

As noted in the prior Audit Report B23535, the Town does not maintain capital asset records.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the 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)

ORDINANCES AND RESOLUTIONS

The Water Utility has an ordinance concerning rates charged for water usage. However, the Utility did not properly apply these rates to customers' usage.

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)

SERVICE AND TIME RECORDS

As noted in the prior Audit Report B23535, employee time, attendance, and service records were not maintained.

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

TOWN OF MONROE
EXIT CONFERENCE

The contents of this report were discussed on September 26, 2006, with Jill Ellenberger, Clerk-Treasurer. The official concurred with our findings.