

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

EXAMINATION REPORT
OF
TOWN OF MONROE CITY
KNOX COUNTY, INDIANA
January 1, 2005 to December 31, 2006



FILED
08/01/2007

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report	3
Financial Information: Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information.....	5-6
Supplementary Information: Schedule of Capital Assets.....	7
Schedule of Long-Term Debt.....	8
Exit Conference.....	9

OFFICIALS

Office

Official

Term

Clerk-Treasurer

Nancee Scott

01-01-04 to 12-31-07

President of the Town Council

Bill Sampson

01-01-05 to 12-31-07

Superintendent of Water Utility

Don Davis

01-01-05 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF MONROE CITY, KNOX COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Monroe City (Town), for the period of January 1, 2005 to December 31, 2006. 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, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

June 28, 2007

TOWN OF MONROE CITY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES
As Of And For The Years Ended December 31, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 36,488	\$ 44,964	\$ 67,792	\$ 13,660
Motor Vehicle Highway	61,505	16,683	28,989	49,199
Local Road and Street	17,433	3,086	8,756	11,763
Rainy Day	976	-	-	976
Cumulative Capital Improvement	13,512	1,738	8,000	7,250
Cumulative Capital Development (CEDIT)	2,835	3,071	5,900	6
Proprietary Funds:				
Water Utility - Operating	6,392	73,061	64,894	14,559
Water Utility - Customer Deposit	15,136	1,855	1,478	15,513
Wastewater Utility - Operating	52,790	152,473	194,028	11,235
Wastewater Utility - Bond and Interest	17,325	22,170	21,903	17,592
Wastewater Utility - Depreciation	8,228	-	-	8,228
Wastewater Utility - Customer Deposit	6,992	1,742	1,089	7,645
Wastewater Utility - Debt Service	33,457	1,329	-	34,786
Totals	<u>\$ 273,069</u>	<u>\$ 322,172</u>	<u>\$ 402,829</u>	<u>\$ 192,412</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 13,660	\$ 36,480	\$ 48,713	\$ 1,427
Motor Vehicle Highway	49,199	20,083	18,464	50,818
Local Road and Street	11,763	2,963	-	14,726
Rainy Day	976	-	-	976
Cumulative Capital Improvement	7,250	2,223	-	9,473
Cumulative Capital Development	6	1,585	-	1,591
Proprietary Funds:				
Water Utility - Operating	14,559	74,512	75,143	13,928
Water Utility - Customer Deposit	15,513	1,280	1,290	15,503
Wastewater Utility - Operating	11,235	125,186	116,850	19,571
Wastewater Utility - Bond and Interest	17,592	22,113	21,643	18,062
Wastewater Utility - Depreciation	8,228	-	-	8,228
Wastewater Utility - Customer Deposit	7,645	1,320	1,160	7,805
Wastewater Utility - Construction	34,786	-	-	34,786
Totals	<u>\$ 192,412</u>	<u>\$ 287,745</u>	<u>\$ 283,263</u>	<u>\$ 196,894</u>

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

TOWN OF MONROE CITY
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: highways and streets, 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 CITY
NOTES TO FINANCIAL INFORMATION
(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.

TOWN OF MONROE CITY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For the Years Ended December 31, 2005 and 2006

<u>Primary Government</u>	<u>December 31, 2005</u> Ending Balance	<u>December 31, 2006</u> Ending Balance
Governmental activities:		
Capital assets, not being depreciated:		
Land	\$ 8,093	\$ 8,093
Improvements other than buildings	15,997	15,997
Machinery and equipment	5,225	6,678
Transportation equipment	<u>7,000</u>	<u>7,000</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 36,315</u>	<u>\$ 37,768</u>

<u>Primary Government</u>	<u>December 31, 2005</u> Ending Balance	<u>December 31, 2006</u> Ending Balance
Business-type activities:		
Water Utility:		
Capital assets, not being depreciated:		
Land	\$ 8,400	\$ 8,400
Buildings	17,653	17,653
Improvements other than buildings	646,668	650,796
Machinery and equipment	14,572	14,572
Transportation equipment	<u>2,000</u>	<u>2,000</u>
Total Water Utility capital assets	<u>689,293</u>	<u>693,421</u>
Wastewater Utility:		
Capital assets, not being depreciated:		
Land	5,945	5,945
Buildings	388,259	388,259
Improvements other than buildings	697,686	697,686
Machinery and equipment	11,840	13,351
Transportation equipment	<u>11,124</u>	<u>11,124</u>
Total Wastewater Utility capital assets	<u>1,114,854</u>	<u>1,116,365</u>
Total business-type activities capital assets	<u>\$ 1,804,147</u>	<u>\$ 1,809,786</u>

TOWN OF MONROE CITY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT

For the Years Ended December 31, 2005 and 2006

Description of Asset	December 31, 2005 Ending Balance	Due Within One Year
Business-type Activities:		
Water Utility		
Note payable:		
Water Improvement Loan	\$ 48,531	\$ 6,122
Wastewater Utility		
Revenue bonds:		
1989 Wastewater Refunding	59,000	17,000
Total business-type activities long-term debt:	<u>\$ 107,531</u>	<u>\$ 23,122</u>

Description of Asset	December 31, 2006 Ending Balance	Due Within One Year
Business-type Activities:		
Water Utility		
Note payable:		
Water Improvement Loan	\$ 42,409	\$ 6,122
Wastewater Utility		
Revenue bonds:		
1989 Wastewater Refunding	42,000	18,000
Total business-type activities long-term debt:	<u>\$ 84,409</u>	<u>\$ 24,122</u>

TOWN OF MONROE CITY
EXIT CONFERENCE

The contents of this report were discussed on June 28, 2007, with Nancee Scott, Clerk-Treasurer; and C.B. Vories, Town Board member. Our examination disclosed no material items that warrant comment at this time.