

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

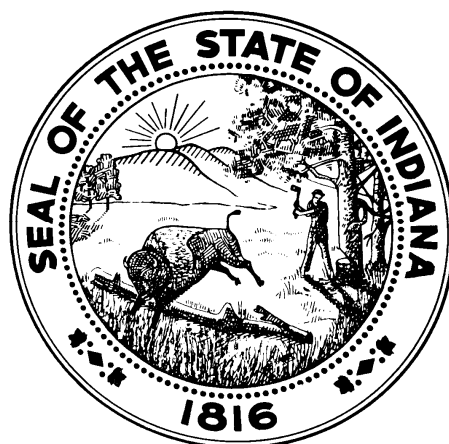
EXAMINATION REPORT

OF

TOWN OF MONON

WHITE COUNTY, INDIANA

January 1, 2007 to December 31, 2008



FILED
11/06/2009

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Michele Robinson

01-01-04 to 12-31-11

President of the Town Council

Robert Harvey
Bryan Rinker

01-01-07 to 12-31-07
01-01-08 to 12-31-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF MONON, WHITE COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Monon (Town), for the period of January 1, 2007 to December 31, 2008. 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, 2007 and 2008, 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 a required part 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

September 30, 2009

TOWN OF MONON
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, 2007 And 2008

	Cash and Investments		Cash and Investments	
	01-01-07	Receipts	Disbursements	12-31-07
Governmental Funds:				
General	\$ 601,364	\$ 192,193	\$ 355,999	\$ 437,558
Motor Vehicle Highway	132,608	70,894	54,202	149,300
Local Road and Street	14,460	3,852	6,806	11,506
Park and Recreation	65,792	17,289	37,183	45,898
Law Enforcement Continuing Education	495	306	635	166
Riverboat	30,724	10,928	13,938	27,714
Rainy Day	42,383	-	-	42,383
Cumulative Capital Improvement	41,777	6,447	1,434	46,790
Cumulative Capital Development	79,354	2,007	-	81,361
Unsafe Building	-	5,931	3,412	2,519
County Economic Development Income Tax	90,917	27,146	28,514	89,549
Forfeited Property	199	-	-	199
Operation Pullover	-	2,600	2,600	-
Civic Center	1,171	1,495	487	2,179
Historical Preservation	224	-	-	224
Proprietary Funds:				
Water Utility - Operating	8,514	205,356	206,669	7,201
Water Utility - Bond and Interest	117	52,520	52,557	80
Water Utility - Depreciation	44,280	19,196	40,870	22,606
Water Utility - Customer Deposit	30,152	7,124	6,960	30,316
Water Utility - Debt Reserve	54,683	-	-	54,683
Wastewater Utility - Operating	370,071	259,977	210,295	419,753
Wastewater Utility - Depreciation	144,534	34,114	12,839	165,809
Fiduciary Funds:				
Town Court	1,664	3,914	3,890	1,688
Court Partial Payment Plan	-	144	45	99
Payroll	2,668	342,213	341,956	2,925
Totals	\$ 1,758,151	\$ 1,265,646	\$ 1,381,291	\$ 1,642,506

	Cash and Investments		Cash and Investments	
	01-01-08	Receipts	Disbursements	12-31-08
Governmental Funds:				
General	\$ 437,558	\$ 370,571	\$ 389,515	\$ 418,614
Motor Vehicle Highway	149,300	67,482	66,101	150,681
Local Road and Street	11,506	6,572	15,000	3,078
Park and Recreation	45,898	44,944	33,656	57,186
Law Enforcement Continuing Education	166	791	252	705
Riverboat	27,714	10,871	-	38,585
Rainy Day	42,383	15,546	-	57,929
Cumulative Capital Improvement	46,790	14,138	25,538	35,390
Cumulative Capital Development	81,361	9,136	-	90,497
Unsafe Building	2,519	-	-	2,519
County Economic Development Income Tax	89,549	31,135	37,770	82,914
Forfeited Property	199	-	-	199
Operation Pullover	-	2,694	2,694	-
Community Development Block Grant	-	30,234	30,234	-
Civic Center	2,179	3,350	4,046	1,483
Historical Preservation	224	-	-	224
Proprietary Funds:				
Water Utility - Operating	7,201	202,096	197,150	12,147
Water Utility - Bond and Interest	80	51,482	51,282	280
Water Utility - Depreciation	22,606	4,400	6,687	20,319
Water Utility - Customer Deposit	30,316	8,830	6,600	32,546
Water Utility - Debt Reserve	54,683	-	-	54,683
Wastewater Utility - Operating	419,753	248,164	344,888	323,029
Wastewater Utility - Depreciation	165,809	30,809	43,598	153,020
Wastewater Utility - Improvement	-	118,476	118,476	-
Fiduciary Funds:				
Town Court	1,688	8,118	6,841	2,965
Court Partial Payment Plan	99	-	-	99
Payroll	2,925	362,563	362,246	3,242
Totals	\$ 1,642,506	\$ 1,642,402	\$ 1,742,574	\$ 1,542,334

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

TOWN OF MONON
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, health and social services, culture and recreation, and general administrative services.

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.

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 MONON
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.

Note 7. Subsequent Event

The Town has issued revenue bonds totaling \$1,715,000 and was awarded a \$500,000 grant for wastewater treatment facility improvements to begin in the fall of 2009.

TOWN OF MONON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2008

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 3,000
Buildings	295,466
Improvements other than buildings	105,763
Machinery and equipment	<u>129,710</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 533,939</u>
 Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 65,351
Construction in progress	1,026,224
Buildings	572,454
Improvements other than buildings	1,416,296
Machinery and equipment	<u>549,500</u>
 Total Water Utility capital assets	 <u>3,629,825</u>
 Wastewater Utility:	
Capital assets, not being depreciated:	
Land	3,750
Construction in progress	5,386,429
Buildings	612,850
Improvements other than buildings	12,750
Machinery and equipment	<u>1,310,222</u>
 Total Wastewater Utility capital assets	 <u>7,326,001</u>
 Total business-type activities capital assets	 <u>\$ 10,955,826</u>

TOWN OF MONON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2008

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Water Utility:		
Revenue bonds:		
2000 Water Tower and Water Lines	\$ 440,000	\$ 49,570

TOWN OF MONON
EXAMINATION RESULTS AND COMMENTS

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.

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.
- (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 . . ."

"(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. . . ."

CONDITION OF RECORDS

Financial records presented for examination were incomplete and not reflective of the activity of the Town Court Fund. The records presented did not provide sufficient information to examine or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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 MONON
EXIT CONFERENCE

The contents of this report were discussed on September 30, 2009, with Michele Robinson, Clerk-Treasurer; and Bryan Rinker, President of the Town Council. The officials concurred with our findings.