

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

EXAMINATION REPORT
OF
CITY OF MONTICELLO
WHITE COUNTY, INDIANA
January 1, 2005 to December 31, 2005



FILED
09/19/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Mayor	Robert Fox	01-01-04 to 12-31-07
Clerk-Treasurer	Rennatta Berkshire	01-01-04 to 12-31-07
President of the Board of Public Works and Safety	Richard Cronch	01-01-05 to 12-31-06
President of the Common Council	William Smith	01-01-05 to 12-31-06
Superintendent of Water Utility	Rodney Pool	01-01-05 to 12-31-06
Superintendent of Wastewater Utility	Joseph Mowrer	01-01-05 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF MONTICELLO, WHITE COUNTY, INDIANA

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

STATE BOARD OF ACCOUNTS

August 3, 2006

CITY OF MONTICELLO
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2005

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 1,070,424	\$ 4,316,286	\$ 4,180,066	\$ 1,206,644
Motor Vehicle Highway	295,212	173,015	111,925	356,302
Local Road and Street	28,853	25,512	24,765	29,600
Law Enforcement Continuing Education	19,427	2,780	4,886	17,321
Rainy Day	138,532	-	30,052	108,480
Cumulative Capital Improvement	161,612	17,691	34,013	145,290
Cumulative Capital Development	214,997	88,471	149,330	154,138
County Economic Development Income Tax	787,823	202,484	540,907	449,400
Sidewalk and Curb	70	44,254	29,600	14,724
Parking Lot Maintenance	5,510	20,464	5,510	20,464
Park Nonreverting	33,545	37,991	31,017	40,519
Fire Grant	-	150,305	150,305	-
Fire Reports	345	107	-	452
Abandoned Vehicles	150	-	-	150
DUIP Police Fund	1,154	5,254	6,272	136
Operation Pullover	232	3,625	3,800	57
Park Gift	12,358	8,901	345	20,914
Fire Gift	5,034	877	649	5,262
Police Gift	7,552	1,700	436	8,816
Drug Nonreverting	8,464	710	413	8,761
Police Vending	348	802	888	262
Police K-9	2,260	200	-	2,460
Fire Vending	443	1,855	1,931	367
CEDIT Revenue Bonds	(9,768)	979,835	970,067	-
CEDIT Bond Debt Service	-	313,000	32,592	280,408
Urban Forestry Grant	1,413	25	-	1,438
TIF Allocation	763,499	289,505	60,692	992,312
Insurance Claim Payments	-	67,652	64,292	3,360
Monticello Redevelopment Commission	1,040	2	-	1,042
Monticello Economic Development Commission	16,964	212	-	17,176
Proprietary Funds:				
Water Utility - Operating	124,941	1,217,685	684,456	658,170
Water Utility - Bond and Interest	354,809	4,308	323,610	35,507
Water Utility - Customer Deposit	158,591	39,998	27,336	171,253
Water Utility - Improvement	15,030	7,582	-	22,612
Wastewater Utility - Operating	206,893	1,461,235	857,489	810,639
Wastewater Utility - Bond and Interest - '98 Bonds	454,451	-	300,896	153,555
Wastewater Utility - Bond and Interest - '95 Bonds	144,711	1,039	96,795	48,955
Wastewater Utility - Improvement	50,828	-	-	50,828
Wastewater Utility - Equipment Replacement	172,541	-	-	172,541
Wastewater Utility - Accounts Payable	12,632	536,886	532,208	17,310
Fiduciary Funds:				
Police Officers' Pension	191,751	153,535	109,997	235,289
Firefighters' Pension	287,917	126,063	120,110	293,870
Payroll	22,183	2,806,062	2,826,467	1,778
Totals	<u>\$ 5,764,771</u>	<u>\$ 13,107,908</u>	<u>\$ 12,314,117</u>	<u>\$ 6,558,562</u>

The accompanying notes are an integral part of the schedules.

CITY OF MONTICELLO
NOTES TO SCHEDULE

Note 1. Introduction

The City was established under the laws of the State of Indiana. The City provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The City 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 City 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 City 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 City 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.

CITY OF MONTICELLO
NOTES TO SCHEDULE
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The City 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 City 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 City has entered into various debts such as bonds for infrastructure projects and a loan for a street department building. The outstanding principal at December 31, 2005, was \$2,145,000 and \$197,396, respectively.

The Utility has entered into various debts such as revenue bonds, state revolving loans and capital leases. The outstanding principal at December 31, 2005, was \$805,000, \$6,890,911, and \$197,081, respectively.

Note 8. Subsequent Event

On June 15, 2006, the City sold \$435,000 of EDIT revenue bonds, \$610,000 in waterworks revenue bonds and \$705,000 in sewage works revenue bonds. The bonds were sold to help finance various street and utility projects, mainly involving North Main Street and 6th Street.

CITY OF MONTICELLO
EXAMINATION RESULTS AND COMMENTS

INTEREST ON INVESTMENTS

Interest earned on investments with "Invest Indiana" was automatically added to the principal and not recorded in the records.

Interest on investments should not be automatically added into the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CUSTOMER DEPOSIT REGISTER

The detailed customer deposit register does not reconcile with the customer deposit amount recorded on the general ledger. A similar comment was noted in prior Audit Report B25288.

At all times, the manual and 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)

DELINQUENT WASTEWATER ACCOUNTS

As noted in the prior two audit reports, 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.

Indiana Code 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; and

(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. . ."

"(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. . . ."

CITY OF MONTICELLO
EXIT CONFERENCE

The contents of this report were discussed on August 3, 2006, with Robert Fox, Mayor; Rennatta Berkshire, Clerk-Treasurer; Rodney Pool, Superintendent of the Water Utility; and Joseph Mowrer, Superintendent of the Wastewater Utility. The officials concurred with our findings.