

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

EXAMINATION REPORT
OF
CITY OF MONTICELLO
WHITE COUNTY, INDIANA
January 1, 2008 to December 31, 2008



FILED
11/02/2009

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Mayor	Jason A. Thompson	01-01-08 to 12-31-11
Clerk-Treasurer	Elizabeth J. Oilar	01-01-08 to 12-31-11
President of the City Council	William J. Smith James Mann	01-01-08 to 12-31-08 01-01-09 to 12-31-09



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 financial information presented herein of the City of Monticello (City), for the period of January 1, 2008 to December 31, 2008. The City'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 City for the year ended December 31, 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 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

August 19, 2009

CITY OF MONTICELLO
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2008

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 1,861,837	\$ 4,123,919	\$ 4,815,357	\$ 1,170,399
Motor Vehicle Highway	517,636	157,425	172,173	502,888
Local Road and Street	22,327	23,003	33,803	11,527
Law Enforcement Continuing Education	19,739	3,823	1,045	22,517
Rainy Day	75,399	128,705	44,980	159,124
Cumulative Capital Improvement	29,131	18,611	41,983	5,759
Cumulative Capital Development	169,288	28,057	136,189	61,156
County Economic Development Income Tax	234,059	328,426	455,452	107,033
Sidewalk and Curb	32,317	45,572	41,840	36,049
Parking Lot Maintenance	35,197	12,528	14,868	32,857
Park Non-Reverting	48,717	35,341	27,053	57,005
Fire Reports	609	66	-	675
Abandoned Vehicles	150	-	-	150
DUIIP Police Fund	181	-	-	181
Operation Pullover	340	3,620	3,775	185
Park Gift	40,535	2,577	90	43,022
Fire Gift	4,206	18,096	2,999	19,303
Police Gift	8,873	-	1,116	7,757
Drug Non-Reverting	9,976	595	-	10,571
Police Vending	22	861	437	446
Police K-9	6,713	8,525	9,993	5,245
Fire Vending	940	337	1,277	-
Fire Department Training	3,500	-	-	3,500
CEDIT Revenue Bonds	29,202	-	17,519	11,683
CEDIT Bond Debt Service Reserve	161,600	1,321	-	162,921
CEDIT Bond and Interest	78,676	104,833	183,300	209
Urban Forester Grant	1,438	-	-	1,438
TIF Allocation	1,090,759	335,314	116,711	1,309,362
TIF Bond Reserve	54,000	440	-	54,440
TIF Bond and Interest	52,604	10,191	62,795	-
William Altherr Park	676,111	16,555	136	692,530
Insurance Claim Payments	3,893	203,733	200,759	6,867
Monticello Redevelopment Commission	1,047	-	-	1,047
Monticello Economic Development Commission	5,307	5	-	5,312
Proprietary Funds:				
Water Utility - Operating	508,396	682,538	920,162	270,772
Water Utility - Bond and Interest	560,243	670,769	690,942	540,070
Water Utility - Customer Deposit	193,938	37,492	29,034	202,396
Water Utility - Improvement	187,951	228,615	-	416,566
Wastewater Utility - Operating	488,947	834,873	980,926	342,894
Wastewater Utility - Bond and Interest - '95 Bonds	855,655	1,091,105	1,023,477	923,283
Wastewater Utility - Improvement	179,479	39,562	-	219,041
Wastewater Utility - Equipment Replacement	247,133	-	-	247,133
Wastewater Utility - Accounts Payable	25,287	850,848	842,507	33,628
Fiduciary Funds:				
Police Officers' Pension	275,992	96,525	119,489	253,028
Firefighters' Pension	372,881	136,341	150,730	358,492
Payroll	2,133	3,257,014	3,258,250	897
Totals	<u>\$ 9,174,364</u>	<u>\$ 13,538,161</u>	<u>\$ 14,401,167</u>	<u>\$ 8,311,358</u>

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

CITY OF MONTICELLO
NOTES TO FINANCIAL INFORMATION

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.

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 FINANCIAL INFORMATION
(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 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 City of Monticello was notified on June 5, 2009, that they were awarded a Community Development Block Grant for \$600,000 to be used on drainage facilities.

CITY OF MONTICELLO
 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 are included if acquired (purchased, constructed, or donated) after July 1, 1980, or if they received major renovations, restorations, or improvements after that date. 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	\$ 983,636
Infrastructure	5,020,299
Buildings	3,133,087
Improvements other than buildings	471,951
Machinery and equipment	2,569,004
Construction in progress	<u>543,151</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 12,721,128</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 63,500
Construction in progress	294,600
Buildings	2,457,950
Improvements other than buildings	4,701,750
Machinery and equipment	<u>670,749</u>
 Total Water Utility capital assets	 <u>8,188,549</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	220,142
Construction in progress	50,465
Buildings	8,995,394
Improvements other than buildings	10,958,125
Machinery and equipment	<u>868,791</u>
 Total Wastewater Utility capital assets	 <u>21,092,917</u>
 Total business-type activities capital assets	 <u>\$ 29,281,466</u>

CITY OF MONTICELLO
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2008

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Bonds payable:		
General obligation bonds:		
2003 TIF	\$ 545,000	\$ 61,176
2004 EDIT	985,000	164,114
2006 EDIT	<u>435,000</u>	<u>19,945</u>
Total governmental activities debt	<u>\$ 1,965,000</u>	<u>\$ 245,235</u>
Business-type activities:		
Water Utility:		
Notes and loans:		
State Revolving Loan	\$ 2,633,097	\$ 38,180
Revenue bonds:		
1995 Waterworks	205,000	56,305
2006 Waterworks	<u>610,000</u>	<u>27,705</u>
Total Water Utility	<u>3,448,097</u>	<u>122,190</u>
Wastewater Utility:		
Notes and Loans:		
State Revolving Loan	3,124,007	302,479
Revenue bonds:		
1995 Wastewater	235,000	95,412
2006 Wastewater	<u>655,000</u>	<u>52,869</u>
Total Wastewater Utility	<u>4,014,007</u>	<u>450,760</u>
Total business-type activities debt	<u>\$ 7,462,104</u>	<u>\$ 572,950</u>

CITY OF MONTICELLO
EXAMINATION RESULTS AND COMMENTS

FIRE AND POLICE PENSION OVERPAYMENTS

Four fire pensioners and three police pensioners were over paid in 2008 due to a calculation error on a first class fire/police officer's salary. The overpayments totaled \$2,104.20 in aggregate on the seven pensioners. Officials were instructed to collect the amounts owed.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (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 Reports B27937, B30002, and B32481.

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)

CITY OF MONTICELLO
EXIT CONFERENCE

The contents of this report were discussed on August 19, 2009, with Elizabeth J. Oilar, Clerk-Treasurer. The official concurred with our findings.