

B37324

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, 2009 to December 31, 2009



FILED
08/10/2010

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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	James Mann, Jr.	01-01-09 to 12-31-10



STATE OF INDIANA
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STATE BOARD OF ACCOUNTS
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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, 2009 to December 31, 2009. 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, 2009, 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

July 1, 2010

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, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 1,170,399	\$ 5,179,526	\$ 5,727,322	\$ 622,603
Motor Vehicle Highway	502,888	156,850	261,890	397,848
Local Road and Street	11,527	21,724	19,435	13,816
Law Enforcement Continuing Education	22,517	3,904	17,001	9,420
Rainy Day	159,124	73,949	10,479	222,594
Cumulative Capital Improvement	5,759	17,549	12,250	11,058
Cumulative Capital Development	61,156	83,153	39,346	104,963
County Economic Development Income Tax	107,033	374,992	366,580	115,445
Sidewalk and Curb	36,049	58,501	45,000	49,550
Parking Lot Maintenance	32,857	10,929	-	43,786
Park Non-Reverting	57,005	38,230	28,411	66,824
Park Non-Reverting Capital	-	150	-	150
Fire Reports	675	139	-	814
Abandoned Vehicles	150	-	-	150
DUIP Police Fund	181	-	-	181
Operation Pullover	185	3,819	3,275	729
Park Gift	43,022	10,985	7,511	46,496
Fire Gift	19,303	47,401	64,653	2,051
Police Gift	7,757	-	738	7,019
Drug Non-Reverting	10,571	225	-	10,796
Police Vending	446	606	446	606
Police K-9	5,245	1,700	-	6,945
Fire Department Training	3,500	34,143	24,643	13,000
CEDIT Revenue Bonds	11,683	-	-	11,683
CEDIT Bond Debt Service Reserve	162,921	864	-	163,785
CEDIT Bond and Interest	209	184,360	184,359	210
Urban Forestry Grant	1,438	-	-	1,438
TIF Allocation	1,309,362	349,989	730,678	928,673
TIF Bond Reserve	54,440	288	-	54,728
TIF Bond and Interest	-	61,526	61,526	-
William Altherr Park	692,530	9,452	513	701,469
Insurance Claim Payments	6,867	663,827	662,339	8,355
Monticello Redevelopment Commission	1,047	1	-	1,048
Monticello Economic Development Commission	5,312	-	-	5,312
Proprietary Funds:				
Water Utility - Operating	270,772	1,444,117	1,614,419	100,470
Water Utility - Bond and Interest	181,790	347,850	350,159	179,481
Water Utility - Reserve	358,280	-	-	358,280
Water Utility - Customer Deposit	202,396	38,170	33,319	207,247
Water Utility - Improvement	416,566	2,595	372,645	46,516
Water Utility - Construction	-	765,137	-	765,137
Wastewater Utility - Operating	342,894	1,698,468	1,920,257	121,105
Wastewater Utility - Bond and Interest	439,955	459,593	456,338	443,210
Wastewater Utility - Reserve	483,328	-	-	483,328
Wastewater Utility - Improvement	219,041	-	-	219,041
Wastewater Utility - Construction	-	1,970,126	-	1,970,126
Wastewater Utility - Equipment Replacement	247,133	-	-	247,133
Wastewater Utility - Accounts Payable	33,628	1,090,336	1,123,899	65
Fiduciary Funds:				
Police Officers' Pension	253,028	200,446	123,037	330,437
Firefighters' Pension	358,492	306,006	148,764	515,734
Payroll	897	3,351,207	3,350,805	1,299
Totals	<u>\$ 8,311,358</u>	<u>\$ 19,062,833</u>	<u>\$ 17,762,037</u>	<u>\$ 9,612,154</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 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. Subsequent Event

The National Homes drainage project involves storm and sanitary sewer improvements, as well as water line improvements. This project's total cost is estimated at \$3,475,000. This project is funded by a \$600,000 Community Development Block Grant, an \$825,000 water revenue bond issue and a \$2,050,000 wastewater bond issue. The project is divided into two phases. On November 24, 2009, the Monticello Board of Works awarded a bid to F&K Construction for \$975,595 for a portion of phase I of the project. Construction on phase I started in the spring of 2010 and is expected to be completed by the end of July 2010. Phase II of this project is mostly water lines and will begin after completion of phase I. Phase II will be let for bid in July of 2010.

CITY OF MONTICELLO
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

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	\$ 1,768,899
Infrastructure	9,076,795
Buildings	5,626,112
Improvements other than buildings	1,018,196
Machinery and equipment	6,898,953
Construction in progress	<u>631,621</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 25,020,576</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 63,500
Buildings	2,727,550
Improvements other than buildings	4,701,748
Machinery and equipment	<u>1,030,749</u>
Total Water Utility capital assets	<u>8,523,547</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	254,210
Buildings	8,995,394
Improvements other than buildings	10,969,665
Machinery and equipment	<u>909,342</u>
Total Wastewater Utility capital assets	<u>21,128,611</u>
Total business-type activities capital assets	<u>\$ 29,652,158</u>

CITY OF MONTICELLO
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2009

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	\$ 510,000	\$ 59,803
2004 EDIT	860,000	162,948
2006 EDIT	435,000	19,945
Capital leases:		
2009 Fire Truck	<u>404,360</u>	<u>99,673</u>
Total governmental activities debt	<u>\$ 2,209,360</u>	<u>\$ 342,369</u>
Business-type activities:		
Water Utility:		
Notes and loans:		
State Revolving Loan	\$ 2,446,507	\$ 262,950
Revenue bonds:		
1995 Waterworks	160,000	58,965
2006 Waterworks	610,000	27,705
2009 Waterworks	<u>825,000</u>	<u>42,192</u>
Total Water Utility	<u>4,041,507</u>	<u>391,812</u>
Wastewater Utility:		
Notes and Loans:		
State Revolving Loan	2,909,007	301,171
Revenue bonds:		
1995 Wastewater	150,000	95,730
2006 Wastewater	630,000	56,700
2009 Wastewater	<u>2,050,000</u>	<u>78,840</u>
Total Wastewater Utility	<u>5,739,007</u>	<u>532,441</u>
Total business-type activities debt	<u>\$ 9,780,514</u>	<u>\$ 924,253</u>

CITY OF MONTICELLO
EXAMINATION RESULTS AND COMMENTS

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 the prior four reports.

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)

OFFICIAL BOND

The following official bond was not filed in the office of the County Recorder: Clerk-Treasurer.

IC 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

CITY OF MONTICELLO
EXIT CONFERENCE

The contents of this report were discussed on July 1, 2010, with Jason A. Thompson, Mayor, and Elizabeth J. Oilar, Clerk-Treasurer. The officials concurred with our findings.