

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

ANNUAL FINANCIAL REPORT

2010

CITY OF MONTICELLO

WHITE COUNTY, INDIANA



**FILED**  
06/16/2011



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Elizabeth J. Oilar	01-01-08 to 12-31-11
Mayor	Jason A. Thompson	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	Michael Keever	01-01-10 to 12-31-11
President of the Common Council	James D. Mann	01-01-10 to 12-31-11
Superintendent of Water Utility	Rodney Pool	01-01-10 to 12-31-11
Superintendent of Wastewater Utility	Joseph Mowrer	01-01-10 to 12-31-11



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

We have audited the accompanying financial statement(s) of the City of Monticello (City), for the year ended December 31, 2010. These financial statement(s) are the responsibility of the City's management. Our responsibility is to express opinions on these financial statement(s) based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement(s) are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement(s). An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the City prepares its financial statement(s) on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statement(s) referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated May 18, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the City's financial statement(s). The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statement(s) and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement(s) taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the City's financial statement(s). The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement(s). The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the financial statement(s) and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the City's management, the City Council and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

May 18, 2011



**STATE OF INDIANA**  
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statement(s) of the City of Monticello (City), for the year ended December 31, 2010, and have issued our report thereon dated May 18, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement(s), but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement(s) will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statement(s) are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

This report is intended solely for the information and use of the City's management, the City Council and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

May 18, 2011

FINANCIAL STATEMENT(S)

CITY OF MONTICELLO  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 622,603	\$ 6,990,987	\$ 5,303,899	\$ 2,309,691
Motor Vehicle Highway	397,848	336,906	260,986	473,768
Local Roads And Streets	13,816	22,218	21,061	14,973
Fire Reports	814	278	-	1,092
Park Non-Reverting	66,824	32,635	30,404	69,055
EDIT Bond P & I 2006	-	20,245	20,245	-
Parking Lot Maintenance	43,786	11,699	18,401	37,084
Abandoned Vehicles	150	-	-	150
Law Enforcement Continuing Education	9,420	6,347	1,755	14,012
Urban Forestry Grant	1,438	-	-	1,438
Drug Free Community Non-Reverting	10,796	-	-	10,796
Fire Donation Gift	2,051	16,783	318	18,516
Park Gift	46,496	2,285	48,024	757
Fire Department Training	13,000	34,728	38,793	8,935
Rainy Day Fund	222,594	129,638	53,000	299,232
DUIP Police Fund	181	-	-	181
County Economic Development Income Tax	103,845	263,780	295,765	71,860
Levy Excess	-	8,118	-	8,118
Police K-9	6,945	276	-	7,221
Operation Pullover	729	3,775	3,800	704
Police Gift	7,019	750	969	6,800
TIF Bond P & I	-	60,153	60,153	-
EDIT Bond Reserve 2004	152,185	1,887	-	154,072
TIF Allocation	928,673	952,157	699,668	1,181,162
EDIT Bond P & I 2004	210	162,948	162,948	210
TIF Bond Reserve	54,728	629	-	55,357
EDIT Bond Reserve 2006	23,200	8,700	-	31,900
Cumulative Capital Development	104,963	134,963	49,475	190,451
Park Non-Reverting Capital	150	300	450	-
Police Vending Account	606	454	292	768
Cumulative Capital Improvement	11,058	16,756	10,000	17,814
CEDIT Revenue Bonds	11,683	-	-	11,683
Sidewalk And Curb	49,550	36,173	18,373	67,350
William L. Altherr Park	701,469	2,424	322,396	381,497
Monticello Redevelopment Commission	1,048	1	1	1,048
Monticello Economic Development Commission	5,312	-	-	5,312
Police Pension	330,437	177,529	124,256	383,710
Fire Pension	515,734	224,922	151,531	589,125
Payroll	1,299	3,485,432	3,485,504	1,227
Insurance Claim Payments	8,355	598,233	598,228	8,360
Sewage Cash Operating	121,105	1,858,517	1,804,496	175,126
Sewage Bond P&I 2009	-	94,556	78,840	15,716
2009 Sewer Bond Construction	1,970,126	617,441	1,147,924	1,439,643
Sewage Bond P&I 1995	61,360	75,420	96,230	40,550
Sewage Bond P&I 2006	24,557	70,121	57,000	37,678
Sewage Bond P&I 1998	160,727	330,108	301,171	189,664
Sewage Capital Improvements	219,041	-	60,000	159,041
Sewage Equipment Replacement	247,133	-	216,622	30,511
Sewage Bond Reserve	483,328	19,608	-	502,936
2006 Sewage Works Revenue Bond	196,566	-	132,913	63,653
Sewage Accounts Payable	65	1,180,025	1,180,090	-
Water Operating	100,470	1,431,899	1,400,934	131,435
Water Bond P&I 2009	-	42,192	42,192	-
Water Rent Deposits	207,247	39,614	28,710	218,151
2009 Water Bond Construction	765,137	2,060	216,705	550,492
Water Improvement	46,516	163,539	-	210,055
2006 Water Works Revenue Bond	179,481	-	74,262	105,219
Water Bond P&I 1995	-	59,465	59,465	-
Water Bond P&I 2006	-	28,005	28,005	-
Water Bond P&I 2001	-	262,950	262,950	-
Water Bond Reserve	358,280	8,424	-	366,704
Totals	<u>\$ 9,612,154</u>	<u>\$ 20,029,053</u>	<u>\$ 18,969,204</u>	<u>\$ 10,672,003</u>

The notes to the financial statement(s) are an integral part of this statement.

CITY OF MONTICELLO  
NOTES TO FINANCIAL STATEMENT(S)

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement(s) present(s) the financial information for the City (primary government), and does not include financial information for any of the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the City (primary government).

*B. Basis of Accounting*

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF MONTICELLO  
NOTES TO FINANCIAL STATEMENT(S)  
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

CITY OF MONTICELLO  
NOTES TO FINANCIAL STATEMENT(S)  
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

*F. Interfund Transfers*

The City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the City. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

CITY OF MONTICELLO  
NOTES TO FINANCIAL STATEMENT(S)  
(Continued)

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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.

**Note 5. Risk Management**

The City may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the City by recording as a disbursement and replacement items purchased.

**Note 6. Pension Plan(s)**

*A. Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is 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 percent 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:

CITY OF MONTICELLO  
NOTES TO FINANCIAL STATEMENT(S)  
(Continued)

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.

*B. 1925 Police Officers' Pension Plan*

*Plan Description*

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

*Funding Policy*

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

*On Behalf Payments*

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under Indiana Code 5-10.3-11.

*C. 1937 Firefighters' Pension Plan*

*Plan Description*

The 1937 Firefighters' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

*Funding Policy*

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

CITY OF MONTICELLO  
NOTES TO FINANCIAL STATEMENT(S)  
(Continued)

*On Behalf Payments*

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under Indiana Code 5-10.3-11.

*D. 1977 Police Officers' and Firefighters' Pension and Disability Fund*

*Plan Description*

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

PERF 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*

The contribution requirements of plan members and the City are established by the Board of Trustees of PERF.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City of Monticello's Annual Report(s) can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

CITY OF MONTICELLO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010

	General	Motor Vehicle Highway	Local Roads And Streets	Fire Reports	Park Non-Reverting	EDIT Bond P&I 2006	Parking Lot Maintenance
Cash and investments - beginning	\$ 622,603	\$ 397,848	\$ 13,816	\$ 814	\$ 66,824	\$ -	\$ 43,786
Receipts:							
Taxes	3,880,194	166,925	-	-	-	-	-
Licenses and permits	2,838	-	-	-	-	-	6,410
Intergovernmental	1,173,939	160,178	22,218	-	-	-	-
Charges for services	1,646,082	-	-	278	28,210	-	5,289
Fines and forfeits	3,696	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	284,238	9,803	-	-	4,425	20,245	-
Total receipts	<u>6,990,987</u>	<u>336,906</u>	<u>22,218</u>	<u>278</u>	<u>32,635</u>	<u>20,245</u>	<u>11,699</u>
Disbursements:							
Personal services	3,666,567	7,268	-	-	-	-	-
Supplies	249,966	251,832	21,061	-	-	-	-
Other services and charges	897,942	-	-	-	500	-	-
Debt service - principal and interest	-	-	-	-	-	20,245	-
Capital outlay	447,655	1,886	-	-	4,064	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	41,769	-	-	-	25,840	-	18,401
Total disbursements	<u>5,303,899</u>	<u>260,986</u>	<u>21,061</u>	<u>-</u>	<u>30,404</u>	<u>20,245</u>	<u>18,401</u>
Excess (deficiency) of receipts over disbursements	<u>1,687,088</u>	<u>75,920</u>	<u>1,157</u>	<u>278</u>	<u>2,231</u>	<u>-</u>	<u>(6,702)</u>
Cash and investments - ending	<u>\$ 2,309,691</u>	<u>\$ 473,768</u>	<u>\$ 14,973</u>	<u>\$ 1,092</u>	<u>\$ 69,055</u>	<u>\$ -</u>	<u>\$ 37,084</u>

CITY OF MONTICELLO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Abandoned Vehicles	Law Enforcement Continuing Education	Urban Forestry Grant	Drug Free Community Non-Reverting	Fire Donation Gift	Park Gift	Fire Department Training
Cash and investments - beginning	\$ 150	\$ 9,420	\$ 1,438	\$ 10,796	\$ 2,051	\$ 46,496	\$ 13,000
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	1,260	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	2,639	-	-	-	-	-
Fines and forfeits	-	2,448	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	16,783	2,285	34,728
Total receipts	-	6,347	-	-	16,783	2,285	34,728
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	17,442
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	1,755	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	318	48,024	21,351
Total disbursements	-	1,755	-	-	318	48,024	38,793
Excess (deficiency) of receipts over disbursements	-	4,592	-	-	16,465	(45,739)	(4,065)
Cash and investments - ending	\$ 150	\$ 14,012	\$ 1,438	\$ 10,796	\$ 18,516	\$ 757	\$ 8,935

CITY OF MONTICELLO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Rainy Day Fund	DJIP Police Fund	County Economic Development Income Tax	Levy Excess	Police K-9	Operation Pullover
Cash and investments - beginning	\$ 222,594	\$ 181	\$ 103,845	\$ -	\$ 6,945	\$ 729
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	263,780	-	-	3,775
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	129,638	-	-	8,118	276	-
Total receipts	<u>129,638</u>	<u>-</u>	<u>263,780</u>	<u>8,118</u>	<u>276</u>	<u>3,775</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	93,872	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	53,000	-	201,893	-	-	3,800
Total disbursements	<u>53,000</u>	<u>-</u>	<u>295,765</u>	<u>-</u>	<u>-</u>	<u>3,800</u>
Excess (deficiency) of receipts over disbursements	<u>76,638</u>	<u>-</u>	<u>(31,985)</u>	<u>8,118</u>	<u>276</u>	<u>(25)</u>
Cash and investments - ending	<u>\$ 299,232</u>	<u>\$ 181</u>	<u>\$ 71,860</u>	<u>\$ 8,118</u>	<u>\$ 7,221</u>	<u>\$ 704</u>

CITY OF MONTICELLO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Police Gift	TIF Bond P&I	EDIT Bond Reserve 2004	TIF Allocation	EDIT Bond P&I 2004	TIF Bond Reserve
Cash and investments - beginning	\$ 7,019	\$ -	\$ 152,185	\$ 928,673	\$ 210	\$ 54,728
Receipts:						
Taxes	-	-	-	636,908	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	312,783	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	750	60,153	1,887	2,466	162,948	629
Total receipts	<u>750</u>	<u>60,153</u>	<u>1,887</u>	<u>952,157</u>	<u>162,948</u>	<u>629</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	60,153	-	-	162,948	-
Capital outlay	-	-	-	639,515	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	969	-	-	60,153	-	-
Total disbursements	<u>969</u>	<u>60,153</u>	<u>-</u>	<u>699,668</u>	<u>162,948</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(219)</u>	<u>-</u>	<u>1,887</u>	<u>252,489</u>	<u>-</u>	<u>629</u>
Cash and investments - ending	<u>\$ 6,800</u>	<u>\$ -</u>	<u>\$ 154,072</u>	<u>\$ 1,181,162</u>	<u>\$ 210</u>	<u>\$ 55,357</u>

CITY OF MONTICELLO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	EDIT Bond Reserve 2006	Cumulative Capital Development	Park Non-Reverting Capital	Police Vending Account	Cumulative Capital Improvement	CEDIT Revenue Bonds
Cash and investments - beginning	\$ 23,200	\$ 104,963	\$ 150	\$ 606	\$ 11,058	\$ 11,683
Receipts:						
Taxes	-	125,318	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	9,645	-	-	16,756	-
Charges for services	-	-	300	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	8,700	-	-	454	-	-
Total receipts	<u>8,700</u>	<u>134,963</u>	<u>300</u>	<u>454</u>	<u>16,756</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	450	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	49,475	-	-	10,000	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	292	-	-
Total disbursements	<u>-</u>	<u>49,475</u>	<u>450</u>	<u>292</u>	<u>10,000</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>8,700</u>	<u>85,488</u>	<u>(150)</u>	<u>162</u>	<u>6,756</u>	<u>-</u>
Cash and investments - ending	<u>\$ 31,900</u>	<u>\$ 190,451</u>	<u>\$ -</u>	<u>\$ 768</u>	<u>\$ 17,814</u>	<u>\$ 11,683</u>

CITY OF MONTICELLO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Sidewalk And Curb	William L. Altherr Park	Monticello Redevelopment Commission	Monticello Economic Development Commission	Police Pension	Fire Pension
Cash and investments - beginning	\$ 49,550	\$ 701,469	\$ 1,048	\$ 5,312	\$ 330,437	\$ 515,734
Receipts:						
Taxes	-	-	-	-	52,267	85,215
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	123,885	137,524
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	36,173	2,424	1	-	1,377	2,183
Total receipts	36,173	2,424	1	-	177,529	224,922
Disbursements:						
Personal services	-	-	-	-	1,000	151,297
Supplies	-	-	-	-	37	234
Other services and charges	-	-	-	-	123,219	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	18,373	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	322,396	1	-	-	-
Total disbursements	18,373	322,396	1	-	124,256	151,531
Excess (deficiency) of receipts over disbursements	17,800	(319,972)	-	-	53,273	73,391
Cash and investments - ending	\$ 67,350	\$ 381,497	\$ 1,048	\$ 5,312	\$ 383,710	\$ 589,125

CITY OF MONTICELLO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Payroll	Insurance Claim Payments	Sewage Cash Operating	Sewage Bond P&I 2009	2009 Sewer Bond Construction	Sewage Bond P&I 1995
Cash and investments - beginning	\$ 1,299	\$ 8,355	\$ 121,105	\$ -	\$ 1,970,126	\$ 61,360
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	1,665,403	-	-	-
Other receipts	3,485,432	598,233	193,114	94,556	617,441	75,420
Total receipts	<u>3,485,432</u>	<u>598,233</u>	<u>1,858,517</u>	<u>94,556</u>	<u>617,441</u>	<u>75,420</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	78,840	-	95,730
Capital outlay	-	-	-	-	1,147,924	-
Utility operating expenses	-	-	361,402	-	-	-
Other disbursements	3,485,504	598,228	1,443,094	-	-	500
Total disbursements	<u>3,485,504</u>	<u>598,228</u>	<u>1,804,496</u>	<u>78,840</u>	<u>1,147,924</u>	<u>96,230</u>
Excess (deficiency) of receipts over disbursements	<u>(72)</u>	<u>5</u>	<u>54,021</u>	<u>15,716</u>	<u>(530,483)</u>	<u>(20,810)</u>
Cash and investments - ending	<u>\$ 1,227</u>	<u>\$ 8,360</u>	<u>\$ 175,126</u>	<u>\$ 15,716</u>	<u>\$ 1,439,643</u>	<u>\$ 40,550</u>

CITY OF MONTICELLO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Sewage Bond P&I 2006	Sewage Bond P&I 1998	Sewage Capital Improvements	Sewage Equipment Replacement	Sewage Bond Reserve	2006 Sewage Works Revenue Bond
Cash and investments - beginning	\$ 24,557	\$ 160,727	\$ 219,041	\$ 247,133	\$ 483,328	\$ 196,566
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	70,121	330,108	-	-	19,608	-
Total receipts	<u>70,121</u>	<u>330,108</u>	<u>-</u>	<u>-</u>	<u>19,608</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	56,700	301,171	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	300	-	60,000	216,622	-	132,913
Total disbursements	<u>57,000</u>	<u>301,171</u>	<u>60,000</u>	<u>216,622</u>	<u>-</u>	<u>132,913</u>
Excess (deficiency) of receipts over disbursements	<u>13,121</u>	<u>28,937</u>	<u>(60,000)</u>	<u>(216,622)</u>	<u>19,608</u>	<u>(132,913)</u>
Cash and investments - ending	<u>\$ 37,678</u>	<u>\$ 189,664</u>	<u>\$ 159,041</u>	<u>\$ 30,511</u>	<u>\$ 502,936</u>	<u>\$ 63,653</u>

CITY OF MONTICELLO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Sewage Accounts Payable	Water Operating	Water Bond P&I 2009	Water Rent Deposits	2009 Water Bond Construction	Water Improvement
Cash and investments - beginning	\$ 65	\$ 100,470	\$ -	\$ 207,247	\$ 765,137	\$ 46,516
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	1,369,163	-	-	-	-
Other receipts	1,180,025	62,736	42,192	39,614	2,060	163,539
Total receipts	1,180,025	1,431,899	42,192	39,614	2,060	163,539
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	42,192	-	-	-
Capital outlay	237,504	4,441	-	-	216,705	-
Utility operating expenses	896,545	849,299	-	28,710	-	-
Other disbursements	46,041	547,194	-	-	-	-
Total disbursements	1,180,090	1,400,934	42,192	28,710	216,705	-
Excess (deficiency) of receipts over disbursements	(65)	30,965	-	10,904	(214,645)	163,539
Cash and investments - ending	\$ -	\$ 131,435	\$ -	\$ 218,151	\$ 550,492	\$ 210,055

CITY OF MONTICELLO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	2006 Water Works Revenue Bond	Water Bond P&I 1995	Water Bond P&I 2006	Water Bond P&I 2001	Water Bond Reserve	Totals
Cash and investments - beginning	\$ 179,481	\$ -	\$ -	\$ -	\$ 358,280	\$ 9,612,154
Receipts:						
Taxes	-	-	-	-	-	4,946,827
Licenses and permits	-	-	-	-	-	10,508
Intergovernmental	-	-	-	-	-	2,224,483
Charges for services	-	-	-	-	-	1,682,798
Fines and forfeits	-	-	-	-	-	6,144
Utility fees	-	-	-	-	-	3,034,566
Other receipts	-	59,465	28,005	262,950	8,424	8,123,727
Total receipts	-	59,465	28,005	262,950	8,424	20,029,053
Disbursements:						
Personal services	-	-	-	-	-	3,826,132
Supplies	-	-	-	-	-	523,130
Other services and charges	-	-	-	-	-	1,039,553
Debt service - principal and interest	-	58,965	27,705	262,950	-	1,167,599
Capital outlay	-	-	-	-	-	2,873,169
Utility operating expenses	-	-	-	-	-	2,135,956
Other disbursements	74,262	500	300	-	-	7,403,665
Total disbursements	74,262	59,465	28,005	262,950	-	18,969,204
Excess (deficiency) of receipts over disbursements	(74,262)	-	-	-	8,424	1,059,849
Cash and investments - ending	\$ 105,219	\$ -	\$ -	\$ -	\$ 366,704	\$ 10,672,003

CITY OF MONTICELLO  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 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, 2010

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	\$ 475,000	\$ 63,195
2004 EDIT	731,000	95,598
2006 EDIT	435,000	19,945
Capital leases:		
2009 Fire Truck	<u>320,997</u>	<u>99,673</u>
Total governmental activities debt	<u>\$ 1,961,997</u>	<u>\$ 278,411</u>
Business-type activities:		
Water Utility:		
Notes and loans:		
State Revolving Loan	\$ 2,254,506	\$ 32,690
Revenue bonds:		
1995 Waterworks	110,000	3,108
2006 Waterworks	610,000	27,705
2009 Waterworks	<u>825,000</u>	<u>42,075</u>
Total Water Utility	<u>3,799,506</u>	<u>105,578</u>
Wastewater Utility:		
Notes and Loans:		
State Revolving Loan	2,689,007	339,139
Revenue bonds:		
1995 Wastewater	60,000	61,650
2006 Wastewater	600,000	75,000
2009 Wastewater	<u>2,050,000</u>	<u>94,294</u>
Total Wastewater Utility	<u>5,399,007</u>	<u>570,083</u>
Total business-type activities debt	<u>\$ 9,198,513</u>	<u>\$ 675,661</u>

CITY OF MONTICELLO  
AUDIT RESULT(S) AND COMMENT(S)

***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 included in the prior five 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)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the City of Monticello (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2010. The City's major federal Programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal Programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the City's management, the City Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

May 18, 2011

CITY OF MONTICELLO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Office of Community and Rural Affairs CDBG - State-Administered Small Cities Program Cluster Community Development Block Grants/State's Program and Non-entitlement Grants in Hawaii National Homes Drainage Project-Planning B09DC180001 National Homes Drainage Project B10DC180001	14.228	PL-05-057 CF-09-117	\$ 19,440 <u>524,068</u>
Total for federal grantor agency			<u>543,508</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Criminal Justice Institute Highway Safety Cluster State and Community Highway Safety Operation Pullover	20.600	OP-11-02-01-24	925
Safety Belt Performance Grants 2008-NHTSA-406-Safety-Belt, Operation Pullover	20.609	OP-10-02-01-29	<u>2,850</u>
Total for federal grantor agency			<u>3,775</u>
<u>U.S. DEPARTMENT OF ENERGY</u>			
Pass-Through Indiana Office of Lieutenant Governor ARRA-Energy Efficiency & Conservation Block Grant	81.128	038-ARRA-EECBGX	\$ <u>22,101</u>
Total for federal grantor agency			<u>22,101</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct Grant Assistance to Firefighters Grant FY 2009	97.044	EMW-2009-FO-03525	\$ <u>95,995</u>
Total for federal grantor agency			<u>95,995</u>
Total federal awards expended			<u>\$ 665,379</u>

The accompanying note(s) are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF MONTICELLO  
NOTE(S) TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Monticello (City) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

CITY OF MONTICELLO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I – Summary of Auditor's Results**

Financial Statements:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Programs:

\_\_\_\_\_ Name of Federal Program or Cluster \_\_\_\_\_  
CDBG – State-Administered Small Cities Program Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000  
Auditee qualified as low-risk auditee? no

**Section II – Financial Statement Findings**

No matters are reportable.

**Section III – Federal Award Findings and Questioned Costs**

No matters are reportable.

CITY OF MONTICELLO  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF MONTICELLO  
EXIT CONFERENCE

The contents of this report were discussed on May 17, 2011, with Jason A. Thompson, Mayor; Elizabeth J. Oilar, Clerk-Treasurer; and James D. Mann, President of the Common Council. The officials concurred with our audit finding.