

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

CITY OF MONTICELLO  
WHITE COUNTY, INDIANA

January 1, 2015 to December 31, 2015



**FILED**  
07/06/2017



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	James D. Mann	11-25-14 to 12-31-19
Mayor	Kenneth P. Houston	01-01-12 to 12-31-19
President of the Board of Public Works and Safety	Grace Oilar Andy Harmon Grace Oilar	01-01-15 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-17
President Pro Tempore of the Common Council	Doug Pepple	01-01-15 to 12-31-17
Superintendent of Water Utility	Rodney Pool	01-01-15 to 12-31-17
Superintendent of Wastewater Utility	Joseph Mowrer David Downey	01-01-15 to 11-30-16 12-01-16 to 12-31-17



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INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statement**

We have audited the accompanying financial statement of the City of Monticello (City), which comprises the financial position and results of operations for the year ended December 31, 2015, and the related notes to the financial statement as listed in the Table of Contents.

***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (Indiana Code 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement 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 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statement in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

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

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2015.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement 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, 2015, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.


*Other Information*

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated April 11, 2017, 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* in considering the City's internal control over financial reporting and compliance.

  
Paul D. Joyce, CPA  
State Examiner

April 11, 2017



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, 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, the financial statement of the City of Monticello (City), which comprises the financial position and results of operations for the year ended December 31, 2015, and the related notes to the financial statement, and have issued our report thereon dated April 11, 2017, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 City's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001 and 2015-002, that we consider to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
(Continued)

**Compliance and Other Matters**


As part of obtaining reasonable assurance about whether the City's financial statement is 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001 and 2015-002.

**City of Monticello's Response to Findings**

The City's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

April 11, 2017

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the City. The financial statement and notes are presented as intended by the City.

CITY OF MONTICELLO  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended December 31, 2015

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
GENERAL	\$ 2,820,075	\$ 5,669,629	\$ 5,230,494	\$ 3,259,210
MOTOR VEHICLE HIGHWAY	860,289	444,215	401,748	902,756
LOCAL ROADS AND STREETS	57,070	21,880	27,416	51,534
PARK NON-REVERTING	91,243	35,211	21,001	105,453
ABANDONED VEHICLES	150	-	-	150
LAW ENFORCEMENT CONT ED	37,101	7,000	-	44,101
WILLIAM L. ALTHERR PARK	211,727	87,899	52,663	246,963
RAINY DAY FUND	275,546	-	-	275,546
POLICE K-9	8,921	-	-	8,921
CO ECONOMIC DEV INCOME TX	415,401	310,235	183,574	542,062
CUM'L CAP DEVELOPMENT	357,311	227,528	140,041	444,798
CUM'L CAP IMPROVEMENT	48,273	13,508	-	61,781
TIF ALLOCATION	2,582,297	492,556	2,921,043	153,810
POLICE PENSION	381,136	140,138	131,888	389,386
FIRE PENSION	572,002	175,884	184,033	563,853
MONTICELLO ECONOMIC DEVELOPMENT CORPORATION	5,312	-	-	5,312
MONTICELLO REDEVELOPMENT COMMISSION	1,434	14,150	2,052	13,532
SIDEWALK AND CURB	161,776	84,686	57,998	188,464
PARKING LOT MAINTENANCE	33,114	-	-	33,114
NON REV - MAYOR'S YOUTH C	366	-	-	366
FIRE REPORTS	2,653	343	-	2,996
FIRE DEPT TRAINING	22,402	40,057	29,242	33,217
DUIP POLICE FUND	181	-	-	181
OPERATION PULLOVER	329	3,125	3,370	84
PARK GIFT	8,292	3,806	77	12,021
FIRE GIFT	7,132	3,934	2,093	8,973
POLICE GIFT	6,268	1,160	902	6,526
DRUG NON-REVERTING	11,600	35	-	11,635
POLICE VENDING ACCOUNT	939	400	208	1,131
ADA GIFT FUND	3,960	21,962	19,805	6,117
EDIT BND RESERVE 04 & 06	207,900	-	-	207,900
EDIT BND P&I 04	-	162,879	162,879	-
EDIT BND P&I 06	-	20,695	20,695	-
URBAN FORESTRY GRANT	2,479	300	297	2,482
CONSTITUTION PLAZA FUND	(8,131)	37,286	30,522	(1,367)
TIF BND RESERVE	65,469	-	-	65,469
TIF BND P&I	(350)	60,895	60,545	-
PAYROLL	18,437	4,115,836	4,109,326	24,947
SEWAGE CASH OPERATING	888,982	2,863,790	2,045,993	1,706,779
SEWAGE CAP IMPROVEMENTS	124,084	-	-	124,084
SEWAGE ACCOUNTS PAYABLE	283,487	732,966	1,016,453	-
14 Sewer SRF Construction Account	-	2,442,079	2,442,079	-
15 Sewer SRF Construction Account A	-	870,000	53,082	816,918
15 Sewer SRF Construction Account B	-	11,865,000	795,393	11,069,607
SEWAGE BND P&I 09	15,717	95,052	95,800	14,969
SEWAGE BND P&I 2014	29,161	180,968	59,059	151,070
SEWAGE BND P&I 06	55,852	152,250	94,043	114,059
SEWAGE BND P&I 98	236,959	483,450	478,448	241,961
SEWAGE BND RESV	601,048	105,841	31,062	675,827
Sewage Bond P & I 2015a	-	8,506	5,606	2,900
Sewage Bond P & I 2015b	-	116,013	76,463	39,550
WATER OPERATING	76,179	1,568,868	1,599,508	45,539
WATER RENT DEPOSITS	241,370	39,849	32,094	249,125
WATER IMPROVEMENT	792,356	2,094	-	794,450
2013 WATER BND TOWERS/METERS	224,408	-	-	224,408
WATER BND P&I 09	-	48,016	43,575	4,441
WATER BND P&I 2013	31,358	112,284	113,030	30,612
WATER BND P&I 06	-	92,605	92,605	-
TRASH & GARBAGE PICKUP	164,671	113,632	9,876	268,427
WATER BND P&I 01	-	262,953	262,950	3
WATER BND RESV	434,483	24,110	-	458,593
PERIODIC MAINTENANCE FUND	155,166	-	-	155,166
Totals	<u>\$ 13,625,385</u>	<u>\$ 34,377,558</u>	<u>\$ 23,141,031</u>	<u>\$ 24,861,912</u>

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

CITY OF MONTICELLO  
NOTES TO FINANCIAL STATEMENT

**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 presents the financial information for the City.

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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 statement. The aggregate receipts include the following sources:

*Taxes.* Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's 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.* 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 the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF MONTICELLO  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Intergovernmental receipts.* Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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.* Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines 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.

*Utility fees.* Amounts received from charges for current services.

*Other receipts.* Amounts received from various sources, including, but 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 statement. The aggregate disbursements include the following uses:

*Personal services.* Amounts disbursed 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.* Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

*Other services and charges.* Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

*Debt service - principal and interest.* Amounts disbursed for 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.

*Capital outlay.* Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

CITY OF MONTICELLO  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Utility operating expenses.* Amounts disbursed for operating the utilities.

*Other disbursements.* Amounts disbursed for various other purposes including, but 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, make transfers 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 amounts 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 amounts 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  
(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, the following: 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 statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing 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 Indiana Public Retirement System (INPRS) 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.

INPRS 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:

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

CITY OF MONTICELLO  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy and Annual Pension Cost*

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

*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 Indiana Public Retirement System 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.

*On Behalf Payments*

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

CITY OF MONTICELLO  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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 Retirement System (INPRS) 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.

INPRS 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:

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy*

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

**Note 7. Cash Balance Deficits**

The financial statement contains a fund with a deficit in cash. The CONSTITUTION PLAZA FUND had a deficit balance as of December 31, 2015. This is a result of expenditures exceeding revenues.

**Note 8. Subsequent Events**

The City has issued \$12,735,000 of 2015 Sewage Works Revenue Bonds to complete a plant expansion for the wastewater treatment plant facility. The project started in the fall of 2015. The City issued Series A \$870,000 and Series B \$11,865,000 bonds to pay for the plant upgrade. The funding for the project is through the State's SRF program and it was designated as an Equivalency Project. The funds flow through the Bank of New York Mellon with the Indiana Finance Authority as the oversight agency. The project is expected to be completed in the fall of 2017.

The City is in the process of constructing a new fire station with an estimated cost of \$7,100,000. The project will be funded by using the City's TIF ALLOCATION fund of up to \$2,500,000 and the sale of \$4,055,000 general obligation bonds to be issued by the Monticello Redevelopment Authority. The City has entered into an interlocal agreement with White County establishing a \$1,250,000 line of credit for any additional costs for completion. The project is expected to be completed in the fall of 2017.

#### OTHER INFORMATION - UNAUDITED

The City's Annual Financial Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the City's Annual Financial Report referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the City. It is presented as intended by the City.

CITY OF MONTICELLO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015

	GENERAL	MOTOR VEHICLE HIGHWAY	LOCAL ROADS AND STREETS	PARK NON-REVERTING	ABANDONED VEHICLES	LAW ENFORCEMENT CONT ED
Cash and investments - beginning	\$ 2,820,075	\$ 860,289	\$ 57,070	\$ 91,243	\$ 150	\$ 37,101
Receipts:						
Taxes	2,364,156	225,475	-	-	-	-
Licenses and permits	225	-	-	-	-	4,050
Intergovernmental receipts	1,267,123	209,142	21,880	-	-	-
Charges for services	1,901,557	-	-	31,198	-	2,950
Utility fees	-	-	-	-	-	-
Other receipts	136,568	9,598	-	4,013	-	-
Total receipts	<u>5,669,629</u>	<u>444,215</u>	<u>21,880</u>	<u>35,211</u>	<u>-</u>	<u>7,000</u>
Disbursements:						
Personal services	3,761,139	7,718	-	-	-	-
Supplies	261,263	87,984	27,416	20,961	-	-
Other services and charges	1,004,591	166,069	-	40	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	153,461	139,977	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	50,040	-	-	-	-	-
Total disbursements	<u>5,230,494</u>	<u>401,748</u>	<u>27,416</u>	<u>21,001</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>439,135</u>	<u>42,467</u>	<u>(5,536)</u>	<u>14,210</u>	<u>-</u>	<u>7,000</u>
Cash and investments - ending	<u>\$ 3,259,210</u>	<u>\$ 902,756</u>	<u>\$ 51,534</u>	<u>\$ 105,453</u>	<u>\$ 150</u>	<u>\$ 44,101</u>

CITY OF MONTICELLO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	WILLIAM L. ALTHERR PARK	RAINY DAY FUND	POLICE K-9	CO ECONOMIC DEV INCOME TX	CUM'L CAP DEVELOPMENT	CUM'L CAP IMPROVEMENT
Cash and investments - beginning	\$ 211,727	\$ 275,546	\$ 8,921	\$ 415,401	\$ 357,311	\$ 48,273
Receipts:						
Taxes	-	-	-	-	97,981	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	45,463	-	-	310,235	10,072	13,508
Charges for services	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	42,436	-	-	-	119,475	-
Total receipts	<u>87,899</u>	<u>-</u>	<u>-</u>	<u>310,235</u>	<u>227,528</u>	<u>13,508</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	52,663	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	140,041	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	183,574	-	-
Total disbursements	<u>52,663</u>	<u>-</u>	<u>-</u>	<u>183,574</u>	<u>140,041</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>35,236</u>	<u>-</u>	<u>-</u>	<u>126,661</u>	<u>87,487</u>	<u>13,508</u>
Cash and investments - ending	<u>\$ 246,963</u>	<u>\$ 275,546</u>	<u>\$ 8,921</u>	<u>\$ 542,062</u>	<u>\$ 444,798</u>	<u>\$ 61,781</u>

CITY OF MONTICELLO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	TIF ALLOCATION	POLICE PENSION	FIRE PENSION	MONTICELLO ECONOMIC DEVELOPMENT CORPORATION	MONTICELLO REDEVELOPMENT COMMISSION	SIDEWALK AND CURB
Cash and investments - beginning	\$ 2,582,297	\$ 381,136	\$ 572,002	\$ 5,312	\$ 1,434	\$ 161,776
Receipts:						
Taxes	488,747	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	3,809	140,138	175,884	-	14,150	84,686
Total receipts	<u>492,556</u>	<u>140,138</u>	<u>175,884</u>	<u>-</u>	<u>14,150</u>	<u>84,686</u>
Disbursements:						
Personal services	-	1,000	1,400	-	-	-
Supplies	-	42	140	-	-	-
Other services and charges	-	117,632	182,493	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	360,148	-	-	-	-	57,998
Utility operating expenses	-	-	-	-	-	-
Other disbursements	2,560,895	13,214	-	-	2,052	-
Total disbursements	<u>2,921,043</u>	<u>131,888</u>	<u>184,033</u>	<u>-</u>	<u>2,052</u>	<u>57,998</u>
Excess (deficiency) of receipts over disbursements	<u>(2,428,487)</u>	<u>8,250</u>	<u>(8,149)</u>	<u>-</u>	<u>12,098</u>	<u>26,688</u>
Cash and investments - ending	<u>\$ 153,810</u>	<u>\$ 389,386</u>	<u>\$ 563,853</u>	<u>\$ 5,312</u>	<u>\$ 13,532</u>	<u>\$ 188,464</u>

CITY OF MONTICELLO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	PARKING LOT MAINTENANCE	NON REV - MAYOR'S YOUTH C	FIRE REPORTS	FIRE DEPT TRAINING	DUIP POLICE FUND	OPERATION PULLOVER
Cash and investments - beginning	\$ 33,114	\$ 366	\$ 2,653	\$ 22,402	\$ 181	\$ 329
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	3,125
Charges for services	-	-	343	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	40,057	-	-
Total receipts	-	-	343	40,057	-	3,125
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	29,242	-	3,370
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	-	-	29,242	-	3,370
Excess (deficiency) of receipts over disbursements	-	-	343	10,815	-	(245)
Cash and investments - ending	\$ 33,114	\$ 366	\$ 2,996	\$ 33,217	\$ 181	\$ 84

CITY OF MONTICELLO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	PARK GIFT	FIRE GIFT	POLICE GIFT	DRUG NON-REVERTING	POLICE VENDING ACCOUNT	ADA GIFT FUND
Cash and investments - beginning	\$ 8,292	\$ 7,132	\$ 6,268	\$ 11,600	\$ 939	\$ 3,960
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	3,806	3,934	1,160	35	400	21,962
Total receipts	<u>3,806</u>	<u>3,934</u>	<u>1,160</u>	<u>35</u>	<u>400</u>	<u>21,962</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	77	2,093	902	-	208	19,805
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>77</u>	<u>2,093</u>	<u>902</u>	<u>-</u>	<u>208</u>	<u>19,805</u>
Excess (deficiency) of receipts over disbursements	<u>3,729</u>	<u>1,841</u>	<u>258</u>	<u>35</u>	<u>192</u>	<u>2,157</u>
Cash and investments - ending	<u>\$ 12,021</u>	<u>\$ 8,973</u>	<u>\$ 6,526</u>	<u>\$ 11,635</u>	<u>\$ 1,131</u>	<u>\$ 6,117</u>

CITY OF MONTICELLO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	EDIT BND RESERVE 04 & 06	EDIT BND P&I 04	EDIT BND P&I 06	URBAN FORESTRY GRANT	CONSTITUTION PLAZA FUND	TIF BND RESERVE
Cash and investments - beginning	\$ 207,900	\$ -	\$ -	\$ 2,479	\$ (8,131)	\$ 65,469
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	162,879	20,695	300	37,286	-
Total receipts	<u>-</u>	<u>162,879</u>	<u>20,695</u>	<u>300</u>	<u>37,286</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	750	297	30,522	-
Debt service - principal and interest	-	162,879	19,945	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>162,879</u>	<u>20,695</u>	<u>297</u>	<u>30,522</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>6,764</u>	<u>-</u>
Cash and investments - ending	<u>\$ 207,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,482</u>	<u>\$ (1,367)</u>	<u>\$ 65,469</u>

CITY OF MONTICELLO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	TIF BND P&I	PAYROLL	SEWAGE CASH OPERATING	SEWAGE CAP IMPROVEMENTS	SEWAGE ACCOUNTS PAYABLE	14 Sewer SRF Construction Account
Cash and investments - beginning	\$ (350)	\$ 18,437	\$ 888,982	\$ 124,084	\$ 283,487	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Utility fees	-	-	2,833,921	-	-	-
Other receipts	60,895	4,115,836	29,869	-	732,966	2,442,079
Total receipts	60,895	4,115,836	2,863,790	-	732,966	2,442,079
Disbursements:						
Personal services	-	-	344,244	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	350	-	-	-	28,429	-
Debt service - principal and interest	60,195	-	-	-	-	-
Capital outlay	-	-	-	-	41,121	-
Utility operating expenses	-	-	24,582	-	946,903	-
Other disbursements	-	4,109,326	1,677,167	-	-	2,442,079
Total disbursements	60,545	4,109,326	2,045,993	-	1,016,453	2,442,079
Excess (deficiency) of receipts over disbursements	350	6,510	817,797	-	(283,487)	-
Cash and investments - ending	\$ -	\$ 24,947	\$ 1,706,779	\$ 124,084	\$ -	\$ -

CITY OF MONTICELLO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	15 Sewer SRF Construction Account A	15 Sewer SRF Construction Account B	SEWAGE BND P&I 09	SEWAGE BND P&I 2014	SEWAGE BND P&I 06	SEWAGE BND P&I 98
Cash and investments - beginning	\$ -	\$ -	\$ 15,717	\$ 29,161	\$ 55,852	\$ 236,959
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	870,000	11,865,000	95,052	180,968	152,250	483,450
Total receipts	<u>870,000</u>	<u>11,865,000</u>	<u>95,052</u>	<u>180,968</u>	<u>152,250</u>	<u>483,450</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	94,294	56,053	93,293	478,448
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	1,506	3,006	750	-
Other disbursements	53,082	795,393	-	-	-	-
Total disbursements	<u>53,082</u>	<u>795,393</u>	<u>95,800</u>	<u>59,059</u>	<u>94,043</u>	<u>478,448</u>
Excess (deficiency) of receipts over disbursements	<u>816,918</u>	<u>11,069,607</u>	<u>(748)</u>	<u>121,909</u>	<u>58,207</u>	<u>5,002</u>
Cash and investments - ending	<u>\$ 816,918</u>	<u>\$ 11,069,607</u>	<u>\$ 14,969</u>	<u>\$ 151,070</u>	<u>\$ 114,059</u>	<u>\$ 241,961</u>

CITY OF MONTICELLO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	SEWAGE BND RESV	Sewage Bond P & I 2015a	Sewage Bond P & I 2015b	WATER OPERATING	WATER RENT DEPOSITS
Cash and investments - beginning	\$ 601,048	\$ -	\$ -	\$ 76,179	\$ 241,370
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Utility fees	-	-	-	1,553,213	-
Other receipts	105,841	8,506	116,013	15,655	39,849
Total receipts	<u>105,841</u>	<u>8,506</u>	<u>116,013</u>	<u>1,568,868</u>	<u>39,849</u>
Disbursements:					
Personal services	-	-	-	270,106	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	28,429	-
Debt service - principal and interest	-	5,606	76,463	-	-
Capital outlay	-	-	-	41,992	-
Utility operating expenses	31,062	-	-	717,711	32,094
Other disbursements	-	-	-	541,270	-
Total disbursements	<u>31,062</u>	<u>5,606</u>	<u>76,463</u>	<u>1,599,508</u>	<u>32,094</u>
Excess (deficiency) of receipts over disbursements	<u>74,779</u>	<u>2,900</u>	<u>39,550</u>	<u>(30,640)</u>	<u>7,755</u>
Cash and investments - ending	<u>\$ 675,827</u>	<u>\$ 2,900</u>	<u>\$ 39,550</u>	<u>\$ 45,539</u>	<u>\$ 249,125</u>

CITY OF MONTICELLO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	WATER IMPROVEMENT	2013 WATER BND TOWERS/METERS	WATER BND P&I 09	WATER BND P&I 2013	WATER BND P&I 06
Cash and investments - beginning	\$ 792,356	\$ 224,408	\$ -	\$ 31,358	\$ -
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	2,094	-	48,016	112,284	92,605
Total receipts	<u>2,094</u>	<u>-</u>	<u>48,016</u>	<u>112,284</u>	<u>92,605</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	42,075	112,280	91,855
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	1,500	750	750
Other disbursements	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>43,575</u>	<u>113,030</u>	<u>92,605</u>
Excess (deficiency) of receipts over disbursements	<u>2,094</u>	<u>-</u>	<u>4,441</u>	<u>(746)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 794,450</u>	<u>\$ 224,408</u>	<u>\$ 4,441</u>	<u>\$ 30,612</u>	<u>\$ -</u>

CITY OF MONTICELLO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	TRASH & GARBAGE PICKUP	WATER BND P&I 01	WATER BND RESV	PERIODIC MAINTENANCE FUND	Totals
Cash and investments - beginning	\$ 164,671	\$ -	\$ 434,483	\$ 155,166	\$ 13,625,385
Receipts:					
Taxes	-	-	-	-	3,176,359
Licenses and permits	-	-	-	-	4,275
Intergovernmental receipts	-	-	-	-	1,880,548
Charges for services	-	-	-	-	1,936,048
Utility fees	113,632	-	-	-	4,500,766
Other receipts	-	262,953	24,110	-	22,879,562
	<u>-</u>	<u>262,953</u>	<u>24,110</u>	<u>-</u>	<u>22,879,562</u>
Total receipts	<u>113,632</u>	<u>262,953</u>	<u>24,110</u>	<u>-</u>	<u>34,377,558</u>
Disbursements:					
Personal services	-	-	-	-	4,385,607
Supplies	-	-	-	-	397,806
Other services and charges	-	-	-	-	1,667,962
Debt service - principal and interest	-	262,950	-	-	1,556,336
Capital outlay	-	-	-	-	934,738
Utility operating expenses	9,876	-	-	-	1,770,490
Other disbursements	-	-	-	-	12,428,092
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,428,092</u>
Total disbursements	<u>9,876</u>	<u>262,950</u>	<u>-</u>	<u>-</u>	<u>23,141,031</u>
Excess (deficiency) of receipts over disbursements	<u>103,756</u>	<u>3</u>	<u>24,110</u>	<u>-</u>	<u>11,236,527</u>
Cash and investments - ending	<u>\$ 268,427</u>	<u>\$ 3</u>	<u>\$ 458,593</u>	<u>\$ 155,166</u>	<u>\$ 24,861,912</u>

CITY OF MONTICELLO  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2015

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	\$ 173,178	\$ 44,990
Wastewater	11,399	152,746
Water	58,265	74,648
Totals	\$ 242,842	\$ 272,384

CITY OF MONTICELLO  
SCHEDULE OF LEASES AND DEBT  
December 31, 2015

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Revenue bonds	Edit Bond 2006 - Infrastructure	\$ 435,000	\$ 182,123
Revenue bonds	TIF Bond 2003 - Infrastructure	<u>265,000</u>	<u>62,795</u>
Total governmental activities		<u>700,000</u>	<u>244,918</u>
Wastewater:			
Revenue bonds	2015A Sewage Works Revenue Bonds	870,000	17,400
Revenue bonds	2015B Sewage Works Revenue Bonds	11,865,000	237,300
Revenue bonds	1998 Bond - Sewage Plant Upgrade	1,095,000	381,608
Revenue bonds	2006 Bond - Sewage Works Project	260,000	94,703
Revenue bonds	2009 Bond - Sewage Works National Homes Project	2,050,000	94,294
Revenue bonds	2014 Bond - Sewage Works Revenue Bonds	<u>3,862,000</u>	<u>234,650</u>
Total Wastewater		<u>20,002,000</u>	<u>1,059,955</u>
Water:			
Revenue bonds	2001 Bond - Water Plant Upgrade	1,207,679	262,950
Revenue bonds	2006 Bond - Water Works Project	410,000	93,705
Revenue bonds	2009 Bond - Water Works National Homes Project	825,000	42,075
Revenue bonds	2013 Bond - Water Works Water Towers Improvements	<u>1,680,000</u>	<u>110,480</u>
Total Water		<u>4,122,679</u>	<u>509,210</u>
Totals		<u>\$ 24,824,679</u>	<u>\$ 1,814,083</u>

CITY OF MONTICELLO  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2015

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.

	Ending Balance
Governmental activities:	
Land	\$ 1,613,657
Infrastructure	6,531,232
Buildings	3,200,517
Improvements other than buildings	1,082,545
Machinery, equipment, and vehicles	4,647,494
Total governmental activities	17,075,445
Wastewater:	
Land	405,750
Infrastructure	6,774,433
Buildings	8,988,394
Improvements other than buildings	10,487,961
Machinery, equipment, and vehicles	1,210,388
Construction in progress	1,175,756
Total Wastewater	29,042,682
Water:	
Land	63,500
Infrastructure	3,463,648
Buildings	2,687,550
Improvements other than buildings	2,750,812
Machinery, equipment, and vehicles	1,375,355
Total Water	10,340,865
Total capital assets	\$ 56,458,992

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

**Report on Compliance for the Major Federal Program**

We have audited the City of Monticello's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2015. The City's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on the Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2015.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)


**Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance 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 a 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

April 11, 2017

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the City. The schedule and notes are presented as intended by the City.

CITY OF MONTICELLO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2015

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>Department of the Interior</u>					
Outdoor Recreation_Acquisition, Development and Planning Land and Water Conservation Fund Grants	Indiana Department of Natural Resources	15.916	300OR1180057400	\$ -	\$ 39,963
Total - Department of the Interior				-	39,963
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster					
Highway Planning and Construction	Indiana Department of Transportation	20.205			
Sign Modernization			DES #1172053	-	35,100
Bike/Pedestrian Facilities			DES #1173664	-	56,815
Bike/Sidewalks Facilities			DES #1400844	-	27,560
Total - Highway Planning and Construction Cluster				-	119,475
Highway Safety Cluster					
State and Community Highway Safety	Indiana Criminal Justice Institute	20.600			
Operation Pull Over			FY 2015	-	2,698
Occupant Protection Incentive Grants		20.602			
Operation Pull Over			FY 2015	-	780
Total - Highway Safety Cluster				-	3,478
Total - Department of Transportation				-	122,953
<u>Environmental Protection Agency</u>					
Clean Water State Revolving Fund Cluster					
Capitalization Grants for Clean Water State Revolving Funds	Indiana Finance Authority	66.458			
Wastewater SRF 2015			WW 140491 02	-	795,393
Total - Clean Water State Revolving Fund Cluster				-	795,393
Total federal awards expended				\$ -	\$ 958,309

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF MONTICELLO  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. *Basis of Presentation***

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the City under programs of the federal government for the year ended December 31, 2015. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the City, it is not intended to and does not present the financial position of the City.

**Note 2. *Summary of Significant Accounting Policies***

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The City has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

CITY OF MONTICELLO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	None reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	no

Identification of Major Program and type of auditor's report issued on compliance for it:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
66.458	Capitalization Grants for Clean Water State Revolving Funds	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
--	----

**Section II - Financial Statement Findings**

**FINDING 2015-001 - FINANCIAL TRANSACTIONS AND REPORTING**

*Condition*

The City had not established effective internal controls over the financial information entered into the Indiana Gateway for Government Units financial reporting system (Gateway), which is the source of the Annual Financial Report (AFR), the financial statement, and the Schedule of Expenditures of Federal Awards.

1. Lack of Segregation of Duties: The City had not separated incompatible activities related to receipts and financial close and reporting. The City's Deputy Clerks processed City and utility receipts without oversight, review, or approval by another individual prior to the posting of receipts to their accounting system. The Clerk-Treasurer processed the financial close and reporting of the City's financial information into Gateway without oversight, review, or approval by another individual prior to submission.

CITY OF MONTICELLO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2. Monitoring of Controls: The City had no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting would have required the City to monitor and assess the quality of their system of internal control.
3. Preparation of Financial Statement: The City had not identified risks to the preparation of a reliable financial statement and, as a result, failed to design effective controls over the preparation of the financial statement to prevent, or detect and correct, material misstatements. In addition, management of the City had not established a process for final review of the financial statement after compilation, resulting in misstatements.

Due to the lack of controls over the input of financial information entered into Gateway, the following material errors occurred on the AFR and the financial statement:

1. Several funds contained investment transactions, which overstated receipts and disbursements by \$1,175,000.
2. \$750,000 of expenditures was incorrectly posted to the Total Monies on Deposit memorandum account, rather than to the TIF ALLOCATION fund.
3. The following funds were not included in the City's financial statement, which understated receipts, disbursements, and the ending cash and investment balance by \$15,177,079, \$3,290,554, and \$11,886,525, respectively:
  - A. 14 Sewer SRF Construction Account
  - B. 15 Sewer SRF Construction Account A
  - C. 15 Sewer SRF Construction Account B

Audit adjustments were proposed, accepted by the City, and made to the financial statement.

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same action. Separating the ability to record, authorize, and approve the transactions along with the handling of the related asset reduces the risk of error or fraudulent actions. It also reduces the risk of management override. . . .

CITY OF MONTICELLO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; . . .

- Accurate and timely recording of transactions. . . ."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

*Cause*

Management had not established a system of internal control that would have ensured proper reporting of the financial activity for the City.

*Effect*

Without a proper system of internal control in place that operated effectively, material misstatements of the financial statement remained undetected. The financial statement contained the errors identified in the *Condition*.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2015-002 - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

*Condition*

The City had not established effective internal controls over the financial information entered into the Indiana Gateway for Government Units financial reporting system (Gateway), which is the source of the Annual Financial Report (AFR), the financial statement, and the Schedule of Expenditures of Federal Awards (SEFA). Due to the lack of controls over the input of financial information entered into Gateway, the following material errors occurred on the SEFA:

1. Outdoor Recreation\_Acquisition, Development and Planning federal expenditures were understated \$39,963.
2. Highway Planning and Construction federal expenditures were understated \$119,475.
3. State and Community Highway Safety federal expenditures were overstated \$1,000,427.
4. Capitalization Grants for Clean Water State Revolving Funds federal expenditures were understated \$795,393.

CITY OF MONTICELLO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Audit adjustments were proposed, accepted by the City, and made to the SEFA.

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; . . .

- Accurate and timely recording of transactions. . . ."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards*. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

CITY OF MONTICELLO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

*Cause*

Management had not established a system of internal control that would have ensured proper reporting of federal award information on the SEFA.

*Effect*

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition*.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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

No matters are reportable.

AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the City. The document is presented as intended by the City.



# City of Monticello

Jim Mann, Clerk Treasurer

clerktreasurer@monticelloin.gov

Office: 574.583.5712

Fax: 574.583.9244



Michelle Mills, Deputy Clerk Treasurer

Mary Black, 2nd Deputy/Payroll Clerk

## CORRECTIVE ACTION PLAN

### FINDING 2015-001

Contact Person Responsible for Corrective Action: James D Mann  
Contact Phone Number: 574-583-5712

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The City has been made aware of the internal control weakness and will begin to identify the key details as it relates to documenting internal control procedures. The City's Deputy Clerks and Utility Department Staff have started cross checking procedures where daily collections are not managed by one person only. Daily revenue documents are now created, signed off and kept in a binder. The Utility Office has started posting a Daily Deposit Report following the same guidelines. The Clerk Treasurer will have one of the Deputies review financial information prior to finalizing the Gateway reporting process. Investments which were not logged into the City's Accounting System are now entered and functional. Records from the SRF Construction Account A and B will be kept up on the City's Accounting System. City Council representatives will review and approve monthly Payroll and Bank Reconciliation documentation.

Anticipated Completion Date: 3-1-2018.

James D Mann  
(Signature)

Clerk Treasurer  
(Title)

4-11-17  
(Date)



# City of Monticello

**Jim Mann, Clerk Treasurer**

clerktreasurer@monticelloin.gov

Office: 574.583.5712

Fax: 574.583.9244



Michelle Mills, Deputy Clerk Treasurer

Mary Black, 2nd Deputy/Payroll Clerk

## CORRECTIVE ACTION PLAN

### **FINDING 2015-002**

Contact Person Responsible for Corrective Action: James D Mann

Contact Phone Number: 574-583-5712

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The City has been made aware of this internal control weakness and will begin to identify the key details as it relates to documenting internal control procedures. The City's Deputy Clerks and Utility Department Staff have started cross checking procedures where daily collections are not managed by one person only. Daily revenue documents are now created, signed off and kept in a binder. The Utility Office has begun to post a Daily Deposits Report following the same guidelines. The Clerk Treasurer will have one of the Deputies review financial information prior to finalizing the Gateway reporting process for the Department of Local Government Finance.

Anticipated Completion Date: 3-1-2018

James D Mann  
(Signature)

Clerk Treasurer  
(Title)

4-11-17  
(Date)

#### OTHER REPORTS

In addition to this report, other reports may have been issued for the City. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.