

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, 2016 to December 31, 2016



FILED
08/09/2018

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
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 <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	10
Notes to Financial Statement	11-16
Other Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	18-30
Schedule of Payables and Receivables	31
Schedule of Leases and Debt	32
Schedule of Capital Assets.....	33
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for the Major Federal Program and on Internal Control over Compliance	36-37
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	40
Notes to Schedule of Expenditures of Federal Awards	41
Schedule of Findings and Questioned Costs	42-44
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	46-47
Corrective Action Plan	48
Other Reports.....	49

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	James D. Mann	01-01-16 to 12-31-19
Mayor	Kenneth P. Houston	01-01-16 to 12-31-19
President of the Board of Public Works and Safety	Andy Harmon Grace Oilar Andy Harmon	01-01-16 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18
President Pro Tempore of the Common Council	Doug Pepple	01-01-16 to 12-31-18
Superintendent of Water Utility	Rodney Pool	01-01-16 to 12-31-18
Superintendent of Wastewater Utility	Joseph Mowrer David Downey	01-01-16 to 11-30-16 12-01-16 to 12-31-18



STATE OF INDIANA
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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, 2016, 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 (IC 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, 2016.

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, 2016, 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 July 19, 2018, 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 solely 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 effectiveness of the City's 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

July 19, 2018



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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, 2016, and the related notes to the financial statement, and have issued our report thereon dated July 19, 2018, 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 item 2016-001, that we consider to be a material weakness.

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

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)


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*.

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

July 19, 2018

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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, 2016

Fund	Cash and Investments		Cash and Investments	
	01-01-16	Receipts	Disbursements	12-31-16
GENERAL	\$ 3,258,735	\$ 5,869,966	\$ 5,276,436	\$ 3,852,265
MOTOR VEHICLE HIGHWAY	902,759	493,686	236,781	1,159,664
LOCAL ROADS AND STREETS	51,534	21,700	10,871	62,363
PARK NON-REVERTING	105,453	36,516	16,757	125,212
MONTICELLO ECONOMIC DEVELOPMENT COMMISSION	5,312	-	5,312	-
ABANDONED VEHICLES	150	-	-	150
LAW ENFORCEMENT CONT ED	44,100	7,293	3,200	48,193
WILLIAM L. ALTHERR PARK	246,962	21,106	58,002	210,066
RAINY DAY FUND	275,546	121,220	-	396,766
POLICE K-9	8,921	300	-	9,221
CO ECONOMIC DEV INCOME TX	542,064	328,928	192,873	678,119
CUM'L CAP DEVELOPMENT	444,800	119,454	73,535	490,719
CUM'L CAP IMPROVEMENT	61,782	13,707	-	75,489
TIF ALLOCATION	153,810	478,690	63,145	569,355
POLICE PENSION	389,386	137,762	129,721	397,427
FIRE PENSION	563,853	163,977	162,177	565,653
LOIT SPECIAL DISTRIBUTION	-	363,658	128,258	235,400
MONTICELLO REDEVELOPMENT COMMISSION	13,532	-	983	12,549
SIDEWALK AND CURB	188,464	45,298	89,855	143,907
PARKING LOT MAINTENANCE	33,114	-	-	33,114
NON REV - MAYOR'S YOUTH C	366	-	-	366
FIRE REPORTS	2,996	493	-	3,489
FIRE DEPT TRAINING	33,218	32,712	38,504	27,426
DUIP POLICE FUND	181	-	-	181
OPERATION PULLOVER	84	2,753	2,206	631
PARK GIFT	12,021	2,788	2,122	12,687
FIRE GIFT	8,972	10,575	1,033	18,514
POLICE GIFT	6,525	1,197	973	6,749
DRUG NON-REVERTING	11,635	407	-	12,042
POLICE VENDING ACCOUNT	1,131	404	377	1,158
ADA GIFT FUND	6,118	7,935	5,437	8,616
EDIT BND RESERVE 04 & 06	207,900	-	-	207,900
EDIT BND P&I 06	-	182,873	182,873	-
URBAN FORESTRY GRANT	2,481	2,001	1,360	3,122
CONSTITUTION PLAZA FUND	(1,367)	1,408	41	-
TIF BND RESERVE	65,469	-	-	65,469
TIF BND P&I	-	63,145	63,145	-
LEASE RENTAL BONDS OF 2015 P & I	-	139,494	81,383	58,111
LEASE RENTAL BONDS OF 2015 DSR	-	372,682	3	372,679
LEASE RENTAL BONDS OF 2015 CONSTRUCTION	-	5,890,711	3,231,656	2,659,055
LEASE RENTAL BONDS OF 2015 BOND ISSUANCE	-	151,863	131,180	20,683
PAYROLL	24,947	4,163,994	4,162,996	25,945
SEWAGE CASH OPERATING	1,706,778	2,918,919	2,291,074	2,334,623
SEWAGE CAP IMPROVEMENTS	124,084	-	-	124,084
SRF 2015B CONSTRUCTION FUND	11,069,608	12,323	6,632,882	4,449,049
SRF 2014 CONSTRUCTION FUND	-	31,182	31,182	-
SEWAGE ACCOUNTS PAYABLE	-	702,033	702,033	-
SEWAGE BND P&I 09	14,969	86,439	95,044	6,364
SEWAGE BND P&I 2014	151,070	227,108	228,653	149,525
SEWAGE BND P&I 06	114,059	47,126	95,453	65,732
SEWAGE BND P&I 98	241,963	386,560	381,608	246,915
SEWAGE BND RESV	675,828	125,869	-	801,697
SEWAGE BOND P & I 2015a	2,900	108,064	17,400	93,564
SEWAGE BOND P & I 2015b	39,550	237,964	237,300	40,214
SRF 2015A CONSTRUCTION FUND	816,918	888	376,344	441,462
WATER OPERATING	45,290	1,610,585	1,389,211	266,664
WATER RENT DEPOSITS	248,530	39,938	29,700	258,768
WATER IMPROVEMENT	794,451	2,151	-	796,602
2013 WATER BND TOWERS/METERS	224,407	5	91,520	132,892
WATER BND P&I 09	4,441	42,084	42,825	3,700
WATER BND P&I 2013	30,612	110,484	111,280	29,816
WATER BND P&I 06	-	94,458	94,455	3
TRASH & GARBAGE PICKUP	268,426	116,472	8,049	376,849
WATER BND P&I 01	3	262,956	262,950	9
WATER BND RESV	457,235	24,560	-	481,795
PERIODIC MAINTENANCE FUND	155,166	-	-	155,166
Totals	<u>\$ 24,859,242</u>	<u>\$ 26,438,864</u>	<u>\$ 27,472,158</u>	<u>\$ 23,825,948</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.

Fines and forfeits. Amounts received 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. 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.

CITY OF MONTICELLO
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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.

OTHER INFORMATION - UNAUDITED

The City's Annual Financial Report information can be found on the Indiana Gateway for Government Units 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, 2016

	GENERAL	MOTOR VEHICLE HIGHWAY	LOCAL ROADS AND STREETS	PARK NON-REVERTING	MONTICELLO ECONOMIC DEVELOPMENT COMMISSION	ABANDONED VEHICLES
Cash and investments - beginning	\$ 3,258,735	\$ 902,759	\$ 51,534	\$ 105,453	\$ 5,312	\$ 150
Receipts:						
Taxes	2,411,849	270,559	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	1,337,317	211,681	21,700	-	-	-
Charges for services	2,069,909	-	-	33,216	-	-
Fines and forfeits	416	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	50,475	11,446	-	3,300	-	-
Total receipts	5,869,966	493,686	21,700	36,516	-	-
Disbursements:						
Personal services	3,725,208	10,491	-	-	-	-
Supplies	221,028	88,775	10,871	16,756	-	-
Other services and charges	976,941	91,075	-	1	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	320,547	46,440	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	32,712	-	-	-	5,312	-
Total disbursements	5,276,436	236,781	10,871	16,757	5,312	-
Excess (deficiency) of receipts over disbursements	593,530	256,905	10,829	19,759	(5,312)	-
Cash and investments - ending	\$ 3,852,265	\$ 1,159,664	\$ 62,363	\$ 125,212	\$ -	\$ 150

CITY OF MONTICELLO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	LAW ENFORCEMENT CONT ED	WILLIAM L. ALTHERR PARK	RAINY DAY FUND	POLICE K-9	CO ECONOMIC DEV INCOME TX	CUM'L CAP DEVELOPMENT
Cash and investments - beginning	\$ 44,100	\$ 246,962	\$ 275,546	\$ 8,921	\$ 542,064	\$ 444,800
Receipts:						
Taxes	-	-	-	-	-	97,683
Licenses and permits	4,586	-	-	-	-	-
Intergovernmental receipts	-	20,554	-	-	328,928	10,078
Charges for services	2,707	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	552	121,220	300	-	11,693
Total receipts	7,293	21,106	121,220	300	328,928	119,454
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	50	-	-	-	-	-
Other services and charges	-	58,002	-	-	10,000	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	3,150	-	-	-	-	73,535
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	182,873	-
Total disbursements	3,200	58,002	-	-	192,873	73,535
Excess (deficiency) of receipts over disbursements	4,093	(36,896)	121,220	300	136,055	45,919
Cash and investments - ending	\$ 48,193	\$ 210,066	\$ 396,766	\$ 9,221	\$ 678,119	\$ 490,719

CITY OF MONTICELLO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	CUML CAP IMPROVEMENT	TIF ALLOCATION	POLICE PENSION	FIRE PENSION	LOIT SPECIAL DISTRIBUTION
Cash and investments - beginning	\$ 61,782	\$ 153,810	\$ 389,386	\$ 563,853	\$ -
Receipts:					
Taxes	-	478,690	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	13,707	-	-	-	363,658
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	-	-	137,762	163,977	-
Total receipts	<u>13,707</u>	<u>478,690</u>	<u>137,762</u>	<u>163,977</u>	<u>363,658</u>
Disbursements:					
Personal services	-	-	1,500	2,000	-
Supplies	-	-	-	98	-
Other services and charges	-	-	115,196	147,555	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	63,145	13,025	12,524	128,258
Total disbursements	<u>-</u>	<u>63,145</u>	<u>129,721</u>	<u>162,177</u>	<u>128,258</u>
Excess (deficiency) of receipts over disbursements	<u>13,707</u>	<u>415,545</u>	<u>8,041</u>	<u>1,800</u>	<u>235,400</u>
Cash and investments - ending	\$ <u>75,489</u>	\$ <u>569,355</u>	\$ <u>397,427</u>	\$ <u>565,653</u>	\$ <u>235,400</u>

CITY OF MONTICELLO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	MONTICELLO REDEVELOPMENT COMMISSION	SIDEWALK AND CURB	PARKING LOT MAINTENANCE	NON REV - MAYOR'S YOUTH C	FIRE REPORTS
Cash and investments - beginning	\$ 13,532	\$ 188,464	\$ 33,114	\$ 366	\$ 2,996
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	493
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	-	45,298	-	-	-
Total receipts	-	45,298	-	-	493
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	89,855	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	983	-	-	-	-
Total disbursements	983	89,855	-	-	-
Excess (deficiency) of receipts over disbursements	(983)	(44,557)	-	-	493
Cash and investments - ending	\$ 12,549	\$ 143,907	\$ 33,114	\$ 366	\$ 3,489

CITY OF MONTICELLO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	FIRE DEPT TRAINING	DUIP POLICE FUND	OPERATION PULLOVER	PARK GIFT	FIRE GIFT
Cash and investments - beginning	\$ 33,218	\$ 181	\$ 84	\$ 12,021	\$ 8,972
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	2,753	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	32,712	-	-	2,788	10,575
Total receipts	32,712	-	2,753	2,788	10,575
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	38,504	-	2,206	2,122	1,033
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	38,504	-	2,206	2,122	1,033
Excess (deficiency) of receipts over disbursements	(5,792)	-	547	666	9,542
Cash and investments - ending	\$ 27,426	\$ 181	\$ 631	\$ 12,687	\$ 18,514

CITY OF MONTICELLO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	POLICE GIFT	DRUG NON-REVERTING	POLICE VENDING ACCOUNT	ADA GIFT FUND	EDIT BND RESERVE 04 & 06
Cash and investments - beginning	\$ 6,525	\$ 11,635	\$ 1,131	\$ 6,118	\$ 207,900
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	1,197	407	404	7,935	-
Total receipts	1,197	407	404	7,935	-
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	973	-	377	5,437	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	973	-	377	5,437	-
Excess (deficiency) of receipts over disbursements	224	407	27	2,498	-
Cash and investments - ending	\$ 6,749	\$ 12,042	\$ 1,158	\$ 8,616	\$ 207,900

CITY OF MONTICELLO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	EDIT BND P&I 06	URBAN FORESTRY GRANT	CONSTITUTION PLAZA FUND	TIF BND RESERVE	TIF BND P&I
Cash and investments - beginning	\$ -	\$ 2,481	\$ (1,367)	\$ 65,469	\$ -
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	182,873	2,001	1,408	-	63,145
Total receipts	182,873	2,001	1,408	-	63,145
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	750	1,360	41	-	350
Debt service - principal and interest	182,123	-	-	-	62,795
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	182,873	1,360	41	-	63,145
Excess (deficiency) of receipts over disbursements	-	641	1,367	-	-
Cash and investments - ending	\$ -	\$ 3,122	\$ -	\$ 65,469	\$ -

CITY OF MONTICELLO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	LEASE RENTAL BONDS OF 2015 P & I	LEASE RENTAL BONDS OF 2015 DSR	LEASE RENTAL BONDS OF 2015 CONSTRUCTION	LEASE RENTAL BONDS OF 2015 BOND ISSUANCE	PAYROLL
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 24,947
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	139,494	372,682	5,890,711	151,863	4,163,994
Total receipts	139,494	372,682	5,890,711	151,863	4,163,994
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	3	3,231,656	131,180	-
Debt service - principal and interest	81,383	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	4,162,996
Total disbursements	81,383	3	3,231,656	131,180	4,162,996
Excess (deficiency) of receipts over disbursements	58,111	372,679	2,659,055	20,683	998
Cash and investments - ending	\$ 58,111	\$ 372,679	\$ 2,659,055	\$ 20,683	\$ 25,945

CITY OF MONTICELLO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	SEWAGE CASH OPERATING	SEWAGE CAP IMPROVEMENTS	SRF 2015B CONSTRUCTION FUND	SRF 2014 CONSTRUCTION FUND	SEWAGE ACCOUNTS PAYABLE
Cash and investments - beginning	\$ 1,706,778	\$ 124,084	\$ 11,069,608	\$ -	\$ -
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	2,866,798	-	-	-	-
Other receipts	52,121	-	12,323	31,182	702,033
Total receipts	2,918,919	-	12,323	31,182	702,033
Disbursements:					
Personal services	346,426	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	26,948
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	6,632,882	31,182	51,351
Utility operating expenses	25,165	-	-	-	623,734
Other disbursements	1,919,483	-	-	-	-
Total disbursements	2,291,074	-	6,632,882	31,182	702,033
Excess (deficiency) of receipts over disbursements	627,845	-	(6,620,559)	-	-
Cash and investments - ending	\$ 2,334,623	\$ 124,084	\$ 4,449,049	\$ -	\$ -

CITY OF MONTICELLO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	SEWAGE BND P&I 09	SEWAGE BND P&I 2014	SEWAGE BND P&I 06	SEWAGE BND P&I 98	SEWAGE BND RESV
Cash and investments - beginning	\$ 14,969	\$ 151,070	\$ 114,059	\$ 241,963	\$ 675,828
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	86,439	227,108	47,126	386,560	125,869
Total receipts	86,439	227,108	47,126	386,560	125,869
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	94,294	228,653	94,703	381,608	-
Capital outlay	-	-	-	-	-
Utility operating expenses	750	-	750	-	-
Other disbursements	-	-	-	-	-
Total disbursements	95,044	228,653	95,453	381,608	-
Excess (deficiency) of receipts over disbursements	(8,605)	(1,545)	(48,327)	4,952	125,869
Cash and investments - ending	\$ 6,364	\$ 149,525	\$ 65,732	\$ 246,915	\$ 801,697

CITY OF MONTICELLO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	SEWAGE BOND P & I 2015a	SEWAGE BOND P & I 2015b	SRF 2015A CONSTRUCTION FUND	WATER OPERATING	WATER RENT DEPOSITS
Cash and investments - beginning	\$ 2,900	\$ 39,550	\$ 816,918	\$ 45,290	\$ 248,530
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	1,532,112	-
Other receipts	108,064	237,964	888	78,473	39,938
Total receipts	108,064	237,964	888	1,610,585	39,938
Disbursements:					
Personal services	-	-	-	271,250	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	27,153	-
Debt service - principal and interest	17,400	237,300	-	-	-
Capital outlay	-	-	376,344	48,687	-
Utility operating expenses	-	-	-	509,386	29,700
Other disbursements	-	-	-	532,735	-
Total disbursements	17,400	237,300	376,344	1,389,211	29,700
Excess (deficiency) of receipts over disbursements	90,664	664	(375,456)	221,374	10,238
Cash and investments - ending	\$ 93,564	\$ 40,214	\$ 441,462	\$ 266,664	\$ 258,768

CITY OF MONTICELLO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	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	\$ 794,451	\$ 224,407	\$ 4,441	\$ 30,612	\$ -
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	2,151	5	42,084	110,484	94,458
Total receipts	2,151	5	42,084	110,484	94,458
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	42,075	110,480	93,705
Capital outlay	-	91,495	-	-	-
Utility operating expenses	-	25	750	800	750
Other disbursements	-	-	-	-	-
Total disbursements	-	91,520	42,825	111,280	94,455
Excess (deficiency) of receipts over disbursements	2,151	(91,515)	(741)	(796)	3
Cash and investments - ending	\$ 796,602	\$ 132,892	\$ 3,700	\$ 29,816	\$ 3

CITY OF MONTICELLO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	TRASH & GARBAGE PICKUP	WATER BND P&I 01	WATER BND RESV	PERIODIC MAINTENANCE FUND	Totals
Cash and investments - beginning	\$ 268,426	\$ 3	\$ 457,235	\$ 155,166	\$ 24,859,242
Receipts:					
Taxes	-	-	-	-	3,258,781
Licenses and permits	-	-	-	-	4,586
Intergovernmental receipts	-	-	-	-	2,310,376
Charges for services	-	-	-	-	2,106,325
Fines and forfeits	-	-	-	-	416
Utility fees	116,472	-	-	-	4,515,382
Other receipts	-	262,956	24,560	-	14,242,996
Total receipts	116,472	262,956	24,560	-	26,438,864
Disbursements:					
Personal services	-	-	-	-	4,356,875
Supplies	-	-	-	-	337,578
Other services and charges	-	-	-	-	4,868,863
Debt service - principal and interest	-	262,950	-	-	1,889,469
Capital outlay	-	-	-	-	7,765,468
Utility operating expenses	8,049	-	-	-	1,199,859
Other disbursements	-	-	-	-	7,054,046
Total disbursements	8,049	262,950	-	-	27,472,158
Excess (deficiency) of receipts over disbursements	108,423	6	24,560	-	(1,033,294)
Cash and investments - ending	\$ 376,849	\$ 9	\$ 481,795	\$ 155,166	\$ 23,825,948

CITY OF MONTICELLO
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2016

Government or Enterprise	Accounts Payable	Accounts Receivable
Wastewater	\$ 42,837	\$ 177,682
Water	51,636	94,005
Governmental activities	<u>224,514</u>	<u>26,876</u>
Totals	<u>\$ 318,987</u>	<u>\$ 298,563</u>

CITY OF MONTICELLO
 SCHEDULE OF LEASES AND DEBT
 December 31, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Redevelopment District Lease Rental Bonds of 2015	Fire Station Construction	\$ 163,500	12/08/2015	02/15/2031
Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year	
Governmental activities:				
Revenue bonds	Edit Bond 2006 - Infrastructure	\$ 271,000	\$ 182,610	
Revenue bonds	TIF Bond 2003 - Infrastructure	215,000	60,220	
Total governmental activities		486,000	242,830	
Wastewater:				
Revenue bonds	1998 Bond - Sewage Plant Upgrade	740,000	381,168	
Revenue bonds	2006 Bond - Sewage Works Project	175,000	90,941	
Revenue bonds	2009 Bond - Sewage Works National Homes Project	2,050,000	94,294	
Revenue bonds	2014 Bond-Sewage Works Revenue Bonds	3,703,000	234,440	
Revenue bonds	2015A Sewage Works Revenue Bonds	870,000	152,040	
Revenue bonds	2015B Sewage Works Revenue Bonds	11,865,000	238,290	
Total Wastewater		19,403,000	1,191,173	
Water:				
Revenue bonds	2009 Bond - Water Works National Homes Project	825,000	42,075	
Revenue bonds	2013 Bond - Water Works Water Towers Improvements	1,680,000	109,580	
Revenue bonds	2006 Bond - Water Works Project	410,000	92,018	
Revenue bonds	2001 Bond - Water Plant Upgrade	1,207,679	259,645	
Total Water		4,122,679	503,318	
Totals		\$ 24,011,679	\$ 1,937,321	

CITY OF MONTICELLO
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2016

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	1,167,053
Machinery, equipment, and vehicles	5,413,429
Construction in progress	<u>3,231,656</u>
Total governmental activities	<u>21,157,544</u>
Wastewater:	
Land	405,750
Infrastructure	6,774,433
Buildings	8,988,394
Improvements other than buildings	10,487,961
Machinery, equipment, and vehicles	1,215,876
Construction in progress	<u>7,009,226</u>
Total Wastewater	<u>34,881,640</u>
Water:	
Land	63,500
Infrastructure	3,463,648
Buildings	2,687,550
Improvements other than buildings	2,750,812
Machinery, equipment, and vehicles	<u>1,408,265</u>
Total Water	<u>10,373,775</u>
Total capital assets	<u>\$ 66,412,959</u>

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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, 2016. 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, 2016.

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

July 19, 2018

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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, 2016

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	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction Sign Modernization	Indiana Department of Transportation	20.205	DES #1172053	\$ -	\$ 11,693
Total - Highway Planning and Construction Cluster				-	11,693
Highway Safety Cluster State and Community Highway Safety Operation Pull Over	Indiana Criminal Justice Institute	20.600	FY 2016	-	2,753
Total - Highway Safety Cluster				-	2,753
Total - Department of Transportation				-	14,446
<u>Environmental Protection Agency</u>					
Clean Water State Revolving Fund Cluster Capitalization Grants for Clean Water State Revolving Funds WWTP Expansion	Indiana Finance Authority	66.458	WW 140491 02	-	6,632,882
Total - Clean Water State Revolving Fund Cluster				-	6,632,882
Total - Environmental Protection Agency				-	6,632,882
Total federal awards expended				\$ -	\$ 6,647,328

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, 2016. 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 minimis 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 weakness identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major program:	
Material weakness identified?	no
Significant deficiency 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:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Clean Water State Revolving Fund Cluster	Unmodified

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

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

FINDING 2016-001

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding numbers were 2015-001 and 2015-002.

Condition

There were deficiencies in the internal control system of the City related to financial transactions and reporting.

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

The City had not separated incompatible activities related to receipts and the financial information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the Annual Financial Report, the financial statement, and the Schedule of Expenditures of Federal Awards.

Receipts

The City's Deputy Clerks processed City and utility receipts without oversight, review, or approval by another individual prior to recording them to the financial accounting system. Deputy Clerks were able to collect bills, record receipts, reconcile cash drawers, and complete daily deposit tickets without evidence of a proper system of oversight or review.

Financial Reporting

The City failed to properly review the financial information that was prepared and submitted into Gateway. One employee prepared and submitted the financial information without a system of oversight or review to detect and correct potential errors.

Context

The lack of internal controls was a systemic issue throughout the audit period.

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. . . ."

Cause

Management of the City had not established a proper system of internal controls.

Effect

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected.

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

Recommendation

We recommended that the City's management establish controls related to receipts and financial reporting.

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 DOCUMENTS

The subsequent documents were provided by management of the City. The documents are presented as intended by the City.



City of Monticello

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Michelle Mills, Deputy Clerk Treasurer

Mary Black, 2nd Deputy/Payroll Clerk

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-001

Fiscal year in which the funding initially occurred: 2015

Contact Person Responsible for Corrective Action: James Mann

Contact Phone; 574-583-5712

Status of Audit Finding: Completed 7-6-2017

The Clerk Treasurer and staff have instituted a monthly reconciliation binder where daily revenue deposits are created, cross checked and signed off. Bank reconciliation documentation is also kept in the binder along with other paperwork key to the reconciling efforts. Staff members and the Council President review and sign a cover sheet once they have reviewed the documentation. The Gateway reporting process has been enhanced to include the oversight of the 1st Deputy prior to final submission. We also prepare a Payroll Binder which provides additional oversight and is signed off by the Clerk Treasurer and the Council President. It includes a revenue and disbursement worksheet and pay file documents from Keystone necessary to the reconciling process. The City conducted a meeting on 9-22-2017 with Umbaugh & Associates to discuss how the City can embrace and improve its internal controls. We used a detailed questionnaire document to begin the discussion on this. It contains the 5 components (control environment, risk assessment, control activities, information and communication, and monitoring activities) as well as the principles as laid out by the SBOA. (Note: example provided) Three procedures have been written: Accounts Receivable, Accounts Payable, and Reconciliation. (Note: examples provided.)

James D. Mann 6-18-18



City of Monticello

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Office: 574.583.5712

Fax: 574.583.9244



Michelle Mills, Deputy Clerk Treasurer

Mary Black, 2nd Deputy/Payroll Clerk

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-002-SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal year in which the funding initially occurred: 2015

Contact Person Responsible for Corrective Action: James Mann

Contact Phone; 574-583-5712

Status of Audit Finding: Completed 7-6-2017

The Clerk Treasurer and staff have instituted a monthly reconciliation binder where daily revenue deposits are created, cross checked and signed off. Bank reconciliation documentation is also kept in the binder along with other paperwork key to the reconciling efforts. Staff members and the Council President review and sign a cover sheet once they have reviewed the documentation. The Gateway reporting process has been enhanced to include the oversight of the 1st Deputy prior to final submission. We also prepare a Payroll Binder which provides additional oversight and is signed off by the Clerk Treasurer and the Council President. It includes a revenue and disbursement worksheet and pay file documents from Keystone necessary to the reconciling process. The City conducted a meeting on 9-22-2017 with Umbaugh & Associates to discuss how the City can embrace and improve its internal controls. We used a detailed questionnaire document to begin the discussion on this. It contains the 5 components (control environment, risk assessment, control activities, information and communication, and monitoring activities) as well as the principles as laid out by the SBOA. (Note: example provided) Three procedures have been written: Accounts Receivable, Accounts Payable, and Reconciliation. (Note: examples provided.)

 6-18-18



City of Monticello

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CORRECTIVE ACTION PLAN

FINDING 2016-001

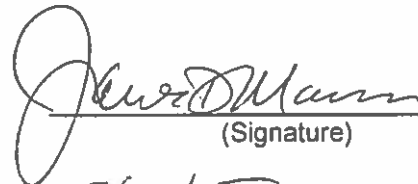
Contact Person Responsible for Corrective Action: James D Mann

Contact Phone Number: 574-583-5712


Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The City developed a reconciliation binder in 2017 which ties bank statements, fund reports, revenue reports, appropriation reports, and other related documents necessary to demonstrate a balanced month. This also includes documentation which references adjustments made in the balancing process. After review this binder is signed off by another staff member and the City Council President. We also established a sign off process in 2017 in the utility department where bank deposit slips are initialed and then cross referenced to a deposit ticket print out from our software. The utility staff dates and initials the document. The Payroll Clerk also began compiling a monthly binder in 2017 of documentation reconciling the payroll activities for each month. This binder is in turn signed off by the Clerk Treasurer and Council President. The Clerk Treasurer had dialogue with the Deputy Clerk about the data which was entered into Gateway. In the future the Clerk Treasurer will print out sections of the reporting requirements for Gateway and review the documents with other staff members to confirm accuracy. The documents will be signed off and dated prior to formal submission into the Gateway system.

Anticipated Completion Date: All has been completed except submission of data to Gateway. We will start this process with entering budget information in 2018.


(Signature)


(Title)


(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/>.