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**Town of Monticello, Mississippi**  
**Audited Financial Statements and**  
**Special Reports**  
**For the Year Ended September 30, 2010**

**RECEIVED**  
**AUG 02 2011**

**TOWN OF MONTICELLO**  
**For the Year Ended September 30, 2010**

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**Charles R. Hart**  
Certified Public Accountant  
P.O. Box 336  
Wesson, Mississippi 39191

Home: 643-5631

Office: 643-5101  
or 833-5801

## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and Board of Aldermen  
Town of Monticello, Mississippi

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Monticello, Mississippi, as of and for the year ended September 30, 2010, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Monticello, Mississippi's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note 1, the Town of Monticello, Mississippi, prepares its financial statements on the basis of cash receipts and disbursement, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-cash basis of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Monticello, Mississippi, as of September 30, 2010, and the respective changes in financial position-cash basis thereof for the year then ended in conformity with the basis of accounting described in Note 1.

The Town of Monticello, Mississippi, has not presented the management's discussion and analysis and the budgetary comparison schedule that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by the missing information.

My audit was conducted for the purpose of forming opinions on the financial statements and that collectively comprise the Town of Monticello, Mississippi's financial statements as a whole. The supplemental information section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information section is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The supplemental information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it.



Charles R. Hart  
Certified Public Accountant

July 27, 2011  
Wesson, Mississippi

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**Town of Monticello**  
**Statement of Activities and Net Assets - Cash Basis**  
**Year Ended September 30, 2010**

Function / Programs	Program Cash Receipts		
	Cash Disbursements	Charges for Services	Capital Grants & Contributions
<b>PRIMARY GOVERNMENT</b>			
Government activities:			
General government	\$ 593,897		\$ 82,500
Public safety	\$ 566,510		\$ 70,804
Court	\$ 27,298		
Culture & recreation	\$ 209,383	\$ 111,785	
Street Maintenance	\$ 124,519		
Total government activities	\$ 1,521,607	\$ 111,785	\$ 153,304
Business-type activities:			
Water & sewer	\$ 673,432	\$ 510,728	\$ 126,125
Total business-type activities	\$ 673,432	\$ 510,728	\$ 126,125
Total Primary Government	\$ 2,195,039	\$ 622,513	\$ 279,429

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

# Town of Monticello

## Statement of Activities and Net Assets – Cash Basis

### Year Ended September 30, 2010

Function / Programs	Net (Disbursements) Receipts & Changes in Net Assets		
	Governmental Activities	Business-type Activities	Total
<b>PRIMARY GOVERNMENT</b>			
Government activities:			
General government	\$ (511,397)	\$ -	\$ (511,397)
Public Safety	\$ (495,706)	\$ -	\$ (495,706)
Court	\$ (27,298)	\$ -	\$ (27,298)
Culture & recreation	\$ (97,598)	\$ -	\$ (124,519)
Street maintenance	\$ (124,519)	\$ -	\$ (124,519)
Total governmental activities	\$ (1,256,518)	\$ -	\$ (1,256,518)
Business-type activities:			
Water & sewer	\$ -	\$ (36,579)	\$ (36,579)
Total business-type activities	\$ -	\$ (36,579)	\$ (36,579)
Total Primary Government	\$ (1,256,518)	\$ (36,579)	\$ (1,293,097)
 General Receipts:			
Taxes:			
Ad Valorem	\$ 447,869		\$ 447,869
Sales taxes	\$ 448,866		\$ 448,866
Franchise & privilege taxes	\$ 88,632		\$ 88,632
In Lieu of Tax – Grand Gulf	\$ 19,320		\$ 19,320
Unrestricted investment income	\$ 8,106		\$ 8,106
Intergovernmental	\$ 78,826		\$ 78,826
Water deposit receipts		\$ 9,600	\$ 9,600
Miscellaneous	\$ 16,095	\$ 8,937	\$ 25,032
Sale of surplus property	\$ 71,605		\$ 71,605
Fines & Forfeits	\$ 101,842		\$ 101,842
Transfers	\$ -		\$ -
Total General Receipts	\$ 1,281,161	\$ 18,537	\$ 1,299,698
 Change in Net Assets	\$ 24,643	\$ (18,042)	\$ 6,601
 Net Assets @ Beginning of Year	\$ 1,015,005	\$ 206,447	\$ 1,221,452
 Net Assets @ End of Year	\$ 1,039,648	\$ 188,405	\$ 1,228,053
 <b>ASSETS</b>			
Cash & cash equivalents	\$ 984,444	\$ 153,340	\$ 1,137,784
Restricted Cash	\$ 55,204	\$ 35,065	\$ 90,269
Total Assets	\$ 1,039,648	\$ 188,405	\$ 1,228,053
 <b>NET ASSETS</b>			
Restricted for fire prevention	\$ 35,324		\$ 35,324
Restricted for law enforcement	\$ 19,880		\$ 19,880
Restricted for meter deposits		\$ 35,065	\$ 35,065
Unrestricted	\$ 984,444	\$ 153,340	\$ 1,137,784
Total Net Assets	\$ 1,039,648	\$ 188,405	\$ 1,228,053

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.



**Town of Monticello**  
**Statement of Cash Basis Assets and Fund Balances and**  
**Cash Receipts, Disbursements and**  
**Changes in Cash Basis Fund Balances**  
**Year Ended September 30, 2010**

	Governmental Activities	Business- type Activities	(Memo Only)
	General	Water & Sewer	Total
<b>RECEIPTS</b>			
Taxes:			
General property taxes	423,659		423,659
Property Taxes - prior	10,368		10,368
Penalties & interest on delinquent taxes	13,842		13,842
Licenses & permits:			
Privilege licenses	22,523		22,523
Franchise charges - utilities	66,109		66,109
Intergovernmental revenues:			
Federal revenues:			
DRA Grant		26,125	26,125
Homeland Security	11,913		11,913
USDA – RBEG Grant	82,500		82,500
General Municipal Aid & Gas Tax	5,749		5,749
State Shared Revenues:			
Homestead Exemption Reimbursement	31,546		31,546
Sales Tax	448,866		448,866
In Lieu of Tax - Grand Gulf	19,320		19,320
Fire insurance premium tax	9,400		9,400
MDA Grant		100,000	100,000
Public Health – MOS Grant	3,100		3,100
Public Safety – Fire Grant	54,541		54,541
Public Safety – Health	1,250		1,250
County:			
Fire protection	32,131		32,131
Charges for Services:			
Parks & Recreation	111,785		111,785
Water, Sewer, & Garbage		520,328	520,328
Fines & Forfeits	101,842		101,842
Miscellaneous	13,899		13,899
Total Receipts	1,464,343	646,453	2,110,796

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

**Town of Monticello**  
**Statement of Cash Basis Assets and Fund Balances and**  
**Cash Receipts, Disbursements and**  
**Changes in Cash Basis Fund Balances**  
**Year Ended September 30, 2010**

	Governmental Activities	Business- Type Activities	(Memo Only)
	General	Water & Sewer	Total
<b>DISBURSEMENTS</b>			
General government	274,624		274,624
Public safety:			
Police	384,899		384,899
Streets	124,519		124,519
Fire	181,611		181,611
Municipal Court	27,298		27,298
Culture & recreation:			
Recreation	209,383		209,383
Enterprise:			
Water & Sewer		447,447	447,447
Garbage Fees		170,748	170,748
Debt service - principal & interest	54,798	29,112	83,910
Capital outlay	247,391		247,391
Other non-operating disbursements	17,084	26,125	43,209
	<hr/>	<hr/>	<hr/>
Total Disbursements	1,521,607	673,432	2,195,039

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

**Town of Monticello**  
**Statement of Cash Basis Assets and Fund Balances and**  
**Cash Receipts, Disbursements and**  
**Changes in Cash Basis Fund Balances**  
**Year Ended September 30, 2010**

	Governmental Activities	Type Activities	(Memo Only)
	General	Water & Sewer	Total
Excess(Deficiency) of receipts over disbursements	(57,264)	(26,979)	(84,243)
<b>OTHER FINANCING SOURCES (USES)</b>			
MRHA in lieu of taxes	1,701		1,701
Other non-revenue receipts	79,711	8,937	88,648
Donations	495		495
Total other financing resources (Uses)	81,907	8,937	90,844
Excess (Deficiency) of receipts and other financing sources over disbursements and other financing uses	24,643	(18,042)	6,601
<b>Cash Basis Fund Balance - Beginning of Year</b>	1,015,005	206,447	1,221,452
<b>Cash Basis Fund Balance - End of Year</b>	1,039,648	188,405	1,228,053
<b>Cash Basis Assets – End of Year</b>			
Cash & cash equivalents	984,444	153,340	1,137,784
Restricted Cash	55,204	35,065	90,269
Total Cash Basis Assets	1,039,648	188,405	1,228,053
<b>Cash Basis Fund Balances – End of Year</b>			
Reserved	55,204	35,065	90,269
Unreserved	984,444	153,340	1,137,784
Total Cash Fund Balances	1,039,648	188,405	1,228,053

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

# Town of Monticello

## Notes to the Financial Statements

### Year Ended September 30, 2010

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

##### **A. Financial Reporting Entity**

The Town of Monticello, Mississippi, (Town) was incorporated in 1811. The Town operates under an alderman/mayor form of government and provides all of the rights and privileges provided by statute for municipalities.

The financial statements of the Town of Monticello have been prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

##### **B. Government-wide and Fund Financial Statements.**

The government-wide financial statements (i.e., the Statement of Activities and Net Assets – cash basis) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Town combines the Statement of Activities and Statement of Net Assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct disbursements* are those that are clearly identifiable with a specific function or segment. *Program receipts* include (1) receipts from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as *general receipts*.

##### **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation.**

The government-wide financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when collected and expenditures are recorded when cash is spent.

Governmental fund financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recognized as soon as they are collected. Disbursements generally are recorded when cash is spent.

Amounts reported as *program receipts* include (1) receipts from customers or applicants for goods, services or privileges provided, (2) operating grants and contributions and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general receipts* rather than as program receipts.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

# Town of Monticello

## Notes to the Financial Statements Year Ended September 30, 2010

### Note 1 – Summary of Significant Accounting Policies. (Continued)

The Town reports the following major Governmental Fund:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Town reports the following major Business-type Fund:

The *Water and Sewer Fund* is used to account for all financial resources of the water and sewer department.

#### D. Assets and Net Assets or Equity.

##### 1. Cash and Investments.

The government's cash and cash equivalents are considered to be cash on hand or invested in certificates of deposit, which are short-term highly liquid investments that are readily convertible to cash. All cash deposits are reported at carrying amount (cost) which reasonably estimates fair market value. State law authorizes the Town to invest in interest bearing time certificates of deposits with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state.

##### 2. Fund Equity.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

### Note 2. Defined Benefit Pension Plan.

**Plan Description:** The Town of Monticello, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, at 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

**Funding Policy:** PERS members are required to contribute 7.25% from October 1, 2009, through June 30, 2010, and 9% from July 1, 2010, through September 30, 2010, of their annual covered salary, and the Town of Monticello, Mississippi, is required to contribute at an actuarially determined rate. The current rate is 12% of annual covered payroll. The contribution requirements of PERS' members are established and may be amended only by the State of Mississippi Legislature. The Town has made all required contributions to PERS.

# Town of Monticello

## Notes to the Financial Statements Year Ended September 30, 2010

### Note 2. Defined Benefit Pension Plan. (Continued)

Membership in PERS is a condition of employment for all eligible employees of the State of Mississippi, public schools, institutions of higher learning, community and junior colleges, and eligible employees of municipalities, counties and other political subdivisions and instrumentalities of municipal and county government that have entered into a Membership Agreement approved by the PERS Board of Trustees (Board).

### Note 3. Contingencies.

Litigation - The Town of Monticello, Mississippi, is not a defendant in any lawsuits at this time.

Federal Grants – The Town has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the term and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the Town.

### Note 4. Deposits and Investments.

#### Deposits:

The carrying amount of the Town's total deposits with financial institutions at September 30, 2010, was \$1,228,053. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the Town will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Town does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the Town. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the Town. As of September 30, 2010, none of the Town's bank balance of \$1,228,053 was exposed to custodial credit risk.

Credit Risk – State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e) Miss. Code Ann. (1972). The Town does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Concentration of Credit Risk – Disclosures of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of September 30, 2010, the Town had no investments.

# **Town of Monticello**

## **Notes to the Financial Statements Year Ended September 30, 2010**

### **Note 5. Property Tax Revenues.**

State statutes exist under which the Board of Aldermen may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the Town. Restrictions associated with property tax levies vary with statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Aldermen, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

### **Note 6. Claims and Judgments.**

#### **Risk Management.**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The Town carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in this fiscal year.

### **Note 7. Subsequent Events.**

The Town has evaluated events and transactions for potential recognition or disclosure through July 27, 2011, which is the date the financial statements were available to be issued.

## **SUPPLEMENTAL INFORMATION**



**Town of Monticello  
Schedule of Long-Term Debt  
Year Ended September 30, 2010**

	Balance Outstanding Oct. 1, 2009	Transactions During <u>Fiscal Year</u>		Balance Outstanding Sept. 30, 2010
		Issued	Redeemed	
Great Southern Leasing New Fire Truck	43,450		43,450	--
MS Development Authority Sports Complex	70,363		8,849	61,514
MS Development Authority Water & Sewer Improvements	394,555		17,614	376,941
Total Long-Term Debt	508,368	--	69,913	438,455

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

# Town of Monticello

## Schedule of Surety Bonds for Municipal Officers

### Year Ended September 30, 2010

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Bond Amount</u>
David Nichols	Mayor	St. Paul Surety	\$ 50,000
David Stanley	Police Chief	Travelers	\$ 50,000
Deborah Lea	City Clerk	Travelers	\$ 50,000
Kim Benson	Court Clerk	Travelers	\$ 50,000
Amy Corken	Deputy Clerk	Travelers	\$ 50,000
Kenny Graves	Park Director	Travelers	\$ 50,000
Pam Smith	Parks Ranger	Travelers	\$ 50,000
Jerry Goode	Alderman	St. Paul Surety	\$ 50,000
Steven Moreman	Alderman	St. Paul Surety	\$ 50,000
Martha Watts	Alderman	St. Paul Surety	\$ 50,000
Craig Davis	Alderman	St. Paul Surety	\$ 50,000
Thomas Garrett	Alderman	St. Paul Surety	\$ 50,000
Alice Stringer	Concession Manager	Travelers	\$ 50,000

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

# Town of Monticello

## Schedule of Capital Assets

### Year Ended September 30, 2010

<b>Governmental Activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Capital Assets:</b>				
Land	61,083	10,000		71,083
Buildings	583,830	95,606		679,436
Machinery and Equipment	897,912	132,365	59,961	910,355
Infrastructure	6,398,848	1,152		6,400,000
Construction In Progress		8,268		8,268
<b>Total Governmental activities capital assets</b>	<b><u>7,941,673</u></b>	<b><u>247,391</u></b>	<b><u>59,961</u></b>	<b><u>8,069,142</u></b>
<b>Business-type Activities:</b>				
<b>Capital Assets:</b>				
Land	1,800			1,800
Buildings	49,232			49,232
Machinery and Equipment	186,330			186,330
Infrastructure	5,055,000			5,055,000
Construction In Progress				
<b>Total Business-type activities capital assets</b>	<b><u>5,292,362</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>5,292,362</u></b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

**Charles R. Hart**

Certified Public Accountant

P.O. Box 336

Wesson, Mississippi 39191

Home: 643-5631

Office: 643-5101

or 833-5801

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH STATE LAWS AND REGULATIONS**

To the Honorable Mayor and Board of Aldermen  
Town of Monticello, Mississippi

I have audited the basic financial statements of the Town of Monticello as of and for the year ended September 30, 2010, and have issued my report dated July 27, 2011. I have conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, I have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of my audit, and accordingly, I do not express such an opinion.

The results of those procedures and my audit of the general purpose financial statements disclosed no material instances of noncompliance with state laws and regulations.



Charles R. Hart  
Certified Public Accountant

July 27, 2011  
Wesson, Mississippi