

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT

OF

TOWN OF MENTONE

KOSCIUSKO COUNTY, INDIANA

January 1, 2004 to December 31, 2005



FILED
10/11/2006

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Barbara Ross

01-01-04 to 12-31-07

President of the Town Council

Mark A. Hughes
Timothy Croy

01-01-04 to 12-31-05
01-01-06 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF MENTONE, KOSCIUSKO COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Mentone (Town), for the period of January 1, 2004 to December 31, 2005. The Town's management is responsible for the schedules. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

August 24, 2006

TOWN OF MENTONE
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 183,174	\$ 298,858	\$ 251,947	\$ 230,085
Motor Vehicle Highway	26,774	28,723	22,451	33,046
Local Road and Street	23,942	9,418	10,015	23,345
Trash Collections	1,572	18,090	17,899	1,763
Law Enforcement Continuing Education	540	36	-	576
Cemetery	25,419	2,717	1,980	26,156
Cemetery Donations	1,547	100		1,647
Park Donations	948		100	848
Riverboat	5,335	5,664	2,681	8,318
Cumulative Capital Improvement	8,123	3,352	4,950	6,525
CEDIT	164,150	54,200	35,138	183,212
Proprietary Funds:				
Water Utility - Operating	182,564	169,015	219,369	132,210
Water Utility - Bond and Interest	101,104	71,868	69,393	103,579
Water Utility - Customer Deposit	13,831	2,550	3,200	13,181
Wastewater Utility - Operating	6,824	104,450	109,482	1,792
Wastewater Utility - Depreciation	189,338	1,885	25,000	166,223
Fiduciary Fund:				
Cemetery Endowment	18,600	-	-	18,600
Totals	<u>\$ 953,785</u>	<u>\$ 770,926</u>	<u>\$ 773,605</u>	<u>\$ 951,106</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 230,085	\$ 273,466	\$ 349,221	\$ 154,330
Motor Vehicle Highway	33,046	28,138	26,840	34,344
Local Road and Street	23,345	9,627	4,114	28,858
Trash Collections	1,763	17,948	18,246	1,465
Law Enforcement Continuing Education	576	101	-	677
Cemetery	26,156	5,377	2,557	28,976
Cemetery Donations	1,647	100	-	1,747
Park Donations	848	50	100	798
Riverboat	8,318	5,663	8,318	5,663
Levy Excess	-	5,587	5,587	-
Cumulative Capital Improvement	6,525	2,776	-	9,301
Cumulative Capital Development	-	3,881	-	3,881
CEDIT	183,212	47,692	136,785	94,119
Proprietary Funds:				
Water Utility - Operating	132,210	215,595	211,189	136,616
Water Utility - Bond and Interest	103,579	72,047	72,242	103,384
Water Utility - Customer Deposit	13,181	2,400	1,650	13,931
Wastewater Utility - Operating	1,792	128,383	125,571	4,604
Wastewater Utility - Depreciation	166,223	2,719	-	168,942
Fiduciary Fund:				
Cemetery Endowment	18,600	-	-	18,600
Totals	<u>\$ 951,106</u>	<u>\$ 821,550</u>	<u>\$ 962,420</u>	<u>\$ 810,236</u>

The accompanying notes are an integral part of the schedules.

TOWN OF MENTONE
NOTES TO SCHEDULES

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, highways and streets, culture and recreation, and general administrative services, water, and wastewater.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TOWN OF MENTONE
NOTES TO SCHEDULES
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

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

Note 7. Long-Term Debt

The Water Utility has entered into revenue bonds for waterworks improvements. The outstanding principal at December 31, 2005, was \$425,000.

TOWN OF MENTONE
EXAMINATION RESULT AND COMMENT

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

Some officials or employees of the Town had money due from the Town, but a list of such employees was not certified to the County Treasurer. A similar comment was included in the prior Audit Report, File B23896.

Indiana Code 6-1.1-22-14(a) states, in part: "On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

TOWN OF MENTONE
EXIT CONFERENCE

The contents of this report were discussed on August 24, 2006, with Barbara Ross, Clerk-Treasurer. The official concurred with our finding.