

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

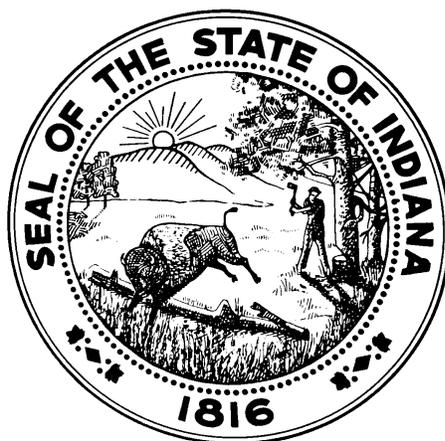
EXAMINATION REPORT

OF

TOWN OF MATTHEWS

GRANT COUNTY, INDIANA

January 1, 2005 to December 31, 2006



**FILED**  
12/31/2007



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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Mary M. Davis

01-01-04 to 12-31-11

President of the Town Council

David C. Loer

01-01-05 to 12-31-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF MATTHEWS, GRANT COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Matthews (Town), for the period of January 1, 2005 to December 31, 2006. The Town's management is responsible for the financial information presented herein. 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 financial information presented herein 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 financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

November 28, 2007

TOWN OF MATTHEWS  
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, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 45,468	\$ 177,154	\$ 124,238	\$ 98,384
Motor Vehicle Highway	17,336	18,686	18,331	17,691
Local Road and Street	11,801	6,503	6,779	11,525
Law Enforcement Continuing Education	1,039	175	40	1,174
Storm Water Operating	18,674	26,020	25,091	19,603
Miscellaneous Donations	-	50,000	4,719	45,281
Riverboat	3,752	3,752	-	7,504
Rainy Day	3,000	-	-	3,000
Police Donation	2,201	40	-	2,241
Storm Water Bond and Interest	6,427	12,301	12,662	6,066
Cumulative Capital Improvement	25,587	1,839	-	27,426
Cumulative Capital Development	8,107	5,468	-	13,575
Proprietary Funds:				
Wastewater Utility - Operating	100,227	61,339	55,108	106,458
Wastewater Utility - Bond and Interest	7,206	18,000	20,520	4,686
Wastewater Utility - Debt Reserve	40,244	323	-	40,567
Fiduciary Fund:				
Payroll	1,253	65,414	65,251	1,416
Totals	<u>\$ 292,322</u>	<u>\$ 447,014</u>	<u>\$ 332,739</u>	<u>\$ 406,597</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 98,384	\$ 123,884	\$ 138,594	\$ 83,674
Motor Vehicle Highway	17,691	22,374	17,964	22,101
Local Road and Street	11,525	6,246	6,920	10,851
Law Enforcement Continuing Education	1,174	175	85	1,264
Storm Water Operating	19,603	26,113	40,115	5,601
Miscellaneous Donations	45,281	-	38,008	7,273
Riverboat	7,504	3,744	-	11,248
Rainy Day	3,000	-	3,000	-
Police Donation	2,241	100	957	1,384
Storm Water Bond and Interest	6,066	12,599	12,661	6,004
Cumulative Capital Improvement	27,426	2,126	12,389	17,163
Cumulative Capital Development	13,575	3,351	7,000	9,926
Proprietary Funds:				
Wastewater Utility - Operating	106,458	61,341	67,126	100,673
Wastewater Utility - Bond and Interest	4,686	18,000	19,870	2,816
Wastewater Utility - Debt Reserve	40,567	608	-	41,175
Fiduciary Fund:				
Payroll	1,416	67,265	67,328	1,353
Totals	<u>\$ 406,597</u>	<u>\$ 347,926</u>	<u>\$ 432,017</u>	<u>\$ 322,506</u>

The accompanying notes are an integral part of the financial information.

TOWN OF MATTHEWS  
NOTES TO FINANCIAL INFORMATION

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, health and social services, culture and recreation, general administrative services 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.

TOWN OF MATTHEWS  
NOTES TO FINANCIAL INFORMATION

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.

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.

TOWN OF MATTHEWS  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS

December 31, 2006

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets completed in the current years have been reported.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Infrastructure	\$ 900,021
Buildings	33,028
Machinery and equipment	<u>154,571</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 1,087,620</u>
 Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 77,214
Buildings	68,307
Improvements other than buildings	1,352,397
Machinery and equipment	<u>86,723</u>
 Total Wastewater Utility capital assets	 <u>\$ 1,584,641</u>

TOWN OF MATTHEWS  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2006

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
1992 pumper truck	\$ 5,000	\$ 5,000
Loan payable:		
1997 storm sewer loan	<u>117,865</u>	<u>12,668</u>
Total governmental activities debt	<u>\$ 122,865</u>	<u>\$ 17,668</u>
Business-type Activities:		
Wastewater Utility		
Capital leases:		
Jet cleaner	\$ 17,000	\$ 5,000
Revenue bonds:		
1978 sewage construction	<u>124,402</u>	<u>18,220</u>
Total business-type activities debt	<u>\$ 141,402</u>	<u>\$ 23,220</u>

TOWN OF MATTHEWS  
EXAMINATION RESULT AND COMMENT

PUBLIC RECORDS RETENTION

Handgun permit applications were not presented for examination.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF MATTHEWS  
EXIT CONFERENCE

The contents of this report were discussed on November 28, 2007, with Mary M. Davis, Clerk-Treasurer. The official concurred with our finding.