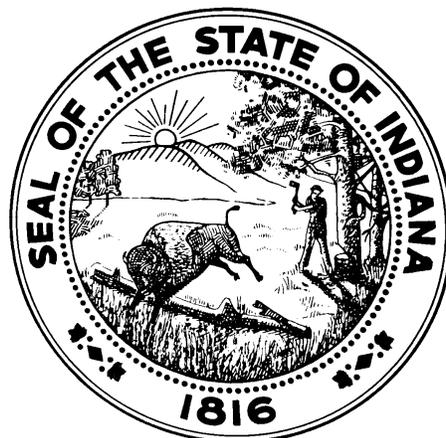


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
TOWN OF MENTONE
KOSCIUSKO COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
02/20/2008

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Barbara Ross

01-01-04 to 12-31-11

President of the Town Council

Timothy Croy

01-01-06 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Town of Mentone (Town), for the period of January 1, 2006 to December 31, 2007. 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, 2006 and 2007, 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

January 29, 2008

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, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 154,330	\$ 305,524	\$ 327,458	\$ 132,396
Motor Vehicle Highway	34,344	33,788	26,805	41,327
Local Road and Street	28,858	9,661	10,001	28,518
Trash Collections	1,465	18,433	18,246	1,652
Law Enforcement Continuing Education	677	184	10	851
Cemetery	28,976	6,437	1,145	34,268
Cemetery Donations	1,747	150	-	1,897
Park Donations	798	10,750	300	11,248
Riverboat	5,663	5,651	-	11,314
Levy Excess	-	3,794	3,794	-
Cumulative Capital Improvement	9,301	3,208	2,452	10,057
Cumulative Capital Development	3,881	7,762	74	11,569
CEDIT	94,119	61,514	37,866	117,767
Proprietary Funds:				
Water Utility - Operating	136,616	211,938	200,521	148,033
Water Utility - Bond and Interest	103,384	69,353	69,955	102,782
Water Utility - Customer Deposit	13,931	2,605	2,200	14,336
Wastewater Utility - Operating	4,604	273,190	119,649	158,145
Wastewater Utility - Depreciation	168,942	4,441	160,000	13,383
Fiduciary Fund:				
Cemetery Endowment	18,600	-	-	18,600
Totals	<u>\$ 810,236</u>	<u>\$ 1,028,383</u>	<u>\$ 980,476</u>	<u>\$ 858,143</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 132,396	\$ 316,325	\$ 287,426	\$ 161,295
Motor Vehicle Highway	41,327	33,023	29,557	44,793
Local Road and Street	28,518	9,802	12,000	26,320
Trash Collections	1,652	21,426	18,246	4,832
Law Enforcement Continuing Education	851	397	-	1,248
Cemetery	34,268	4,100	1,542	36,826
Cemetery Donations	1,897	-	-	1,897
Park Donations	11,248	14,082	21,215	4,115
Riverboat	11,314	5,662	-	16,976
Rainy Day	-	-	-	-
Cumulative Capital Improvement	10,057	3,154	-	13,211
Cumulative Capital Development	11,569	15,284	-	26,853
CEDIT	117,767	62,649	94,007	86,409
Proprietary Funds:				
Water Utility - Operating	148,033	304,326	288,317	164,042
Water Utility - Bond and Interest	102,782	71,946	72,513	102,215
Water Utility - Customer Deposit	14,336	3,621	1,544	16,413
Wastewater Utility - Operating	158,145	122,019	103,788	176,376
Wastewater Utility - Depreciation	13,383	5,339	-	18,722
Fiduciary Fund:				
Cemetery Endowment	18,600	-	-	18,600
Totals	<u>\$ 858,143</u>	<u>\$ 993,155</u>	<u>\$ 930,155</u>	<u>\$ 921,143</u>

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

TOWN OF MENTONE
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, health and social services, culture and recreation, water services, wastewater services, and general administrative services.

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 FINANCIAL INFORMATION
(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.

TOWN OF MENTONE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2007

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.

Primary Government

Governmental activities:

Capital assets, not being depreciated:

Land	\$ 14,000
Buildings	38,653
Improvements other than buildings	9,885
Machinery and equipment	<u>175,302</u>

Total governmental activities, capital assets not being depreciated	<u>\$ 237,840</u>
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Primary Government

Business-type activities:

Water Utility:

Capital assets, not being depreciated:

Land	\$ 33,971
Buildings	180,747
Improvements other than buildings	1,350,966
Machinery and equipment	<u>208,253</u>

Total Water Utility capital assets	<u>1,773,937</u>
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Wastewater Utility:

Capital assets, not being depreciated:

Land	45,129
Buildings	260,282
Improvements other than buildings	2,824,757
Machinery and equipment	<u>76,284</u>

Total Wastewater Utility capital assets	<u>3,206,452</u>
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Total business-type activities capital assets	<u>\$ 4,980,389</u>
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TOWN OF MENTONE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Notes and loans payable		
2007 Water Meter Improvements	\$ 85,000	\$ 31,002
Business-type Activities:		
Water Utility		
Revenue bonds:		
1998 Water Improvements	\$ 320,000	\$ 69,473

TOWN OF MENTONE
EXAMINATION RESULT AND COMMENT

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
CEDIT	2006	\$ 37,866
	2007	94,007

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

TOWN OF MENTONE
EXIT CONFERENCE

The contents of this report were discussed on January 29, 2008, with Barbara Ross, Clerk-Treasurer; and Timothy Croy, President of the Town Council. The officials concurred with our finding.