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

EXAMINATION REPORT
OF
TOWN OF MONTEREY
PULASKI COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
11/05/2010

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Linda S. McCune

01-01-08 to 12-31-11

President of the
Town Council

James C. Fleury

01-01-08 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF MONTEREY, PULASKI COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Monterey (Town), for the period of January 1, 2008 to December 31, 2009. 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, 2008 and 2009, 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

August 17, 2010

TOWN OF MONTEREY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 33,536	81,216	73,905	\$ 40,847
Motor Vehicle Highway	26,470	6,172	4,250	28,392
Local Road and Street	22,085	915	-	23,000
Cumulative Capital Improvement	6,208	751	500	6,459
County Economic Development Income Tax	11,334	3,569	1,000	13,903
Levy Excess	2,779			2,779
Rainy Day	-	1,681	-	1,681
Proprietary Funds:				
Wastewater Utility - Operating	8,227	95,461	86,943	16,745
Wastewater Utility - Bond and Interest	7,825	21,000	20,525	8,300
Wastewater Utility - Debt Service Reserve	21,636	-	-	21,636
Wastewater Utility - Improvement	26,565	3,600	1,526	28,639
Totals	<u>\$ 166,665</u>	<u>\$ 214,365</u>	<u>\$ 188,649</u>	<u>\$ 192,381</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 40,847	77,683	70,312	\$ 48,218
Motor Vehicle Highway	28,392	6,049	14,489	19,952
Local Road and Street	23,000	868	-	23,868
Cumulative Capital Improvement	6,459	1,058	850	6,667
County Economic Development Income Tax	13,903	4,188	6,047	12,044
Levy Excess	2,779	-	787	1,992
Rainy Day	1,681	672		2,353
Proprietary Funds:				
Wastewater Utility - Operating	16,745	87,991	80,635	24,101
Wastewater Utility - Bond and Interest	8,300	21,000	20,300	9,000
Wastewater Utility - Debt Service Reserve	21,636	-	-	21,636
Wastewater Utility - Improvement	28,639	3,600	11,164	21,075
Totals	<u>\$ 192,381</u>	<u>\$ 203,109</u>	<u>\$ 204,584</u>	<u>\$ 190,906</u>

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

TOWN OF MONTEREY
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, 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 MONTEREY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

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 (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 15,940
Buildings	6,056
Improvements other than buildings	67,867
Machinery and equipment	<u>254,089</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 343,952</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Buildings	285,395
Improvements other than buildings	1,236,735
Machinery and equipment	<u>198,071</u>
 Total Wastewater Utility capital assets	 <u>1,720,201</u>
 Total business-type activities capital assets	 <u>\$ 1,720,201</u>

TOWN OF MONTEREY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Wastewater Utility:		
Revenue bonds:		
Sewage Works Revenue Bonds of 2000	\$ 335,000	\$ 20,075

TOWN OF MONTEREY
EXAMINATION RESULT AND COMMENT

OFFICIAL BOND

The Clerk-Treasurer's official bond filed in the Office of the County Recorder was not for the proper term or amount.

IC 5-4-1-18(a) states in part: "Except as provided in subsection (b), the following city, town, county, or township officers and employees shall file an individual surety bond: (1) City judges, controllers, clerks, and clerk-treasurers."

IC 5-4-1-18(c) states in part: "(2) The amount of annual coverage may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount of annual coverage for the officer or employee."

TOWN OF MONTEREY
EXIT CONFERENCE

The contents of this report were discussed on August 17, 2010, with Linda S. McCune, Clerk-Treasurer. The official concurred with our finding.