

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

EXAMINATION REPORT

OF

TOWN OF HAMILTON

STEUBEN COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED

08/07/2007

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Karen R. Grieser

01-01-04 to 12-31-07

President of the Town Council

Keith A. Platter II
Randall E. Hile

01-01-05 to 12-31-06
01-01-07 to 12-31-07



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 HAMILTON, STEUBEN COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Hamilton (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

June 26, 2007

TOWN OF HAMILTON
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	\$ (101,458)	\$ 1,250,545	\$ 985,249	\$ 163,838
Motor Vehicle Highway	11,991	38,253	34,022	16,222
Local Road and Street	6,446	8,745	9,547	5,644
Park and Recreation	18,030	5,105	2,092	21,043
Law Enforcement Continuing Education	778	502	750	530
Rainy Day	72,175	56,000	62,476	65,699
Fire Department	38,164	103,942	108,071	34,035
Garbage Collection	19,221	105,853	122,609	2,465
Donation	-	691	-	691
Levy Excess	-	17,095	-	17,095
Dump Truck Loan Proceeds	-	80,976	80,872	104
HUD/Program/CFF Planning	19,547	5,453	25,000	-
BIF/Hamilton Lake Dam	58,225	175	-	58,400
Fish Creek Trail	9,340	-	2,879	6,461
Cumulative Capital Improvement	23,656	3,812	20,394	7,074
Cumulative Capital Development	(21,860)	65,058	23,474	19,724
County Economic Development Income Tax (CEDIT)	90,832	50,764	55,396	86,200
Proprietary Funds:				
Water Utility - Operating	61,336	500,045	510,563	50,818
Water Utility - Bond and Interest	57,859	117,695	116,745	58,809
Water Utility - Debt Service Reserve	60,180	8,880	-	69,060
Water Utility - Customer Deposit	4,550	3,050	2,400	5,200
Water Utility - Improvement	123,218	115,831	98,161	140,888
Fiduciary Funds:				
Cable TV Security Deposit	2,000	-	-	2,000
Payroll	1,232	358,301	358,231	1,302
Totals	\$ 555,462	\$ 2,896,771	\$ 2,618,931	\$ 833,302

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 163,838	\$ 621,017	\$ 553,182	\$ 231,673
Motor Vehicle Highway	16,222	218,298	198,239	36,281
Local Road and Street	5,644	10,899	7,786	8,757
Park and Recreation	21,043	3,195	73	24,165
Law Enforcement Continuing Education	530	1,314	600	1,244
Rainy Day	65,699	-	2,500	63,199
Fire Department	34,035	99,596	89,076	44,555
Garbage Collection	2,465	115,962	107,120	11,307
Donation	691	911	1,602	-
Levy Excess	17,095	-	17,095	-
Dump Truck Loan Proceeds	104	-	104	-
HUD/Program/CFF Planning	-	18,800	18,800	-
BIF/Hamilton Lake Dam	58,400	1,825	-	60,225
Fish Creek Trail	6,461	-	3,001	3,460
Cumulative Capital Improvement	7,074	5,516	7,956	4,634
Cumulative Capital Development	19,724	34,372	12,792	41,304
County Economic Development Income Tax (CEDIT)	86,200	45,556	30,714	101,042
Local Major Moves Construction	-	671,373	-	671,373
Proprietary Funds:				
Water Utility - Operating	50,818	530,293	517,970	63,141
Water Utility - Bond and Interest	58,809	117,372	117,629	58,552
Water Utility - Debt Service Reserve	69,060	8,880	-	77,940
Water Utility - Customer Deposit	5,200	3,300	3,500	5,000
Water Utility - Improvement	140,888	101,737	217,389	25,236
Fiduciary Funds:				
Cable TV Security Deposit	2,000	-	-	2,000
Payroll	1,302	395,858	396,335	825
Totals	\$ 833,302	\$ 3,006,074	\$ 2,303,463	\$ 1,535,913

The accompanying notes are an integral part of the schedules.

TOWN OF HAMILTON
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.

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 HAMILTON
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 HAMILTON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

For The Year Ended 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 are included if acquired (purchased, constructed, or donated) after July 1, 1980, or if they received major renovations, restorations, or improvements after that date. 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>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 795,679
Infrastructure	1,225,827
Buildings	748,637
Improvements other than buildings	561,665
Machinery and equipment	<u>1,277,853</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 4,609,661</u>

TOWN OF HAMILTON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2006

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Notes and loans payable	\$ 84,168	\$ 31,790
Business-type Activity:		
Water Utility		
Revenue bonds:		
2001 Waterworks plant expansion project	\$ 1,746,000	\$ 32,000

TOWN OF HAMILTON
EXAMINATION RESULT AND COMMENT

CONTRACTS

Payments of \$1,000 in each year were made to Paul Headley for Christmas decorations in 2005 and 2006 without a contract.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF HAMILTON
EXIT CONFERENCE

The contents of this report were discussed on June 26, 2007, with Karen R. Grieser, Clerk-Treasurer; and Randall E. Hile, President of the Town Council. The officials concurred with our finding.