

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

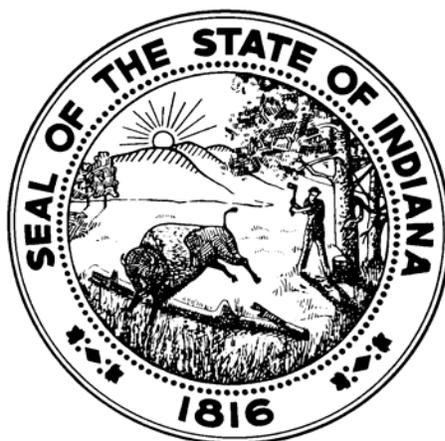
EXAMINATION REPORT

OF

TOWN OF EATON

DELAWARE COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED
11/14/2007

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Vicki Hargis

01-01-05 to 12-31-07

President of the
Town Council

Richard Dorman
Bruce DeWees

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 EATON, DELAWARE COUNTY, INDIANA

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

September 26, 2007

TOWN OF EATON
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	\$ 118,679	\$ 441,697	\$ 449,133	\$ 111,243
Motor Vehicle Highway	24,788	57,852	42,113	40,527
Local Road and Street	15,518	16,977	19,650	12,845
Park and Recreation	35,087	9,746	6,285	38,548
Law Enforcement Continuing Education	1,558	298	752	1,104
Riverboat	20,244	10,108	-	30,352
Rainy Day	6,363	-	1,970	4,393
Cumulative Capital Improvement	38,590	4,956	10,000	33,546
Cumulative Capital Development	61,739	12,849	735	73,853
Cumulative Building and Firefighting Equipment	16,000	5,000	-	21,000
Hoosier Gas Festival	586	1,965	648	1,903
Hazardous Materials	1,000	-	-	1,000
Levy Excess	-	17,357	-	17,357
Proprietary Funds:				
Water Utility - Operating	21,537	332,836	320,353	34,020
Water Utility - Bond and Interest	93,648	113,100	105,799	100,949
Water Utility - Depreciation	62,579	51,524	86,215	27,888
Water Utility - Customer Deposit	21,327	2,125	2,697	20,755
Wastewater Utility - Operating	39,259	239,141	234,065	44,335
Wastewater Utility - Bond and Interest	94,088	50,400	50,530	93,958
Wastewater Utility - Depreciation	12,554	24,000	5,743	30,811
Fiduciary Fund:				
Payroll	(123)	377,699	374,559	3,017
Totals	<u>\$ 685,021</u>	<u>\$ 1,769,630</u>	<u>\$ 1,711,247</u>	<u>\$ 743,404</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 111,243	\$ 484,610	\$ 425,111	\$ 170,742
Motor Vehicle Highway	40,527	60,176	38,950	61,753
Local Road and Street	12,845	16,322	-	29,167
Park and Recreation	38,548	26,143	3,881	60,810
Law Enforcement Continuing Education	1,104	428	-	1,532
Riverboat	30,352	10,088	40,439	1
Rainy Day	4,393	-	4,393	-
Cumulative Capital Improvement	33,546	5,726	-	39,272
Cumulative Capital Development	73,853	13,571	3,448	83,976
Cumulative Building and Firefighting Equipment	21,000	5,000	18,524	7,476
Hoosier Gas Festival	1,903	2,021	1,981	1,943
Hazardous Materials	1,000	-	-	1,000
Levy Excess	17,357	5,977	17,357	5,977
Proprietary Funds:				
Water Utility - Operating	34,020	302,067	330,827	5,260
Water Utility - Bond and Interest	100,949	118,800	105,595	114,154
Water Utility - Depreciation	27,888	45,826	70,633	3,081
Water Utility - Customer Deposit	20,755	2,732	2,493	20,994
Wastewater Utility - Operating	44,335	231,274	235,949	39,660
Wastewater Utility - Bond and Interest	93,958	50,400	49,930	94,428
Wastewater Utility - Depreciation	30,811	24,000	10,381	44,430
Fiduciary Fund:				
Payroll	3,017	366,483	365,095	4,405
Totals	<u>\$ 743,404</u>	<u>\$ 1,771,644</u>	<u>\$ 1,724,987</u>	<u>\$ 790,061</u>

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

TOWN OF EATON
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 EATON
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 EATON
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.

Retroactive reporting of general infrastructure assets will occur by 12-31-08.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 52,900
Buildings	264,100
Improvements other than buildings	42,237
Machinery and equipment	<u>640,864</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 1,000,101</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 2,000
Buildings	277,567
Improvements other than buildings	1,803,828
Machinery and equipment	<u>479,878</u>
 Total Water Utility capital assets	 <u>2,563,273</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	7,000
Buildings	467,444
Improvements other than buildings	761,752
Machinery and equipment	<u>1,367,330</u>
 Total Wastewater Utility capital assets	 <u>2,603,526</u>
 Total business-type activities capital assets	 <u>\$ 5,166,799</u>

TOWN OF EATON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2006

Description of Debt	Ending Balance	Due Within One Year
Governmental Activities:		
Installation Loans:		
Police Department Vehicle	\$ 5,104	\$ 3,176
Fire Department Vehicle	<u>37,788</u>	<u>8,452</u>
Total governmental activities long-term debt	<u>\$ 42,892</u>	<u>\$ 11,628</u>
Business-type Activities:		
Water Utility		
Revenue bonds:		
Water Utility Improvements	\$ 586,400	\$ 69,800
Wastewater Utility		
Revenue bonds:		
Wastewater Utility Improvements	<u>746,600</u>	<u>13,000</u>
Total business-type activities long-term debt:	<u>\$ 1,333,000</u>	<u>\$ 82,800</u>

TOWN OF EATON
EXIT CONFERENCE

The contents of this report were discussed on October 4, 2007, with Vicki Hargis, Clerk-Treasurer; and Bruce DeWees, President of the Town Council. Our examination disclosed no material items that warrant comment at this time.