

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, 2007 to December 31, 2008



FILED
12/21/2009

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Vicki Hargis	01-01-04 to 12-31-11
President of the Town Council	Bruce DeWees Gary M. Gardner	01-01-07 to 12-31-08 01-01-09 to 12-31-09



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, 2007 to December 31, 2008. 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, 2007 and 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

November 5, 2009

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, 2007 And 2008

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 170,742	\$ 449,755	\$ 461,219	\$ 159,278
Motor Vehicle Highway	61,753	62,635	57,483	66,905
Local Road and Street	29,167	16,065	15,075	30,157
Park and Recreation	60,810	-	48,306	12,504
Law Enforcement Continuing Education	1,532	365	377	1,520
Riverboat	1	10,108	-	10,109
Cumulative Capital Improvement	39,273	5,630	-	44,903
Cumulative Capital Development	83,976	12,196	8,620	87,552
Fire Equipment	7,476	5,000	2,612	9,864
Hoosier Gas Festival	1,943	1,966	2,134	1,775
Hazardous Materials	1,000	-	-	1,000
Levy Excess	5,977	6,250	5,977	6,250
Proprietary Funds:				
Water Utility - Operating	5,253	307,360	286,920	25,693
Water Utility - Bond and Interest	114,154	107,800	105,383	116,571
Water Utility - Depreciation	3,081	26,000	18,665	10,416
Water Utility - Customer Deposit	20,994	2,775	3,009	20,760
Water Utility - Construction	32	86,773	-	86,805
Wastewater Utility - Operating	39,634	238,183	235,091	42,726
Wastewater Utility - Bond and Interest	94,428	50,400	50,330	94,498
Wastewater Utility - Depreciation	44,429	24,000	16,188	52,241
Fiduciary Fund:				
Payroll	4,405	373,750	370,932	7,223
Totals	<u>\$ 790,060</u>	<u>\$ 1,787,011</u>	<u>\$ 1,688,321</u>	<u>\$ 888,750</u>
	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 159,278	\$ 395,090	\$ 470,707	\$ 83,661
Motor Vehicle Highway	66,905	44,641	68,028	43,518
Local Road and Street	30,157	15,223	3,000	42,380
Park and Recreation	12,504	2,653	7,632	7,525
Law Enforcement Continuing Education	1,520	924	732	1,712
Riverboat	10,109	10,056	-	20,165
Rainy Day	-	3,581	-	3,581
Cumulative Capital Improvement	44,903	5,213	20,000	30,116
Cumulative Capital Development	87,552	8,024	28,361	67,215
Fire Equipment	9,864	5,000	7,303	7,561
Hoosier Gas Festival	1,775	2,021	2,074	1,722
Hazardous Materials	1,000	-	-	1,000
Levy Excess	6,250	-	6,250	-
Proprietary Funds:				
Water Utility - Operating	25,693	281,808	293,672	13,829
Water Utility - Bond and Interest	116,571	106,800	105,957	117,414
Water Utility - Depreciation	10,416	24,000	20,438	13,978
Water Utility - Customer Deposit	20,760	2,937	2,487	21,210
Water Utility - Construction	86,805	-	10,945	75,860
Wastewater Utility - Operating	42,726	231,928	256,397	18,257
Wastewater Utility - Bond and Interest	94,498	50,400	49,680	95,218
Wastewater Utility - Depreciation	52,241	25,081	15,339	61,983
Fiduciary Fund:				
Payroll	7,223	413,423	410,721	9,925
Totals	<u>\$ 888,750</u>	<u>\$ 1,628,803</u>	<u>\$ 1,779,723</u>	<u>\$ 737,830</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. Property tax collections were delayed in 2008 due to reassessment delays resulting in the second installment for 2008 not payable until January 10, 2009 and not distributed until March 31, 2009.

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 EATON
NOTES TO FINANCIAL INFORMATION
(Continued)

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 EATON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2008

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Installment Loans		
Police Car	\$ 15,376	\$ 4,318
Fire Truck	<u>20,360</u>	<u>10,406</u>
Total governmental activities debt	<u>\$ 35,736</u>	<u>\$ 14,724</u>
Business-type Activities:		
Water Utility		
Revenue bonds:		
Water System Improvements	\$ 441,400	\$ 106,438
Wastewater Utility		
Revenue bonds:		
Wastewater System Improvements	<u>720,600</u>	<u>50,630</u>
Total business-type activities debt:	<u>\$ 1,162,000</u>	<u>\$ 157,068</u>

TOWN OF EATON
EXAMINATION RESULT AND COMMENT

PAYROLL FUND SUBACCOUNTS

The balances in the Payroll Fund subaccounts at December 31, 2007 and 2008, did not reflect the actual balances of net pay and payroll withholdings on hand.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF EATON
EXIT CONFERENCE

The contents of this report were discussed on November 5, 2009, with Vicki Hargis, Clerk-Treasurer; and Gloria Wells, Council member. The officials concurred with our finding.