

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, 2009 to December 31, 2010



FILED
09/20/2011

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	6-7
Notes to Financial Information	8-12
Supplementary Information:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	14-21
Schedule of Capital Assets.....	22
Schedule of Long-Term Debt	23
Examination Result and Comment:	
Payroll Fund Subaccounts.....	24
Exit Conference.....	25

OFFICIALS

Office

Official

Term

Clerk-Treasurer

Vicki Hargis

01-01-08 to 12-31-11

President of the Town Council

Gary M. Gardner
Bruce DeWees

01-01-09 to 12-31-09
01-01-10 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF EATON, DELAWARE COUNTY, INDIANA

We have examined the financial information of the Town of Eaton (Town), for the period of January 1, 2009 to December 31, 2010. The Town's management is responsible for the financial information. 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 and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Town prepares its financial information on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial information referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the years ended December 31, 2009 and 2010, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, the Schedule of Capital Assets and the Schedule of Long-Term Debt as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial information. They have not been subjected to the examination procedures applied to the financial information and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Town's management and the Town Council, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 15, 2011

(This page intentionally left blank.)

FINANCIAL INFORMATION

TOWN OF EATON
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
General	\$ 83,661	\$ 497,605	\$ 503,193	\$ 78,073
Motor Vehicle Highway	43,518	43,648	68,521	18,645
Local Road And Street	42,380	14,256	5,100	51,536
Park	7,525	2,369	8,006	1,888
Law Enforcement Continuing Education	1,712	1,009	-	2,721
Riverboat Wagering	20,165	10,031	-	30,196
Hazardous Materials	1,000	-	-	1,000
Rainy Day	3,581	32	-	3,613
Excess Levy	-	6,448	-	6,448
Hoosier Gas Festival	1,722	-	-	1,722
Cumulative Capital Improvement	30,116	4,915	-	35,031
Cumulative Capital Development	67,215	34,725	53,728	48,212
Fire Equipment	7,561	5,000	-	12,561
Payroll	9,925	388,230	381,199	16,956
Water Utility Operating	13,829	319,772	294,311	39,290
Water Utility Bond And Interest	117,414	106,800	106,438	117,776
Water Utility Depreciation	13,978	24,001	29,706	8,273
Water Utility Customer Deposit	21,210	2,074	2,100	21,184
Water Utility Construction	75,860	-	11,534	64,326
Wastewater Utility Operating	18,257	227,026	243,690	1,593
Wastewater Utility Bond And Interest	95,218	50,400	50,630	94,988
Wastewater Utility Depreciation	61,983	24,000	55,484	30,499
Totals	<u>\$ 737,830</u>	<u>\$ 1,762,341</u>	<u>\$ 1,813,640</u>	<u>\$ 686,531</u>

The notes to the financial information are an integral part of this schedule.

TOWN OF EATON
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 78,073	\$ 586,312	\$ 506,097	\$ 158,288
Motor Vehicle Highway	18,645	43,764	54,306	8,103
Local Road And Street	51,536	40,611	32,850	59,297
Park	1,888	5,905	5,217	2,576
Law Enforcement Continuing Education	2,721	901	1,226	2,396
Riverboat Wagering	30,196	10,032	-	40,228
Rainy Day	3,613	1,658	-	5,271
Hazardous Materials	1,000	-	-	1,000
Excess Levy	6,448	910	-	7,358
Hoosier Gas Festival	1,722	-	-	1,722
Cumulative Capital Improvement	35,031	4,694	-	39,725
Cumulative Capital Development	48,212	60,713	-	108,925
Fire Equipment	12,561	5,000	2,870	14,691
Payroll	16,955	384,505	390,157	11,303
Water Utility Operating	39,291	301,353	310,608	30,036
Water Utility Bond And Interest	117,776	106,800	94,398	130,178
Water Utility Depreciation	8,273	24,000	23,813	8,460
Water Utility Customer Deposit	21,184	2,725	2,752	21,157
Water Utility Construction	64,326	-	5,885	58,441
Wastewater Utility Operating	1,593	257,820	232,105	27,308
Wastewater Utility Bond And Interest	94,988	50,900	51,300	94,588
Wastewater Utility Depreciation	30,499	12,001	30,571	11,929
Totals	<u>\$ 686,531</u>	<u>\$ 1,900,604</u>	<u>\$ 1,744,155</u>	<u>\$ 842,980</u>

The notes to the financial information are an integral part of this schedule.

TOWN OF EATON
NOTES TO FINANCIAL INFORMATION

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial schedules present the financial information for the Town (primary government), and does not include financial information for any of the Town's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Town (primary government).

B. Basis of Accounting

The financial schedules are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial schedules. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

TOWN OF EATON
NOTES TO FINANCIAL INFORMATION
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial schedules. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

TOWN OF EATON
NOTES TO FINANCIAL INFORMATION
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The Town may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Town. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Town in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

TOWN OF EATON
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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 5. Risk Management

The Town may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund would be included in the financial schedule. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Town by recording as a disbursement any replacement items purchased.

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 percent 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 schedule and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

TOWN OF EATON
NOTES TO FINANCIAL INFORMATION
(Continued)

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.

PERF issues a publicly available financial report that includes financial schedule 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

The contribution requirements of plan members and the Town are established by the Board of Trustees of PERF.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Reports can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

TOWN OF EATON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009

	General	Motor Vehicle Highway	Local Road And Street	Park	Law Enforcement Continuing Education	Riverboat Wagering
Cash and investments - beginning	\$ 83,661	\$ 43,518	\$ 42,380	\$ 7,525	\$ 1,712	\$ 20,165
Receipts:						
Taxes	271,866	-	-	2,012	-	-
Licenses and permits	101	-	-	-	710	-
Intergovernmental	83,460	43,648	14,256	306	-	10,031
Charges for services	73,759	-	-	-	119	-
Fines and forfeits	11,017	-	-	-	160	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	57,402	-	-	51	20	-
Total receipts	<u>497,605</u>	<u>43,648</u>	<u>14,256</u>	<u>2,369</u>	<u>1,009</u>	<u>10,031</u>
Disbursements:						
Personal services	170,971	16,100	-	420	-	-
Supplies	17,133	10,345	-	7,511	-	-
Other services and charges	258,799	38,400	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	19,656	3,676	5,100	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	36,634	-	-	75	-	-
Total disbursements	<u>503,193</u>	<u>68,521</u>	<u>5,100</u>	<u>8,006</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(5,588)</u>	<u>(24,873)</u>	<u>9,156</u>	<u>(5,637)</u>	<u>1,009</u>	<u>10,031</u>
Cash and investments - ending	<u>\$ 78,073</u>	<u>\$ 18,645</u>	<u>\$ 51,536</u>	<u>\$ 1,888</u>	<u>\$ 2,721</u>	<u>\$ 30,196</u>

TOWN OF EATON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Hazardous Materials	Rainy Day	Excess Levy	Hoosier Gas Festival	Cumulative Capital Improvement	Cumulative Capital Development
Cash and investments - beginning	\$ 1,000	\$ 3,581	\$ -	\$ 1,722	\$ 30,116	\$ 67,215
Receipts:						
Taxes	-	-	-	-	-	8,531
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	32	-	-	4,915	1,192
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	6,448	-	-	25,002
Total receipts	-	32	6,448	-	4,915	34,725
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	3,500
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	50,228
Total disbursements	-	-	-	-	-	53,728
Excess (deficiency) of receipts over disbursements	-	32	6,448	-	4,915	(19,003)
Cash and investments - ending	<u>\$ 1,000</u>	<u>\$ 3,613</u>	<u>\$ 6,448</u>	<u>\$ 1,722</u>	<u>\$ 35,031</u>	<u>\$ 48,212</u>

TOWN OF EATON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Fire Equipment	Payroll	Water Utility Operating	Water Utility Bond And Interest	Water Utility Depreciation	Water Utility Customer Deposit
Cash and investments - beginning	\$ 7,561	\$ 9,925	\$ 13,829	\$ 117,414	\$ 13,978	\$ 21,210
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	304,320	-	-	-
Penalties	-	-	4,853	-	-	-
Other receipts	5,000	388,230	10,599	106,800	24,001	2,074
Total receipts	<u>5,000</u>	<u>388,230</u>	<u>319,772</u>	<u>106,800</u>	<u>24,001</u>	<u>2,074</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	25,538	25,999	-
Capital outlay	-	-	-	-	3,707	-
Utility operating expenses	-	-	144,080	-	-	-
Other disbursements	-	381,199	150,231	80,900	-	2,100
Total disbursements	<u>-</u>	<u>381,199</u>	<u>294,311</u>	<u>106,438</u>	<u>29,706</u>	<u>2,100</u>
Excess (deficiency) of receipts over disbursements	<u>5,000</u>	<u>7,031</u>	<u>25,461</u>	<u>362</u>	<u>(5,705)</u>	<u>(26)</u>
Cash and investments - ending	<u>\$ 12,561</u>	<u>\$ 16,956</u>	<u>\$ 39,290</u>	<u>\$ 117,776</u>	<u>\$ 8,273</u>	<u>\$ 21,184</u>

TOWN OF EATON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Water Utility Construction	Wastewater Utility Operating	Wastewater Utility Bond And Interest	Wastewater Utility Depreciation	Totals
Cash and investments - beginning	\$ 75,860	\$ 18,257	\$ 95,218	\$ 61,983	\$ 737,830
Receipts:					
Taxes	-	-	-	-	282,409
Licenses and permits	-	-	-	-	811
Intergovernmental	-	-	-	-	157,840
Charges for services	-	-	-	-	73,878
Fines and forfeits	-	-	-	-	11,177
Utility fees	-	213,123	-	-	517,443
Penalties	-	8,074	-	-	12,927
Other receipts	-	5,829	50,400	24,000	705,856
Total receipts	<u>-</u>	<u>227,026</u>	<u>50,400</u>	<u>24,000</u>	<u>1,762,341</u>
Disbursements:					
Personal services	-	-	-	-	187,491
Supplies	-	-	-	-	34,989
Other services and charges	-	-	-	-	297,199
Debt service - principal and interest	-	-	36,030	25,949	113,516
Capital outlay	-	46,092	-	-	81,731
Utility operating expenses	11,534	103,875	-	-	259,489
Other disbursements	-	93,723	14,600	29,535	839,225
Total disbursements	<u>11,534</u>	<u>243,690</u>	<u>50,630</u>	<u>55,484</u>	<u>1,813,640</u>
Excess (deficiency) of receipts over disbursements	<u>(11,534)</u>	<u>(16,664)</u>	<u>(230)</u>	<u>(31,484)</u>	<u>(51,299)</u>
Cash and investments - ending	<u>\$ 64,326</u>	<u>\$ 1,593</u>	<u>\$ 94,988</u>	<u>\$ 30,499</u>	<u>\$ 686,531</u>

TOWN OF EATON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General	Motor Vehicle Highway	Local Road And Street	Park	Law Enforcement Continuing Education	Riverboat Wagering
Cash and investments - beginning	\$ 78,073	\$ 18,645	\$ 51,536	\$ 1,888	\$ 2,721	\$ 30,196
Receipts:						
Taxes	346,762	-	-	5,147	-	-
Licenses and permits	171	-	-	-	-	-
Intergovernmental	100,709	43,162	40,611	757	-	10,032
Charges for services	73,344	-	-	-	746	-
Fines and forfeits	53,504	-	-	-	155	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	11,822	602	-	1	-	-
Total receipts	<u>586,312</u>	<u>43,764</u>	<u>40,611</u>	<u>5,905</u>	<u>901</u>	<u>10,032</u>
Disbursements:						
Personal services	168,286	11,253	-	435	-	-
Supplies	29,711	15,458	-	4,782	-	-
Other services and charges	224,190	27,270	-	-	1,226	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	31,814	325	32,850	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	52,096	-	-	-	-	-
Total disbursements	<u>506,097</u>	<u>54,306</u>	<u>32,850</u>	<u>5,217</u>	<u>1,226</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>80,215</u>	<u>(10,542)</u>	<u>7,761</u>	<u>688</u>	<u>(325)</u>	<u>10,032</u>
Cash and investments - ending	<u>\$ 158,288</u>	<u>\$ 8,103</u>	<u>\$ 59,297</u>	<u>\$ 2,576</u>	<u>\$ 2,396</u>	<u>\$ 40,228</u>

TOWN OF EATON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Rainy Day	Hazardous Materials	Excess Levy	Hoosier Gas Festival	Cumulative Capital Improvement	Cumulative Capital Development
Cash and investments - beginning	\$ 3,613	\$ 1,000	\$ 6,448	\$ 1,722	\$ 35,031	\$ 48,212
Receipts:						
Taxes	-	-	-	-	-	9,288
Licenses and permits	-	-	-	-	-	-
Intergovernmental	1,658	-	910	-	4,694	1,417
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	-	-	50,008
Total receipts	<u>1,658</u>	<u>-</u>	<u>910</u>	<u>-</u>	<u>4,694</u>	<u>60,713</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>1,658</u>	<u>-</u>	<u>910</u>	<u>-</u>	<u>4,694</u>	<u>60,713</u>
Cash and investments - ending	<u>\$ 5,271</u>	<u>\$ 1,000</u>	<u>\$ 7,358</u>	<u>\$ 1,722</u>	<u>\$ 39,725</u>	<u>\$ 108,925</u>

TOWN OF EATON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Fire Equipment	Payroll	Water Utility Operating	Water Utility Bond And Interest	Water Utility Depreciation	Water Utility Customer Deposit
Cash and investments - beginning	\$ 12,561	\$ 16,955	\$ 39,291	\$ 117,776	\$ 8,273	\$ 21,184
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	5,000	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	279,522	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	384,505	21,831	106,800	24,000	2,725
Total receipts	<u>5,000</u>	<u>384,505</u>	<u>301,353</u>	<u>106,800</u>	<u>24,000</u>	<u>2,725</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	94,398	-	-
Capital outlay	2,870	-	-	-	18,117	-
Utility operating expenses	-	-	156,434	-	-	2,752
Other disbursements	-	390,157	154,174	-	5,696	-
Total disbursements	<u>2,870</u>	<u>390,157</u>	<u>310,608</u>	<u>94,398</u>	<u>23,813</u>	<u>2,752</u>
Excess (deficiency) of receipts over disbursements	<u>2,130</u>	<u>(5,652)</u>	<u>(9,255)</u>	<u>12,402</u>	<u>187</u>	<u>(27)</u>
Cash and investments - ending	<u>\$ 14,691</u>	<u>\$ 11,303</u>	<u>\$ 30,036</u>	<u>\$ 130,178</u>	<u>\$ 8,460</u>	<u>\$ 21,157</u>

TOWN OF EATON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Water Utility Construction	Wastewater Utility Operating	Wastewater Utility Bond And Interest	Wastewater Utility Depreciation	Totals
Cash and investments - beginning	\$ 64,326	\$ 1,593	\$ 94,988	\$ 30,499	\$ 686,531
Receipts:					
Taxes	-	-	-	-	361,197
Licenses and permits	-	-	-	-	171
Intergovernmental	-	-	-	-	208,950
Charges for services	-	-	-	-	74,090
Fines and forfeits	-	-	-	-	53,659
Utility fees	-	232,132	-	-	511,654
Penalties	-	8,174	-	-	8,174
Other receipts	-	17,514	50,900	12,001	682,709
Total receipts	<u>-</u>	<u>257,820</u>	<u>50,900</u>	<u>12,001</u>	<u>1,900,604</u>
Disbursements:					
Personal services	-	-	-	-	179,974
Supplies	-	-	-	-	49,951
Other services and charges	-	-	-	-	252,686
Debt service - principal and interest	-	-	51,300	-	145,698
Capital outlay	-	9,397	-	30,571	125,944
Utility operating expenses	-	132,575	-	-	291,761
Other disbursements	5,885	90,133	-	-	698,141
Total disbursements	<u>5,885</u>	<u>232,105</u>	<u>51,300</u>	<u>30,571</u>	<u>1,744,155</u>
Excess (deficiency) of receipts over disbursements	<u>(5,885)</u>	<u>25,715</u>	<u>(400)</u>	<u>(18,570)</u>	<u>156,449</u>
Cash and investments - ending	<u>\$ 58,441</u>	<u>\$ 27,308</u>	<u>\$ 94,588</u>	<u>\$ 11,929</u>	<u>\$ 842,980</u>

TOWN OF EATON
SUPPLEMENTAL INFORMATION
SCHEDULE OF CAPITAL ASSETS
December 31, 2010

Assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost.

<u>PRIMARY GOVERNMENT</u>	<u>ENDING BALANCE</u>
Governmental Activities:	
Capital assets, not being depreciated	
Land	\$ 52,900
Buildings	272,460
Improvements other than buildings	31,986
Machinery and equipment	606,120
Total governmental activities, capital assets not being depreciated	\$ 963,466
Business-type activities:	
Water Utility:	
Capital assets, not subject to being depreciated	
Land	\$ 10,700
Capital assets, subject to being depreciated	
Infrastructure	2,504,354
Buildings	36,000
Improvements other than buildings	180,129
Machinery and equipment	45,140
Total Water Utility capital assets	2,776,323
Wastewater Utility:	
Capital assets, not subject to being depreciated	
Land	7,000
Capital assets, subject to being depreciated	
Infrastructure	1,201,390
Buildings	521,500
Improvements other than buildings	753,563
Machinery and equipment	119,124
Total Wastewater Utility capital assets not being depreciated	2,602,577
Total business type activities capital assets	\$ 5,378,900

TOWN OF EATON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

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		
Police Car	\$ 8,134	\$ 4,318
Business-type activities:		
Water Utility:		
Revenue bonds:		
Water Systems Improvements	\$ 326,000	\$ 56,952
Wastewater Utility:		
Revenue bonds:		
Wastewater System Improvements	690,000	50,500
Total business-type activities debt	\$ 1,016,000	\$ 107,452

TOWN OF EATON
EXAMINATION RESULT AND COMMENT

PAYROLL FUND SUBACCOUNTS

The balances in the Payroll Fund subaccounts at December 31, 2009 and 2010, did not reflect the actual balances of net pay and payroll withholdings on hand.

At all times, the manual and/or 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 August 15, 2011, with Vicki Hargis, Clerk-Treasurer, and Bruce DeWees, President of the Town Council. The officials concurred with our finding.