

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT

OF

TOWN OF DAYTON

TIPPECANOE COUNTY, INDIANA

January 1, 2004 to December 31, 2005



FILED
7/21/06

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Ronald Koehler

01-01-04 to 12-31-07

President of the Town Council

Michael Harris

01-01-04 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF DAYTON, TIPPECANOE COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Dayton (Town), for the period of January 1, 2004 to December 31, 2005. The Town's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

June 26, 2006

TOWN OF DAYTON
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, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 41,383	\$ 213,450	\$ 194,236	\$ 60,597
Motor Vehicle Highway	64,281	67,809	82,430	49,660
Local Road and Street	9,186	10,925	9,052	11,059
Storm Sewer	49,492	-	11,203	38,289
Law Enforcement Continuing Education	3,452	945	260	4,137
Riverboat	7,082	7,062	-	14,144
Siren	-	16,104	572	15,532
Donation-Sign/Flag	1,511	45	362	1,194
Cumulative Capital Improvement	8,897	4,180	1,578	11,499
Cumulative Capital Development	17,520	13,757	9,243	22,034
Economic Development Income Tax	55,834	30,986	2,009	84,811
Proprietary Funds:				
Water Utility - Operating	82,011	260,840	238,115	104,736
Water Utility - Bond and Interest	84,420	139,302	139,302	84,420
Water Utility - Customer Deposit	28,931	7,100	4,896	31,135
Water Utility - Improvement	31,069	11,944	6,840	36,173
Wastewater Utility - Operating	20,574	229,779	202,850	47,503
Wastewater Utility - Bond and Interest	25,825	21,500	47,325	-
Wastewater Utility - Improvement	35,389	8,880	21,764	22,505
Sanitation	14,700	44,225	39,113	19,812
Fiduciary Fund:				
Payroll	3,876	164,342	164,208	4,010
Totals	<u>\$ 585,433</u>	<u>\$ 1,253,175</u>	<u>\$ 1,175,358</u>	<u>\$ 663,250</u>
	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 60,597	\$ 201,973	\$ 181,493	\$ 81,077
Motor Vehicle Highway	49,660	56,648	51,899	54,409
Local Road and Street	11,059	19,057	11,668	18,448
Storm Sewer	38,289	4,130	4,130	38,289
Law Enforcement Continuing Education	4,137	527	502	4,162
Riverboat	14,144	7,062	20,000	1,206
Siren	15,532	2,600	13,271	4,861
Donation-Sign/Flag	1,194	20	435	779
Cumulative Capital Improvement	11,499	3,462	725	14,236
Cumulative Capital Development	22,034	14,714	10,022	26,726
Economic Development Income Tax	84,811	24,456	11,167	98,100
Proprietary Funds:				
Water Utility - Operating	104,736	272,655	247,244	130,147
Water Utility - Bond and Interest	84,420	139,253	139,253	84,420
Water Utility - Customer Deposit	31,135	7,265	4,261	34,139
Water Utility - Improvement	36,173	3,399	2,549	37,023
Wastewater Utility - Operating	47,503	212,969	187,854	72,618
Wastewater Utility - Bond and Interest	-	21,500	20,950	550
Wastewater Utility - Improvement	22,505	2,391	15,731	9,165
Sanitation	19,812	46,277	46,300	19,789
Fiduciary Fund:				
Payroll	4,010	175,161	174,769	4,402
Totals	<u>\$ 663,250</u>	<u>\$ 1,215,519</u>	<u>\$ 1,144,223</u>	<u>\$ 734,546</u>

The accompanying notes are an integral part of the schedules.

TOWN OF DAYTON
NOTES TO SCHEDULES

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety (police and fire), highways and streets, public improvements, planning and zoning, general administrative services, water and wastewater.

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.

TOWN OF DAYTON
NOTES TO SCHEDULES
(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 DAYTON
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

The Town and Utilities do not maintain sufficient detailed records of capital assets for its Utility Plant in Service accounts. Upon purchase, the costs of the capital assets are added to an aggregate Utility Plant in Service account, and to subsidiary accounts for land, buildings, etc., in the General Ledger. However, records providing historical costs for some of the Utility's capital assets are not available, and records classifying and summarizing the Utility's capital assets are incomplete. Deletions or disposals of capital assets are not recorded.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PUBLIC PURCHASES LAW

The Town purchased a new dump truck with a snowplow in November 2005. The original cost was \$47,750. Evidence that at least three quotes were solicited was not presented for audit.

Indiana Code 5-22-8-3 states, that when a purchasing agent expects a purchase to be at least twenty-five thousand dollars (\$25,000) and not more than seventy-five thousand dollars (\$75,000) the purchasing agent may purchase the item by inviting at least three (3) quotes.

TOWN OF DAYTON
EXAMINATION RESULTS AND COMMENTS
(Continued)

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Riverboat	2005	\$ 15,000

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

DEPOSITS

Fees owed by the Clerk-Treasurer for anticipated improvements on his personal property were paid to the Dayton Utilities in three checks. These were as follows: \$4,130 dated January 29, 2005; \$750 dated March 2, 2005; and \$3,540 dated May 1, 2005. The \$750 check had an "in-house" receipt written dated March 10, 2005. The other checks did not have any receipt written when received. The Clerk-Treasurer did not deposit these checks until July 28, 2005, on receipt numbers 10441, 10442, 10443, 10447, 10448, 10449, and 10450. Subsequently, the project was cancelled and the fees were returned in December 2005.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

TOWN OF DAYTON
EXIT CONFERENCE

The contents of this report were discussed on June 26, 2006, with Ronald Koehler, Clerk-Treasurer; and John Swick, President of the Utility Service Board.