

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF PENDLETON

MADISON COUNTY, INDIANA

January 1, 2010 to December 31, 2010



FILED
11/18/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Timothy J. Ryan	01-01-08 to 12-31-11
President of the Town Council	Donald E. Henderson	01-01-10 to 12-31-11
Town Manager	Douglas McGee	01-01-10 to 12-31-11
Public Works Superintendent	Imon Bankson (Vacant)	01-01-10 to 06-30-11 07-01-11 to 12-31-11
Superintendent of Electric Utility	Eric Nixon	01-01-10 to 12-31-11
Utility Office Manager	Jo DeWitt	01-01-10 to 12-31-11



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 PENDLETON, MADISON COUNTY, INDIANA

We have examined the financial statement of the Town of Pendleton (Town), for the period of January 1, 2010 to December 31, 2010. The Town's management is responsible for the financial statement. 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 statement 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 statement 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. The basis noted above is a different basis than that used in the prior year.

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

The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, 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 financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

The Town's response to the Examination Results and Comments identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management, 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

October 3, 2011

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FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the Town. The financial statement and notes are presented as intended by the Town.

TOWN OF PENDLETON
STATEMENT 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	\$ 965,893	\$ 2,023,923	\$ 1,669,053	\$ 1,320,763
Petty Cash	850	25	-	875
Motor Vehicle Highway	174,039	396,978	295,047	275,970
Local Road And Street	167,078	41,564	-	208,642
Town Donations And Grants	7,130	64,694	13,631	58,193
Economic Development/TIF Bond	281,531	886,209	447,850	719,890
Law Enforcement Continuing Ed	4,425	4,708	4,571	4,562
Clerk's Records Perpetuation	12,215	12,292	14,888	9,619
Unsafe Building	6,649	-	-	6,649
Parks And Recreation	2,395	528,473	469,532	61,336
User Fee	22,160	118,896	126,477	14,579
Park Donation	5,639	6,071	6,791	4,919
Tree Donation	812	-	15	797
Rainy Day	2,202	10,812	13,014	-
Levy Excess	-	4,297	-	4,297
Golf Course	7,933	279,525	434,788	(147,330)
Loit-Public Safety	-	175,341	103,982	71,359
Public Defender Services	-	645	645	-
State Road 38	204,200	659	-	204,859
Storage Business	13,687	25,683	25,076	14,294
Park Bond And Lease	59,743	555,482	508,745	106,480
Fire Truck	-	29,014	28,035	979
Fire Station Lease	8,906	132,150	130,283	10,773
Town Hall Lease	26,875	70,348	90,895	6,328
Police Lease	9,133	84,834	86,092	7,875
Cumulative Capital Development	44,317	48,736	10,923	82,130
Cumulative Capital Improvement	5,636	11,340	9,946	7,030
2005 Pool Construction Note	33,470	2,064	3,916	31,618
Impact Fee	15,678	12,550	6,871	21,357
Payroll	2,771	1,593,413	1,594,072	2,112
Town Court	189,986	1,128,244	1,145,354	172,876
Electric Utility-Operating	477,217	5,801,283	5,806,500	472,000
Electric Utility-Bond And Interest	226,537	472,828	472,140	227,225
Electric Utility-Deprec/Improve	593,806	620,690	150,106	1,064,390
Electric Utility-Customer Deposit	141,378	28,875	20,500	149,753
Electric Capital Improvement	142,246	610,640	-	752,886
Electric Revenue	-	7,385,033	7,385,033	-
Electric In Lieu Of Taxes	-	84,000	84,000	-
Electric Bond Proceeds	194,973	34,564	68,050	161,487
Electric Utility-Debt Reserve	461,459	1,490	-	462,949
Water Utility-Operating	16,191	704,832	671,866	49,157
Water Utility-Bond And Interest	194,664	233,040	227,515	200,189
Water Utility-Depreciation/Improve	103,382	93,649	63,171	133,860
Water Utility-Customer Deposit	51,903	6,915	5,910	52,908
Water Revenue	-	1,026,394	1,026,394	-
Water In Lieu Of Taxes	-	9,600	9,600	-
Water Capital Improvements	182,096	30,501	19,491	193,106
Water Utility-Debt Reserve	240,912	778	-	241,690
Totals	\$ 5,302,117	\$ 25,394,082	\$ 23,250,768	\$ 7,445,431

The notes to the financial statements are an integral part of this statement.

TOWN OF PENDLETON
NOTES TO FINANCIAL STATEMENT

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, electric, and urban redevelopment and housing.

The accompanying financial statement presents 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 statement is 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. Receipts are recorded when received and disbursements are recorded when paid.

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 statement. 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 PENDLETON
NOTES TO FINANCIAL STATEMENT
(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 statement. 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 PENDLETON
NOTES TO FINANCIAL STATEMENT
(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 PENDLETON
NOTES TO FINANCIAL STATEMENT
(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 statement. 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 and 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 statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

TOWN OF PENDLETON
NOTES TO FINANCIAL STATEMENT
(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.

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SUPPLEMENTARY INFORMATION – UNAUDITED

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

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the Town which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was prepared and/or approved by management of the Town. It is presented as intended by the Town.

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

	General	Petty Cash	Motor Vehicle Highway	Local Road And Street	Town Donations And Grants	Economic Development/TIF Bond	Law Enforcement Continuing Ed
Cash and investments - beginning	\$ 965,893	\$ 850	\$ 174,039	\$ 167,078	\$ 7,130	\$ 281,531	\$ 4,425
Receipts:							
Taxes	631,486	-	142,819	-	-	885,820	-
Licenses and permits	25,777	-	-	-	-	-	-
Intergovernmental	778,086	-	203,107	41,564	59,816	-	-
Charges for services	158,232	-	45,750	-	-	-	4,003
Fines and forfeits	235,349	-	-	-	-	-	705
Utility fees	-	-	-	-	-	-	-
Other receipts	194,993	25	5,302	-	4,878	389	-
Total receipts	<u>2,023,923</u>	<u>25</u>	<u>396,978</u>	<u>41,564</u>	<u>64,694</u>	<u>886,209</u>	<u>4,708</u>
Disbursements:							
Personal services	872,212	-	126,587	-	-	-	-
Supplies	70,650	-	18,121	-	-	-	1,972
Other services and charges	540,799	-	145,519	-	3,357	26,250	2,599
Debt service - principal and interest	-	-	-	-	-	421,600	-
Capital outlay	185,367	-	4,820	-	10,274	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	25	-	-	-	-	-	-
Total disbursements	<u>1,669,053</u>	<u>-</u>	<u>295,047</u>	<u>-</u>	<u>13,631</u>	<u>447,850</u>	<u>4,571</u>
Excess (deficiency) of receipts over disbursements	<u>354,870</u>	<u>25</u>	<u>101,931</u>	<u>41,564</u>	<u>51,063</u>	<u>438,359</u>	<u>137</u>
Cash and investments - ending	<u>\$ 1,320,763</u>	<u>\$ 875</u>	<u>\$ 275,970</u>	<u>\$ 208,642</u>	<u>\$ 58,193</u>	<u>\$ 719,890</u>	<u>\$ 4,562</u>

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

	Clerk's Records Perpetuation	Unsafe Building	Parks And Recreation	User Fee	Park Donation	Tree Donation	Rainy Day
Cash and investments - beginning	\$ 12,215	\$ 6,649	\$ 2,395	\$ 22,160	\$ 5,639	\$ 812	\$ 2,202
Receipts:							
Taxes	-	-	349,696	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	37,431	-	-	-	10,812
Charges for services	-	-	98,646	-	-	-	-
Fines and forfeits	12,292	-	-	118,896	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	42,700	-	6,071	-	-
Total receipts	<u>12,292</u>	<u>-</u>	<u>528,473</u>	<u>118,896</u>	<u>6,071</u>	<u>-</u>	<u>10,812</u>
Disbursements:							
Personal services	9,522	-	230,864	-	-	-	-
Supplies	-	-	56,329	-	-	-	-
Other services and charges	-	-	128,247	-	6,791	15	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	5,366	-	8,066	-	-	-	13,014
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	46,026	126,477	-	-	-
Total disbursements	<u>14,888</u>	<u>-</u>	<u>469,532</u>	<u>126,477</u>	<u>6,791</u>	<u>15</u>	<u>13,014</u>
Excess (deficiency) of receipts over disbursements	<u>(2,596)</u>	<u>-</u>	<u>58,941</u>	<u>(7,581)</u>	<u>(720)</u>	<u>(15)</u>	<u>(2,202)</u>
Cash and investments - ending	<u>\$ 9,619</u>	<u>\$ 6,649</u>	<u>\$ 61,336</u>	<u>\$ 14,579</u>	<u>\$ 4,919</u>	<u>\$ 797</u>	<u>\$ -</u>

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

	Levy Excess	Golf Course	Loit-Public Safety	Public Defender Services	State Road 38	Storage Business	Park Bond And Lease
Cash and investments - beginning	\$ -	\$ 7,933	\$ -	\$ -	\$ 204,200	\$ 13,687	\$ 59,743
Receipts:							
Taxes	-	-	-	-	-	-	490,755
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	4,297	-	175,341	-	-	-	60,044
Charges for services	-	279,525	-	-	-	-	-
Fines and forfeits	-	-	-	645	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	659	25,683	4,683
Total receipts	<u>4,297</u>	<u>279,525</u>	<u>175,341</u>	<u>645</u>	<u>659</u>	<u>25,683</u>	<u>555,482</u>
Disbursements:							
Personal services	-	140,638	-	-	-	7,300	-
Supplies	-	47,497	-	-	-	124	-
Other services and charges	-	174,015	103,982	645	-	5,273	-
Debt service - principal and interest	-	50,631	-	-	-	-	123,089
Capital outlay	-	22,007	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	12,379	385,656
Total disbursements	<u>-</u>	<u>434,788</u>	<u>103,982</u>	<u>645</u>	<u>-</u>	<u>25,076</u>	<u>508,745</u>
Excess (deficiency) of receipts over disbursements	<u>4,297</u>	<u>(155,263)</u>	<u>71,359</u>	<u>-</u>	<u>659</u>	<u>607</u>	<u>46,737</u>
Cash and investments - ending	<u>\$ 4,297</u>	<u>\$ (147,330)</u>	<u>\$ 71,359</u>	<u>\$ -</u>	<u>\$ 204,859</u>	<u>\$ 14,294</u>	<u>\$ 106,480</u>

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

	Fire Truck	Fire Station Lease	Town Hall Lease	Police Lease	Cumulative Capital Development	Cumulative Capital Improvement	2005 Pool Construction Note
Cash and investments - beginning	\$ -	\$ 8,906	\$ 26,875	\$ 9,133	\$ 44,317	\$ 5,636	\$ 33,470
Receipts:							
Taxes	26,226	119,250	63,741	65,754	44,306	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	2,779	12,866	6,589	7,061	4,416	11,340	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	9	34	18	12,019	14	-	2,064
Total receipts	<u>29,014</u>	<u>132,150</u>	<u>70,348</u>	<u>84,834</u>	<u>48,736</u>	<u>11,340</u>	<u>2,064</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	24,729	112,991	58,956	66,340	-	-	-
Capital outlay	-	-	-	-	10,923	9,946	1,958
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	3,306	17,292	31,939	19,752	-	-	1,958
Total disbursements	<u>28,035</u>	<u>130,283</u>	<u>90,895</u>	<u>86,092</u>	<u>10,923</u>	<u>9,946</u>	<u>3,916</u>
Excess (deficiency) of receipts over disbursements	<u>979</u>	<u>1,867</u>	<u>(20,547)</u>	<u>(1,258)</u>	<u>37,813</u>	<u>1,394</u>	<u>(1,852)</u>
Cash and investments - ending	<u>\$ 979</u>	<u>\$ 10,773</u>	<u>\$ 6,328</u>	<u>\$ 7,875</u>	<u>\$ 82,130</u>	<u>\$ 7,030</u>	<u>\$ 31,618</u>

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

	Impact Fee	Payroll	Town Court	Electric Utility-Operating	Electric Utility-Bond And Interest	Electric Utility-Deprec/Improve	Electric Utility-Customer Deposit
Cash and investments - beginning	\$ 15,678	\$ 2,771	\$ 189,986	\$ 477,217	\$ 226,537	\$ 593,806	\$ 141,378
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	12,550	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	1,593,413	1,128,244	5,801,283	472,828	620,690	28,875
Total receipts	12,550	1,593,413	1,128,244	5,801,283	472,828	620,690	28,875
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	6,871	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	472,140	-	-
Capital outlay	-	-	-	20,057	-	150,106	-
Utility operating expenses	-	-	-	5,273,742	-	-	20,500
Other disbursements	-	1,594,072	1,145,354	512,701	-	-	-
Total disbursements	6,871	1,594,072	1,145,354	5,806,500	472,140	150,106	20,500
Excess (deficiency) of receipts over disbursements	5,679	(659)	(17,110)	(5,217)	688	470,584	8,375
Cash and investments - ending	\$ 21,357	\$ 2,112	\$ 172,876	\$ 472,000	\$ 227,225	\$ 1,064,390	\$ 149,753

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

	Electric Capital Improvement	Electric Revenue	Electric In Lieu Of Taxes	Electric Bond Proceeds	Electric Utility-Debt Reserve	Water Utility-Operating	Water Utility-Bond And Interest
Cash and investments - beginning	\$ 142,246	\$ -	\$ -	\$ 194,973	\$ 461,459	\$ 16,191	\$ 194,664
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	7,385,148	-	-	-	-	-
Other receipts	610,640	(115)	84,000	34,564	1,490	704,832	233,040
Total receipts	610,640	7,385,033	84,000	34,564	1,490	704,832	233,040
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	227,515
Capital outlay	-	-	-	26,906	-	4,097	-
Utility operating expenses	-	196	-	7,119	-	588,753	-
Other disbursements	-	7,384,837	84,000	34,025	-	79,016	-
Total disbursements	-	7,385,033	84,000	68,050	-	671,866	227,515
Excess (deficiency) of receipts over disbursements	610,640	-	-	(33,486)	1,490	32,966	5,525
Cash and investments - ending	\$ 752,886	\$ -	\$ -	\$ 161,487	\$ 462,949	\$ 49,157	\$ 200,189

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

	Water Utility-Depreciation/Improve	Water Utility-Customer Deposit	Water Revenue	Water In Lieu Of Taxes	Water Capital Improvements	Water Utility-Debt Reserve	Totals
Cash and investments - beginning	\$ 103,382	\$ 51,903	\$ -	\$ -	\$ 182,096	\$ 240,912	\$ 5,302,117
Receipts:							
Taxes	-	-	-	-	-	-	2,819,853
Licenses and permits	-	-	-	-	-	-	25,777
Intergovernmental	-	-	-	-	-	-	1,415,549
Charges for services	-	-	-	-	-	-	586,156
Fines and forfeits	-	-	-	-	-	-	380,437
Utility fees	-	-	1,026,394	-	-	-	8,411,542
Other receipts	93,649	6,915	-	9,600	30,501	778	11,754,768
Total receipts	93,649	6,915	1,026,394	9,600	30,501	778	25,394,082
Disbursements:							
Personal services	-	-	-	-	-	-	1,387,123
Supplies	-	-	-	-	-	-	194,693
Other services and charges	-	-	-	-	-	-	1,144,363
Debt service - principal and interest	-	-	-	-	-	-	1,557,991
Capital outlay	63,171	-	-	-	-	-	536,078
Utility operating expenses	-	5,910	-	-	6,243	-	5,902,463
Other disbursements	-	-	1,026,394	9,600	13,248	-	12,528,057
Total disbursements	63,171	5,910	1,026,394	9,600	19,491	-	23,250,768
Excess (deficiency) of receipts over disbursements	30,478	1,005	-	-	11,010	778	2,143,314
Cash and investments - ending	\$ 133,860	\$ 52,908	\$ -	\$ -	\$ 193,106	\$ 241,690	\$ 7,445,431

TOWN OF PENDLETON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2010

<u>Primary Government</u>	<u>Ending Balance</u>
Town Capital Assets:	
Capital assets, not being depreciated:	
Improvements other than buildings	\$ 799,407
Machinery and equipment	4,599,552
 Total Town Capital Assets	 \$ 5,398,959

<u>Primary Government</u>	<u>Ending Balance</u>
Utility Capital Assets:	
Water Utility:	
Capital assets, not being depreciated:	
Improvements other than buildings	\$ 1,211,248
Machinery and equipment	182,716
Total Water Utility capital assets	1,393,964
Electric Utility:	
Capital assets, not being depreciated:	
Improvements other than buildings	2,233,705
Machinery and equipment	946,561
Total Electric Utility capital assets	3,180,266
Total Utility Assets	\$ 4,574,230

TOWN OF PENDLETON
 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
Town debt:		
Capital leases:		
Park Sports Complex Lease	\$ 2,635,000	\$ 292,130
Fire Station Lease	702,400	113,702
Police Station Lease	282,000	66,740
Town Hall Lease	518,000	58,490
Notes and loans payable:		
Park Improvements	22,000	22,473
Fire Equipment Purchase	46,760	24,729
Street Vehicle Purchase	52,509	52,572
Police Vehicle Purchase	70,158	29,907
Police Magnum Vehicle Purchase	7,698	2,957
Bonds payable:		
General obligation bonds:		
Park Improvements	375,000	75,613
TIF Improvements	2,105,000	432,784
Total Town debt	<u>\$ 6,816,525</u>	<u>\$ 1,172,097</u>
Utility debt:		
Water Utility:		
Revenue bonds:		
Capital Improvements	<u>\$ 1,145,000</u>	<u>\$ 228,235</u>
Notes and loans payable:		
Water Truck	14,667	5,268
Total Water Utility	<u>1,159,667</u>	<u>233,503</u>
Electric Utility:		
Revenue bonds:		
Capital Improvement	<u>3,442,000</u>	<u>473,287</u>
Notes and loans payable:		
Bucket Truck	<u>30,771</u>	<u>21,283</u>
Total Electric Utility	<u>3,472,771</u>	<u>494,570</u>
Golf Course:		
Revenue bonds:		
Purchase of Golf Course	<u>429,000</u>	<u>50,378</u>
Total Other Utility	<u>429,000</u>	<u>50,378</u>
Total Utility debt	<u>\$ 5,061,438</u>	<u>\$ 778,451</u>

TOWN OF PENDLETON
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN FUND BALANCE

The Golf Course Fund was overdrawn in 2010 by \$147,330.

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

CELL PHONE PAYMENTS

Payments were made to a cell phone service provider for a contract between the Clerk-Treasurer and the provider. The cell phone bills were mailed to the Clerk-Treasurer's personal address and were not in the name of the Town of Pendleton. The payments were made to the provider based on the "total page" which was submitted to the Clerk-Treasurer's office for payment. The "total page" did not provide sufficient detail to determine the services provided. There was no log of cellular phone calls showing business use.

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)

Whenever an item or other asset owned by the political subdivision is entrusted to an officer or employee, to be used at times outside the normal work time for business purposes, such as a cellular phone, or vehicle, a log should be maintained which clearly shows the business use. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns)

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless: there is a fully itemized invoice or bill for the claim."

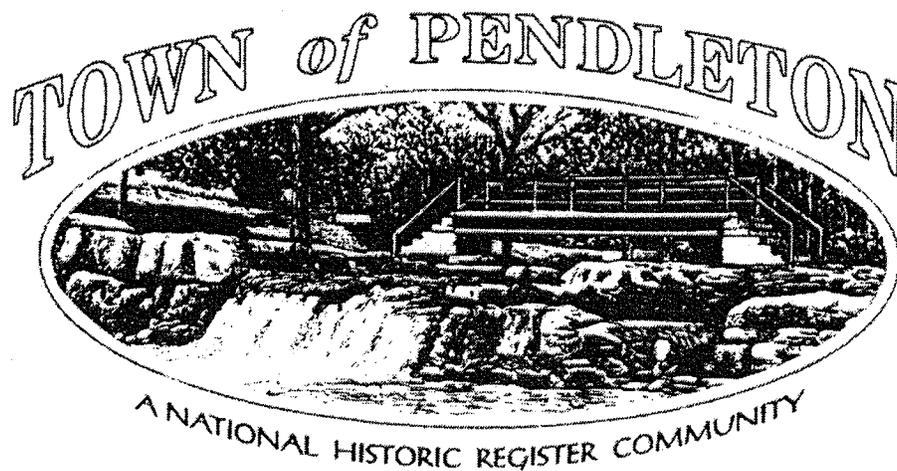
CRIME INSURANCE POLICIES

Crime Insurance policies covering town office employees, utility office employees, court employees and police office employees were not filed in the office of the County Recorder.

Crime insurance policies permitted by statute should be recorded in the same manner as official bonds under IC 5-4. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF PENDLETON
EXIT CONFERENCE

The contents of this report were discussed on October 3, 2011, with Timothy J. Ryan, Clerk-Treasurer; Donald E. Henderson, President of the Town Council; Douglas McGee, Town Manager; and Linda Kreigh, Deputy Clerk-Treasurer. The Official Response has been made a part of this report and may be found on page 25.



October 4th, 2011

To: State Board of Accounts
302 West Washington Street
Indianapolis Indiana 46204

Reference: Official response regarding the 2010 examination results and comments.

The Town of Pendleton was given a letter from State Board of Accounts covering the examination results and comments for the period 1-1-2010 to 12-31-2010

The Town of Pendleton would like to comment on the overdrawn fund balance of the Golf Course. The Town of Pendleton acquired Idlewold Golf Course to control the use of the property. The overdrawn Golf Course Fund has accrued over the three years the Town has owned the golf course; this is the result of capital expenditures to the Golf Course. The Town will be putting the Golf Course and Restaurant in the Town's park system, which is shared by the Town of Pendleton and Fall Creek Township, as soon as our efforts to acquire additional land for the Park and Golf Course from the Department of Corrections are completed.

Donald E. Henderson
Town Council President
Town of Pendleton

100 West State Street P.O. Box 230
Pendleton, IN 46064