

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF TENNYSON

WARRICK COUNTY, INDIANA

January 1, 2010 to December 31, 2010



**FILED**  
11/28/2011



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Lisa Wyatt	01-01-08 to 12-31-11
President of the Town Council	Steve Bruce	01-01-10 to 12-31-11
Superintendent of Utilities	Don Phillips	01-01-10 to 12-31-11



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF TENNYSON, WARRICK COUNTY, INDIANA

We have examined the financial statement of the Town of Tennyson (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.

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

September 14, 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 TENNYSON  
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 Fund	\$ 30,361	\$ 32,376	\$ 30,137	\$ 32,600
Change Fund	200	-	-	200
Motor Vehicle Highway	8,465	11,846	14,567	5,744
Local Road And Street	4,941	3,054	5,169	2,826
Edit	11,867	9,691	4,838	16,720
Rainy Day	595	-	-	595
Excess Levy	-	70	-	70
Fema	-	1,316	1,316	-
Cum Bldg & Cap Imp	10,587	4,053	3,413	11,227
Cci	1,474	849	1,000	1,323
Payroll	3	137,164	137,164	3
Perf	-	17,105	12,816	4,289
Wastewater Operating	68,945	63,392	66,740	65,597
Wastewater Bond & Interest	-	11,950	11,950	-
Wastewater Depreciation	8,854	1,260	-	10,114
Water Operating	87,377	609,555	580,524	116,408
Water Bond & Interest	-	500	500	-
Water Depreciation	56,611	6,000	20,100	42,511
Water Meter Deposit	21,618	2,267	6,555	17,330
Money Market	80,615	5,334	5,000	80,949
Totals	<u>\$ 392,513</u>	<u>\$ 917,782</u>	<u>\$ 901,789</u>	<u>\$ 408,506</u>

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

TOWN OF TENNYSON  
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, general administrative services, water, and wastewater.

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 TENNYSON  
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 TENNYSON  
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 TENNYSON  
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, 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 statements. 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 TENNYSON  
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/](http://www.in.gov/itp/annual_reports/).

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Report of the Town which is 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 TENNYSON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010

	General Fund	Change Fund	Motor Vehicle Highway	Local Road And Street	Edit	Rainy Day	Excess Levy
Cash and investments - beginning	\$ 30,361	\$ 200	\$ 8,465	\$ 4,941	\$ 11,867	\$ 595	\$ -
Receipts:							
Taxes	18,807	-	-	-	-	-	-
Intergovernmental	2,914	-	11,846	3,054	9,691	-	-
Fines and forfeits	826	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	9,829	-	-	-	-	-	70
Total receipts	<u>32,376</u>	<u>-</u>	<u>11,846</u>	<u>3,054</u>	<u>9,691</u>	<u>-</u>	<u>70</u>
Disbursements:							
Personal services	9,774	-	4,063	-	-	-	-
Supplies	821	-	-	-	-	-	-
Other services and charges	17,190	-	5,658	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	1,279	-	4,846	5,169	4,838	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	1,073	-	-	-	-	-	-
Total disbursements	<u>30,137</u>	<u>-</u>	<u>14,567</u>	<u>5,169</u>	<u>4,838</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>2,239</u>	<u>-</u>	<u>(2,721)</u>	<u>(2,115)</u>	<u>4,853</u>	<u>-</u>	<u>70</u>
Cash and investments - ending	<u>\$ 32,600</u>	<u>\$ 200</u>	<u>\$ 5,744</u>	<u>\$ 2,826</u>	<u>\$ 16,720</u>	<u>\$ 595</u>	<u>\$ 70</u>

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

	Fema	Cum Bldg & Cap Imp	Cci	Payroll	Perf	Wastewater Operating	Wastewater Bond & Interest
Cash and investments - beginning	\$ -	\$ 10,587	\$ 1,474	\$ 3	\$ -	\$ 68,945	\$ -
Receipts:							
Taxes	-	4,053	-	-	-	-	-
Intergovernmental	1,316	-	849	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	63,009	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	137,164	17,105	383	11,950
Total receipts	<u>1,316</u>	<u>4,053</u>	<u>849</u>	<u>137,164</u>	<u>17,105</u>	<u>63,392</u>	<u>11,950</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	11,950
Capital outlay	-	3,413	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	52,407	-
Other disbursements	1,316	-	1,000	137,164	12,816	14,333	-
Total disbursements	<u>1,316</u>	<u>3,413</u>	<u>1,000</u>	<u>137,164</u>	<u>12,816</u>	<u>66,740</u>	<u>11,950</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>640</u>	<u>(151)</u>	<u>-</u>	<u>4,289</u>	<u>(3,348)</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 11,227</u>	<u>\$ 1,323</u>	<u>\$ 3</u>	<u>\$ 4,289</u>	<u>\$ 65,597</u>	<u>\$ -</u>

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

	Wastewater Depreciation	Water Operating	Water Bond & Interest	Water Depreciation	Water Meter Deposit	Money Market	Totals
Cash and investments - beginning	\$ 8,854	\$ 87,377	\$ -	\$ 56,611	\$ 21,618	\$ 80,615	\$ 392,513
Receipts:							
Taxes	-	-	-	-	-	-	22,860
Intergovernmental	-	-	-	-	-	-	29,670
Fines and forfeits	-	-	-	-	-	-	826
Utility fees	-	561,825	-	-	-	-	624,834
Penalties	-	550	-	-	-	-	550
Other receipts	1,260	47,180	500	6,000	2,267	5,334	239,042
Total receipts	<u>1,260</u>	<u>609,555</u>	<u>500</u>	<u>6,000</u>	<u>2,267</u>	<u>5,334</u>	<u>917,782</u>
Disbursements:							
Personal services	-	-	-	-	-	-	13,837
Supplies	-	-	-	-	-	-	821
Other services and charges	-	-	-	-	-	-	22,848
Debt service - principal and interest	-	-	-	-	-	-	11,950
Capital outlay	-	-	-	-	-	-	19,545
Utility operating expenses	-	526,541	-	-	6,555	-	585,503
Other disbursements	-	53,983	500	20,100	-	5,000	247,285
Total disbursements	<u>-</u>	<u>580,524</u>	<u>500</u>	<u>20,100</u>	<u>6,555</u>	<u>5,000</u>	<u>901,789</u>
Excess (deficiency) of receipts over disbursements	<u>1,260</u>	<u>29,031</u>	<u>-</u>	<u>(14,100)</u>	<u>(4,288)</u>	<u>334</u>	<u>15,993</u>
Cash and investments - ending	<u>\$ 10,114</u>	<u>\$ 116,408</u>	<u>\$ -</u>	<u>\$ 42,511</u>	<u>\$ 17,330</u>	<u>\$ 80,949</u>	<u>\$ 408,506</u>

TOWN OF TENNYSON  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2010

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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 17,250
Buildings	334,379
Machinery and equipment	<u>139,449</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 491,078</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 2,475
Buildings	5,991
Improvements other than buildings	2,277,405
Machinery and equipment	<u>149,933</u>
Total Water Utility capital assets	<u>2,435,804</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	9,500
Buildings	57,790
Improvements other than buildings	924,112
Machinery and equipment	<u>35,435</u>
Total Wastewater Utility capital assets	<u>1,026,837</u>
Total business-type activities capital assets	<u>\$ 3,462,641</u>

TOWN OF TENNYSON  
 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
Business-type activities:		
Wastewater Utility:		
Revenue bonds:		
Construction Bond of 1988	\$ <u>134,000</u>	\$ <u>11,700</u>

TOWN OF TENNYSON  
EXIT CONFERENCE

The contents of this report were discussed on September 26, 2011, with Lisa Wyatt, Clerk-Treasurer; Tony Curtis, Council member; and Don Phillips, Superintendent of Utilities. Our examination disclosed no material items that warrant comment at this time.

Separate telephone exit conferences were held with Steve Bruce, President of the Town Council, and Carrol Morris, Council member.