

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, 2011 to December 31, 2012



FILED
11/21/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Timothy J. Ryan	01-01-08 to 12-31-15
President of the Town Council	Donald E. Henderson	01-01-11 to 12-31-13
Town Manager	Douglas McGee Timothy McClintick (Interim)	01-01-11 to 09-10-13 09-11-13 to 12-31-13
Public Works Superintendent	Imon Bankson (Vacant)	01-01-11 to 06-30-11 07-01-11 to 12-31-13
Superintendent of Electric Utility	Eric Nixon	01-01-11 to 12-31-13
Utility Office Manager	Jo DeWitt	01-01-11 to 12-31-13



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF PENDLETON, MADISON COUNTY, INDIANA

We have examined the accompanying financial statement of the Town of Pendleton (Town), for the period of January 1, 2011 to December 31, 2012. The financial statement is the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statement 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 effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the period of January 1, 2011 to December 31, 2012.

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 period of January 1, 2011 to December 31, 2012, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Town's financial statement. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, 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.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

October 17, 2013

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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.

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TOWN OF PENDLETON
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Years Ended December 31, 2011 And 2012

Fund	Cash and Investments			Cash and Investments			Cash and Investments
	01-01-11	Receipts	Disbursements	12-31-11	Receipts	Disbursements	
GENERAL FUND	\$ 1,320,763	\$ 1,617,186	\$ 1,777,097	\$ 1,160,852	\$ 1,872,455	\$ 1,933,136	\$ 1,100,171
MOTOR VEHICLE HIGHWAY	275,970	359,131	379,483	255,618	420,669	368,042	308,245
LOCAL ROAD & STREET	208,642	40,166	9,146	239,662	42,367	188,581	93,448
ECONOMIC DEV TIF BOND	719,890	677,864	442,534	955,220	862,747	551,671	1,266,296
LOCAL LAW ENF CONT ED	4,562	4,916	2,593	6,885	5,150	927	11,108
CLERK RECORD PERPETUATION	9,619	14,756	19,413	4,962	7,086	9,955	2,093
UNSAFE BUILDING	6,649	-	-	6,649	-	-	6,649
PARK & RECREATION	58,934	455,561	431,037	83,458	541,016	474,228	150,246
USER FEE FUND	14,579	122,733	127,188	10,124	108,212	97,404	20,932
LEVY EXCESS FUND	4,297	-	-	4,297	-	4,297	-
CUM CAP IMP - CIG TAX	7,030	11,122	-	18,152	11,280	-	29,432
CUM CAP DEVELOPMENT	82,130	35,283	-	117,413	44,623	-	162,036
VICTIM IMPACT FUND	21,357	12,195	9,157	24,395	14,715	18,332	20,778
LOIT-PUBLIC SAFETY	71,359	135,932	90,325	116,966	155,767	146,137	126,596
PETTY CASH	875	-	-	875	-	-	875
PAYROLL WITHHOLDINGS	2,112	1,598,679	1,597,924	2,867	1,669,768	1,667,786	4,849
TOWN COURT FIDUCIARY FUND	172,875	880,345	895,087	158,133	751,279	751,304	158,108
FIRE SERVICE FEE FUND	-	-	-	-	7,585	1,845	5,740
BIF INTEREST	2,402	19	-	2,421	5	2,426	-
2005 POOL CONSTRUCT NOTE	31,618	21,289	21,042	31,865	82	30,526	1,421
TOWN DONATIONS & GRANT	58,193	2,782	24,633	36,342	21,494	14,162	43,674
TREE DONATION	797	-	500	297	-	-	297
PUBLIC DEFENDER SERVICES	-	989	689	300	1,723	1,823	200
S.R. 38 TRANSFER	204,859	1,603	-	206,462	833	-	207,295
FIRE TRUCK DEBT	979	25,778	24,729	2,028	18,200	23,873	(3,645)
FIRE STATION LEASE B&I	10,773	115,530	113,702	12,601	135,353	111,631	36,323
TOWN HALL LEASE	6,328	61,425	59,990	7,763	67,335	60,446	14,652
PARK BOND	106,480	395,860	395,774	106,566	427,511	374,951	159,126
POLICE LEASE B&I	7,875	69,780	67,740	9,915	80,856	68,010	22,761
PARK DONATION	4,919	8,289	6,157	7,051	23,313	18,540	11,824
STORAGE BUSINESS	14,294	24,538	22,551	16,281	28,933	26,175	19,039
GOLF COURSE	(147,330)	337,503	431,016	(240,843)	269,327	326,170	(297,686)
ELECTRIC OPERATING FUND	472,000	6,007,908	6,022,137	457,771	6,120,875	6,097,002	481,644
ELECTRIC METER DEPOSIT	149,753	25,997	31,711	144,039	31,425	21,025	154,439
ELECTRIC DEPRECIATION	1,064,390	531,222	308,953	1,286,659	532,371	361,028	1,458,002
ELECTRIC BOND & INT FUND	227,225	448,693	473,687	202,231	471,356	470,893	202,694
ELECTRIC DEBT RESERVE	462,949	3,602	2,949	463,602	1,859	4,292	461,169
ELECTRIC CAP IMPROVEMENT	914,374	339,304	-	1,253,678	368,093	-	1,621,771
ELECTRIC REVENUE FUND	-	7,380,785	7,380,785	-	7,557,597	7,557,597	-
ELECTRIC IN LIEU OF TAXES	-	84,000	84,000	-	84,000	84,000	-
WATER OPERATING FUND	49,157	728,667	709,105	68,719	634,852	623,566	80,005
WATER METER DEPOSIT FUND	52,908	5,720	10,068	48,560	6,930	5,383	50,107
WATER DEPRECIATION FUND	133,860	94,182	75,555	152,487	97,607	67,843	182,251
WATER BOND & INTEREST	200,189	308,443	340,234	168,398	195,108	175,952	187,554
WATER REVENUE FUND	-	1,015,256	1,015,256	-	1,048,654	1,048,654	-
WATER IN LIEU OF TAXES	-	9,600	9,600	-	9,600	9,600	-
WATER CAPITAL IMPROVEMENT	193,106	38,190	23,000	208,296	123,479	27,139	304,636
WATER DEBT RESERVE FUND	241,690	1,655	151,690	91,655	364	1,790	90,229
Totals	\$ 7,445,431	\$ 24,054,478	\$ 23,588,237	\$ 7,911,672	\$ 24,873,854	\$ 23,828,142	\$ 8,957,384

The notes to the financial statement is 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, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the Town.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana 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 include 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.

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,

TOWN OF PENDLETON
NOTES TO FINANCIAL STATEMENT
(Continued)

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 include 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.

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.

TOWN OF PENDLETON
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

TOWN OF PENDLETON
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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 Indiana Public Retirement System (INPRS) 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.

INPRS 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:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

TOWN OF PENDLETON
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 7. *Cash Balance Deficits*

The financial statement contains some funds with deficits in cash. The Fire Truck Debt Fund is overdrawn due to a shortfall in property tax collection; an appropriation has been created in the General Fund to handle the shortfall on debt. The Golf Course Fund is also overdrawn. The Town has invested in a driving range for the golf course to supplement the shortfall of revenue the golf course has had since the Town has acquired it. The Town Council will closely monitor the expenses and eventually incorporate the golf course into the park system.

Note 8. *Holding Corporations*

The Town has entered into capital leases with the following building corporations: Pendleton Municipal Building Corporation, Falls Park Building Corporation, Pendleton Police Station Building Corporation, and Pendleton - Fall Creek Township Fire Station Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the Town. The lessors have been determined to be related parties of the Town. Lease payments during the years 2011 and 2012 totaled \$480,214.75 and \$538,737.50, respectively.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

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 Reports 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 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, 2011

	GENERAL FUND	MOTOR VEHICLE HIGHWAY	LOCAL ROAD & STREET	ECONOMIC DEV TIF BOND	LOCAL LAW ENF CONT ED	CLERK RECORD PERPETUATION	UNSAFE BUILDING	PARK & RECREATION	USER FEE FUND	LEVY EXCESS FUND
Cash and investments - beginning	\$ 1,320,763	\$ 275,970	\$ 208,642	\$ 719,890	\$ 4,562	\$ 9,619	\$ 6,649	\$ 58,934	\$ 14,579	\$ 4,297
Receipts:										
Taxes	490,639	202,540	-	677,002	-	-	-	265,499	-	-
Licenses and permits	74,562	-	-	-	2,130	-	-	-	-	-
Intergovernmental	739,764	115,827	40,166	-	-	-	-	26,496	-	-
Charges for services	117,589	40,595	-	-	2,015	-	-	160,833	-	-
Fines and forfeits	162,916	-	-	-	771	7,589	-	-	118,469	-
Utility fees	-	-	-	-	-	-	-	-	-	-
Other receipts	31,716	169	-	862	-	7,167	-	2,733	4,264	-
Total receipts	1,617,186	359,131	40,166	677,864	4,916	14,756	-	455,561	122,733	-
Disbursements:										
Personal services	924,852	122,216	-	-	-	5,539	-	227,315	-	-
Supplies	86,748	29,498	-	-	-	-	-	64,917	-	-
Other services and charges	593,191	203,210	-	8,750	-	-	-	128,718	-	-
Debt service - principal and interest	-	-	-	433,784	-	-	-	-	-	-
Capital outlay	143,241	24,559	9,146	-	1,447	13,874	-	5,938	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-	-
Other disbursements	29,065	-	-	-	1,146	-	-	4,149	127,188	-
Total disbursements	1,777,097	379,483	9,146	442,534	2,593	19,413	-	431,037	127,188	-
Excess (deficiency) of receipts over disbursements	(159,911)	(20,352)	31,020	235,330	2,323	(4,657)	-	24,524	(4,455)	-
Cash and investments - ending	\$ 1,160,852	\$ 255,618	\$ 239,662	\$ 955,220	\$ 6,885	\$ 4,962	\$ 6,649	\$ 83,458	\$ 10,124	\$ 4,297

TOWN OF PENDLETON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	CUM CAP IMP - CIG TAX	CUM CAP DEVELOPMENT	VICTIM IMPACT FUND	LOIT-PUBLIC SAFETY	PETTY CASH	PAYROLL WITHHOLDINGS	TOWN COURT FIDUCIARY FUND	BIF INTEREST	2005 POOL CONSTRUCT NOTE	TOWN DONATIONS & GRANT
Cash and investments - beginning	\$ 7,030	\$ 82,130	\$ 21,357	\$ 71,359	\$ 875	\$ 2,112	\$ 172,875	\$ 2,402	\$ 31,618	\$ 58,193
Receipts:										
Taxes	-	32,787	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	11,122	2,493	-	135,932	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	12,195	-	-	-	880,345	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-	-
Other receipts	-	3	-	-	-	1,598,679	-	19	21,289	2,782
Total receipts	11,122	35,283	12,195	135,932	-	1,598,679	880,345	19	21,289	2,782
Disbursements:										
Personal services	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	90,325	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	500
Utility operating expenses	-	-	-	-	-	-	-	-	-	-
Other disbursements	-	-	9,157	-	-	1,597,924	895,087	-	21,042	24,133
Total disbursements	-	-	9,157	90,325	-	1,597,924	895,087	-	21,042	24,633
Excess (deficiency) of receipts over disbursements	11,122	35,283	3,038	45,607	-	755	(14,742)	19	247	(21,851)
Cash and investments - ending	\$ 18,152	\$ 117,413	\$ 24,395	\$ 116,966	\$ 875	\$ 2,867	\$ 158,133	\$ 2,421	\$ 31,865	\$ 36,342

TOWN OF PENDLETON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	TREE DONATION	PUBLIC DEFENDER SERVICES	S.R. 38 TRANSFER	FIRE TRUCK DEBT	FIRE STATION LEASE B&I	TOWN HALL LEASE	PARK BOND	POLICE LEASE B&I	PARK DONATION	STORAGE BUSINESS
Cash and investments - beginning	\$ 797	\$ -	\$ 204,859	\$ 979	\$ 10,773	\$ 6,328	\$ 106,480	\$ 7,875	\$ 4,919	\$ 14,294
Receipts:										
Taxes	-	-	-	24,110	107,773	57,313	360,264	53,785	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	1,666	7,749	4,107	35,572	3,991	-	-
Charges for services	-	-	-	-	-	-	-	-	-	24,138
Fines and forfeits	-	989	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	1,603	2	8	5	24	12,004	8,289	400
Total receipts	-	989	1,603	25,778	115,530	61,425	395,860	69,780	8,289	24,538
Disbursements:										
Personal services	-	-	-	-	-	-	-	-	-	7,246
Supplies	-	-	-	-	-	-	-	-	-	193
Other services and charges	-	689	-	-	-	-	-	-	-	2,392
Debt service - principal and interest	-	-	-	24,729	113,702	59,990	395,774	67,740	-	-
Capital outlay	-	-	-	-	-	-	-	-	6,157	-
Utility operating expenses	-	-	-	-	-	-	-	-	-	-
Other disbursements	500	-	-	-	-	-	-	-	-	12,720
Total disbursements	500	689	-	24,729	113,702	59,990	395,774	67,740	6,157	22,551
Excess (deficiency) of receipts over disbursements	(500)	300	1,603	1,049	1,828	1,435	86	2,040	2,132	1,987
Cash and investments - ending	\$ 297	\$ 300	\$ 206,462	\$ 2,028	\$ 12,601	\$ 7,763	\$ 106,566	\$ 9,915	\$ 7,051	\$ 16,281

TOWN OF PENDLETON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	GOLF COURSE	ELECTRIC OPERATING FUND	ELECTRIC METER DEPOSIT	ELECTRIC DEPRECIATION	ELECTRIC BOND & INT FUND	ELECTRIC DEBT RESERVE	ELECTRIC CAP IMPROVEMENT	ELECTRIC REVENUE FUND	ELECTRIC IN LIEU OF TAXES
Cash and investments - beginning	\$ (147,330)	\$ 472,000	\$ 149,753	\$ 1,064,390	\$ 227,225	\$ 462,949	\$ 914,374	\$ -	\$ -
Receipts:									
Taxes	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	248,521	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	7,371,859	-
Other receipts	88,982	6,007,908	25,997	531,222	448,693	3,602	339,304	8,926	84,000
Total receipts	337,503	6,007,908	25,997	531,222	448,693	3,602	339,304	7,380,785	84,000
Disbursements:									
Personal services	135,963	-	-	-	-	-	-	-	-
Supplies	52,084	-	-	-	-	-	-	-	-
Other services and charges	92,067	-	-	-	-	-	-	-	-
Debt service - principal and interest	50,378	-	-	-	-	-	-	-	-
Capital outlay	95,654	7,041	-	83,762	-	-	-	-	-
Utility operating expenses	-	5,523,377	30,185	225,191	-	-	-	-	-
Other disbursements	4,870	491,719	1,526	-	473,687	2,949	-	7,380,785	84,000
Total disbursements	431,016	6,022,137	31,711	308,953	473,687	2,949	-	7,380,785	84,000
Excess (deficiency) of receipts over disbursements	(93,513)	(14,229)	(5,714)	222,269	(24,994)	653	339,304	-	-
Cash and investments - ending	\$ (240,843)	\$ 457,771	\$ 144,039	\$ 1,286,659	\$ 202,231	\$ 463,602	\$ 1,253,678	\$ -	\$ -

TOWN OF PENDLETON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	WATER OPERATING FUND	WATER METER DEPOSIT FUND	WATER DEPRECIATION FUND	WATER BOND & INTEREST	WATER REVENUE FUND	WATER IN LIEU OF TAXES	WATER CAPITAL IMPROVEMENT	WATER DEBT RESERVE FUND	Totals
Cash and investments - beginning	\$ 49,157	\$ 52,908	\$ 133,860	\$ 200,189	\$ -	\$ -	\$ 193,106	\$ 241,690	\$ 7,445,431
Receipts:									
Taxes	-	-	-	-	-	-	-	-	2,271,712
Licenses and permits	-	-	-	-	-	-	-	-	76,692
Intergovernmental	-	-	-	-	-	-	-	-	1,124,885
Charges for services	-	-	-	-	-	-	-	-	593,691
Fines and forfeits	-	-	-	-	-	-	-	-	1,183,274
Utility fees	-	-	-	-	1,014,531	-	7,000	-	8,393,390
Other receipts	728,667	5,720	94,182	308,443	725	9,600	31,190	1,655	10,410,834
Total receipts	728,667	5,720	94,182	308,443	1,015,256	9,600	38,190	1,655	24,054,478
Disbursements:									
Personal services	-	-	-	-	-	-	-	-	1,423,131
Supplies	-	-	-	-	-	-	-	-	233,440
Other services and charges	-	-	-	-	-	-	-	-	1,119,342
Debt service - principal and interest	-	-	-	-	-	-	-	-	1,146,097
Capital outlay	-	-	13,056	-	-	-	-	-	404,375
Utility operating expenses	636,206	-	62,499	-	-	-	-	-	6,477,458
Other disbursements	72,899	10,068	-	340,234	1,015,256	9,600	23,000	151,690	12,784,394
Total disbursements	709,105	10,068	75,555	340,234	1,015,256	9,600	23,000	151,690	23,588,237
Excess (deficiency) of receipts over disbursements	19,562	(4,348)	18,627	(31,791)	-	-	15,190	(150,035)	466,241
Cash and investments - ending	\$ 68,719	\$ 48,560	\$ 152,487	\$ 168,398	\$ -	\$ -	\$ 208,296	\$ 91,655	\$ 7,911,672

TOWN OF PENDLETON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012

	GENERAL FUND	MOTOR VEHICLE HIGHWAY	LOCAL ROAD & STREET	ECONOMIC DEV TIF BOND	LOCAL LAW ENF CONT ED	CLERK RECORD PERPETUATION	UNSAFE BUILDING	PARK & RECREATION	USER FEE FUND	LEVY EXCESS FUND
Cash and investments - beginning	\$ 1,160,852	\$ 255,618	\$ 239,662	\$ 955,220	\$ 6,885	\$ 4,962	\$ 6,649	\$ 83,458	\$ 10,124	\$ 4,297
Receipts:										
Taxes	582,204	240,632	-	860,195	-	-	-	333,480	-	-
Licenses and permits	58,434	-	-	-	3,210	-	-	-	-	-
Intergovernmental	753,658	127,300	42,367	-	-	-	-	47,559	-	-
Charges for services	173,995	52,143	-	-	1,648	-	-	155,337	-	-
Fines and forfeits	142,521	-	-	-	292	6,245	-	-	108,212	-
Utility fees	-	-	-	-	-	-	-	-	-	-
Other receipts	161,643	594	-	2,552	-	841	-	4,640	-	-
Total receipts	1,872,455	420,669	42,367	862,747	5,150	7,086	-	541,016	108,212	-
Disbursements:										
Personal services	1,071,064	187,557	-	-	-	5,566	-	250,341	-	-
Supplies	139,393	22,215	-	-	-	-	-	68,618	-	-
Other services and charges	617,663	138,179	-	63,338	927	-	-	138,318	-	-
Debt service - principal and interest	26,286	-	-	444,213	-	-	-	-	-	-
Capital outlay	71,045	20,091	188,581	44,120	-	4,389	-	12,992	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-	-
Other disbursements	7,685	-	-	-	-	-	-	3,959	97,404	4,297
Total disbursements	1,933,136	368,042	188,581	551,671	927	9,955	-	474,228	97,404	4,297
Excess (deficiency) of receipts over disbursements	(60,681)	52,627	(146,214)	311,076	4,223	(2,869)	-	66,788	10,808	(4,297)
Cash and investments - ending	\$ 1,100,171	\$ 308,245	\$ 93,448	\$ 1,266,296	\$ 11,108	\$ 2,093	\$ 6,649	\$ 150,246	\$ 20,932	\$ -

TOWN OF PENDLETON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	CUM CAP IMP - CIG TAX	CUM CAP DEVELOPMENT	VICTIM IMPACT FUND	LOIT-PUBLIC SAFETY	PETTY CASH	PAYROLL WITHHOLDINGS	TOWN COURT FIDUCIARY FUND	FIRE SERVICE FEE FUND	BIF INTEREST	2005 POOL CONSTRUCT NOTE
Cash and investments - beginning	\$ 18,152	\$ 117,413	\$ 24,395	\$ 116,966	\$ 875	\$ 2,867	\$ 158,133	\$ -	\$ 2,421	\$ 31,865
Receipts:										
Taxes	-	40,543	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	11,280	4,079	-	155,767	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	14,715	-	-	-	751,279	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-	-
Other receipts	-	1	-	-	-	1,669,768	-	7,585	5	82
Total receipts	11,280	44,623	14,715	155,767	-	1,669,768	751,279	7,585	5	82
Disbursements:										
Personal services	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	146,137	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	1,845	2,426	19,629
Utility operating expenses	-	-	-	-	-	-	-	-	-	-
Other disbursements	-	-	18,332	-	-	1,667,786	751,304	-	-	10,897
Total disbursements	-	-	18,332	146,137	-	1,667,786	751,304	1,845	2,426	30,526
Excess (deficiency) of receipts over disbursements	11,280	44,623	(3,617)	9,630	-	1,982	(25)	5,740	(2,421)	(30,444)
Cash and investments - ending	\$ 29,432	\$ 162,036	\$ 20,778	\$ 126,596	\$ 875	\$ 4,849	\$ 158,108	\$ 5,740	\$ -	\$ 1,421

TOWN OF PENDLETON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	TOWN DONATIONS & GRANT	TREE DONATION	PUBLIC DEFENDER SERVICES	S.R. 38 TRANSFER	FIRE TRUCK DEBT	FIRE STATION LEASE B&I	TOWN HALL LEASE	PARK BOND	POLICE LEASE B&I	PARK DONATION
Cash and investments - beginning	\$ 36,342	\$ 297	\$ 300	\$ 206,462	\$ 2,028	\$ 12,601	\$ 7,763	\$ 106,566	\$ 9,915	\$ 7,051
Receipts:										
Taxes	-	-	-	-	16,341	122,549	60,963	370,802	59,597	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	13,825	-	-	-	1,859	12,802	6,371	56,706	6,258	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	1,723	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-	-
Other receipts	7,669	-	-	833	-	2	1	3	15,001	23,313
Total receipts	21,494	-	1,723	833	18,200	135,353	67,335	427,511	80,856	23,313
Disbursements:										
Personal services	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	1,823	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	23,873	110,671	58,946	371,880	67,010	-
Capital outlay	12,138	-	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-	-
Other disbursements	2,024	-	-	-	-	960	1,500	3,071	1,000	18,540
Total disbursements	14,162	-	1,823	-	23,873	111,631	60,446	374,951	68,010	18,540
Excess (deficiency) of receipts over disbursements	7,332	-	(100)	833	(5,673)	23,722	6,889	52,560	12,846	4,773
Cash and investments - ending	\$ 43,674	\$ 297	\$ 200	\$ 207,295	\$ (3,645)	\$ 36,323	\$ 14,652	\$ 159,126	\$ 22,761	\$ 11,824

TOWN OF PENDLETON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

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	STORAGE BUSINESS	GOLF COURSE	ELECTRIC OPERATING FUND	ELECTRIC METER DEPOSIT	ELECTRIC DEPRECIATION	ELECTRIC BOND & INT FUND	ELECTRIC DEBT RESERVE	ELECTRIC CAP IMPROVEMENT	ELECTRIC REVENUE FUND	ELECTRIC IN LIEU OF TAXES
Cash and investments - beginning	\$ 16,281	\$ (240,843)	\$ 457,771	\$ 144,039	\$ 1,286,659	\$ 202,231	\$ 463,602	\$ 1,253,678	\$ -	\$ -
Receipts:										
Taxes	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Charges for services	28,128	260,779	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	7,553,847	-
Other receipts	805	8,548	6,120,875	31,425	532,371	471,356	1,859	368,093	3,750	84,000
Total receipts	28,933	269,327	6,120,875	31,425	532,371	471,356	1,859	368,093	7,557,597	84,000
Disbursements:										
Personal services	7,637	140,993	-	-	-	-	-	-	-	-
Supplies	134	52,800	-	-	-	-	-	-	-	-
Other services and charges	2,779	52,726	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	50,015	-	-	-	-	-	-	-	-
Capital outlay	-	21,178	-	-	52,666	-	-	-	-	-
Utility operating expenses	-	-	5,603,917	-	308,362	-	-	-	-	-
Other disbursements	15,625	8,458	493,085	21,025	-	470,893	4,292	-	7,557,597	84,000
Total disbursements	26,175	326,170	6,097,002	21,025	361,028	470,893	4,292	-	7,557,597	84,000
Excess (deficiency) of receipts over disbursements	2,758	(56,843)	23,873	10,400	171,343	463	(2,433)	368,093	-	-
Cash and investments - ending	\$ 19,039	\$ (297,686)	\$ 481,644	\$ 154,439	\$ 1,458,002	\$ 202,694	\$ 461,169	\$ 1,621,771	\$ -	\$ -

TOWN OF PENDLETON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	WATER OPERATING FUND	WATER METER DEPOSIT FUND	WATER DEPRECIATION FUND	WATER BOND & INTEREST	WATER REVENUE FUND	WATER IN LIEU OF TAXES	WATER CAPITAL IMPROVEMENT	WATER DEBT RESERVE FUND	Totals
Cash and investments - beginning	\$ 68,719	\$ 48,560	\$ 152,487	\$ 168,398	\$ -	\$ -	\$ 208,296	\$ 91,655	\$ 7,911,672
Receipts:									
Taxes	-	-	-	-	-	-	-	-	2,687,306
Licenses and permits	-	-	-	-	-	-	-	-	61,644
Intergovernmental	-	-	-	-	-	-	-	-	1,239,831
Charges for services	-	-	-	-	-	-	-	-	672,030
Fines and forfeits	-	-	-	-	-	-	-	-	1,024,987
Utility fees	-	-	-	-	1,048,504	-	9,440	-	8,611,791
Other receipts	634,852	6,930	97,607	195,108	150	9,600	114,039	364	10,576,265
Total receipts	634,852	6,930	97,607	195,108	1,048,654	9,600	123,479	364	24,873,854
Disbursements:									
Personal services	-	-	-	-	-	-	-	-	1,663,158
Supplies	-	-	-	-	-	-	-	-	283,160
Other services and charges	-	-	-	-	-	-	-	-	1,161,890
Debt service - principal and interest	-	-	-	-	-	-	-	-	1,152,894
Capital outlay	-	-	5,268	-	-	-	27,139	-	483,507
Utility operating expenses	547,592	-	62,575	-	-	-	-	-	6,522,446
Other disbursements	75,974	5,383	-	175,952	1,048,654	9,600	-	1,790	12,561,087
Total disbursements	623,566	5,383	67,843	175,952	1,048,654	9,600	27,139	1,790	23,828,142
Excess (deficiency) of receipts over disbursements	11,286	1,547	29,764	19,156	-	-	96,340	(1,426)	1,045,712
Cash and investments - ending	\$ 80,005	\$ 50,107	\$ 182,251	\$ 187,554	\$ -	\$ -	\$ 304,636	\$ 90,229	\$ 8,957,384

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TOWN OF PENDLETON
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2012

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Electric	\$ 374,339	\$ 642,974
Governmental activities	40,436	962
Water	<u>17,798</u>	<u>92,947</u>
Totals	<u>\$ 432,573</u>	<u>\$ 736,883</u>

TOWN OF PENDLETON
SCHEDULE OF LEASES AND DEBT
December 31, 2012

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Fall Creek Township Fire Station Building Corporation	Renovate Fire Station	\$ 111,631	03-01-01	01-15-18
Falls Park Building Corporation	Construct Sports Complex	297,688	06-20-01	01-15-23
Pendleton Municipal Building Corporation	Purchase new Town Hall	60,446	09-20-07	02-15-22
Pendleton Police Station Building Corporation	Purchase of Building	<u>67,010</u>	01-01-01	01-15-15
Total governmental activities		<u>536,775</u>		
Total of annual lease payments		<u>\$ 536,775</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
General obligation bonds	Capital Improvement for Park		\$ 260,000	\$ 73,738
Revenue bonds	TIF Bonds for economic development and redevelopment		235,000	67,969
Revenue bonds	TIF Bonds for economic development and redevelopment		1,200,000	360,638
Revenue bonds	Purchase Golf Course		382,000	50,569
Notes and loans payable	Purchase Fire Equipment 2012		<u>286,621</u>	<u>26,333</u>
Total governmental activities			<u>2,363,621</u>	<u>579,247</u>
Electric:				
Revenue bonds	Construction of Substation		373,000	161,984
Revenue bonds	Electric Territory Buyout		<u>2,510,000</u>	<u>308,978</u>
Total Electric			<u>2,883,000</u>	<u>470,962</u>
Water:				
Revenue bonds	Capital Improvement to Water Utility		<u>735,000</u>	<u>193,758</u>
Totals			<u>\$ 5,981,621</u>	<u>\$ 1,243,967</u>

TOWN OF PENDLETON
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2012

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.

	Ending Balance
Governmental activities:	
Buildings	\$ 1,070,474
Machinery, equipment, and vehicles	5,974,306
Total governmental activities	7,044,780
Electric:	
Infrastructure	2,218,314
Machinery, equipment, and vehicles	1,018,871
Total Electric	3,237,185
Water:	
Infrastructure	1,213,748
Machinery, equipment, and vehicles	183,308
Total Water	1,397,056
Total capital assets	\$ 11,679,021

TOWN OF PENDLETON
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The financial statement presented in this report included the following funds with overdrawn cash balances at year end:

Fund	2011	2012
Fire Truck Debt	\$ -	\$ 3,645
Golf Course	240,843	297,686

The cash 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 Towns, Chapter 7)

COLLECTIONS OF AMOUNTS DUE

An hourly employee was erroneously overpaid an amount in excess of the Town Council approved rate. This resulted in the employee being overpaid in the amount of \$432.96 for 2011 and \$558.66 for 2012. The total overpayment for both years totals \$991.62. On October 3, 2013, the Town Council retroactively approved the increased rate of pay.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Towns, Chapter 7)

SUPPORTING DOCUMENTATION

Payments were made on a contract between the Clerk-Treasurer and a cell phone service 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. We reviewed three separate monthly claims for these payments and those claims averaged \$79.38 a month. Based on inquiry, the cell phone bill was paid monthly for the entire two-year period, which would result in estimated total payments of approximately \$1,900.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Towns, Chapter 7)

TOWN OF PENDLETON
EXIT CONFERENCE

The contents of this report were discussed on October 17, 2013, with Timothy J. Ryan, Clerk-Treasurer; Donald E. Henderson, President of the Town Council; Linda Kreigh, Deputy Clerk-Treasurer; Timothy McClintick, Interim Town Manager; and Jo DeWitt, Utility Office Manager. The officials concurred with our findings.