

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

ANNUAL FINANCIAL REPORT

2010

CITY OF MITCHELL

LAWRENCE COUNTY, INDIANA



FILED
06/29/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	George James	01-01-08 to 12-31-11
Mayor	Daniel Terrell	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	Daniel Terrell	01-01-10 to 12-31-11
President of the Common Council	Dwight Moore	01-01-10 to 12-31-11
Superintendent of Utilities	Roger Duncan	01-01-10 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE CITY OF MITCHELL, LAWRENCE COUNTY, INDIANA

We have audited the accompanying financial statement of the City of Mitchell (City), for the year ended December 31, 2010. This financial statement is the responsibility of the City's management. Our responsibility is to express opinions on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the City prepares its financial statements 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 of accounting 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 City for the year ended December 31, 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated June 14, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement. The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the City's management, the Common Council, the Board of Public Works and Safety, others within the entity, and federal awarding agencies and pass-through entities 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

June 14, 2011



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE CITY OF MITCHELL, LAWRENCE COUNTY, INDIANA

We have audited the financial statement of the City of Mitchell (City), for the year ended December 31, 2010, and have issued our report thereon dated June 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the City's management, the Common Council, the Board of Public Works and Safety, others within the entity, and federal awarding agencies and pass-through entities 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

June 14, 2011

FINANCIAL STATEMENT(S)

CITY OF MITCHELL
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	\$ 123,050	\$ 4,432,190	\$ 3,951,461	603,779
Motor Vehicle Highway	(15,053)	463,263	275,371	172,839
Local Road And Street	(13,517)	24,512	33,311	(22,316)
Community Day of Caring	9,629	-	9,629	-
Urban Development	249,679	-	249,679	-
Transportation Operating	(5,632)	153,196	105,442	42,122
Community Development	23,167	-	23,167	-
Housing And Rehabilitation	16,398	-	16,398	-
Local Law Enforcement Continuing Education	24,450	3,552	3,274	24,728
IHCDA Grant	1	142,490	142,489	2
Park and Recreation	(38,098)	177,442	117,923	21,421
Fire Donation	4,503	-	-	4,503
Donation	3,953	-	3,953	-
Youth Center	374	-	374	-
Rainy Day	-	38,856	-	38,856
Police Officer Reserve	5,374	-	-	5,374
Police D.A.R.E.	4,955	-	-	4,955
Levy Excess	76,646	-	-	76,646
Park Community Deposits	2,292	5,100	4,900	2,492
Downtown Revitalization	3,053	-	3,053	-
LOIT/Public Safety	-	114,281	47,028	67,253
Cumulative Capital Improvement	24,560	13,372	21,999	15,933
Cumulative Capital Development	18,805	-	-	18,805
Hamilton Boulevard INDOT Construction	444,060	258,375	505,839	196,596
SIDC/Industrial Park	-	140,809	67,951	72,858
Cumulative Building And Fire Fighting Equipment	32,919	-	1,140	31,779
OCRA Well Field Grant	-	466,014	424,713	41,301
Cumulative Capital Park	8,017	-	8,017	-
Police Officers' Pension	202,169	44,592	43,968	202,793
Cemetery Perpetual Care	82,524	8,073	-	90,597
Payroll Net	285	781,750	781,750	285
Payroll - Payback Social Security	2,521	1,715	2,521	1,715
Payroll PERF Withholding	7,015	33,315	42,445	(2,115)
Payroll Federal Withholding	389	110,476	110,593	272
Payroll State Withholding	7,314	44,330	44,886	6,758
Payroll FICA Withholding	(5,808)	141,108	138,740	(3,440)
Payroll County Withholding	(1,301)	22,437	22,713	(1,577)
Colonial	192	-	-	192
Payroll Voluntary Life Insurance	-	3,694	2,333	1,361
Payroll Health Insurance	(7,988)	29,646	1,000	20,658
Payroll AFLAC	(66)	3,715	3,780	(131)
Payroll Compdent	(725)	-	-	(725)
Payroll Bankers Nation	(1,269)	92	95	(1,272)
Payroll American United Life	(2,375)	3,447	3,721	(2,649)
Payroll - Dental Withholding	(1,145)	12,627	12,494	(1,012)
Uniform Fee	1,601	1,028	2,282	347
Payroll Medicare Withholding	1,385	36,144	38,035	(506)
Payroll - Vision Withholding	351	5,047	6,193	(795)
Direct Deposit Clearing	-	243,295	243,295	-
Payroll Deferred Compensation	-	2,545	2,545	-
Payroll Police Pension	2,174	14,018	19,352	(3,160)
Garnishment 1	-	350	350	-
Garnishment 2	-	300	300	-
Garnishment 3	-	8,295	8,295	-
Garnishment 4	100	200	200	100
Garnishment 5	235	2,340	2,340	235
Garnishment 6	-	50	50	-
Garnishment 7	-	1,350	1,350	-
Garnishment 8	702	1,300	1,300	702
Payroll Auli/Ltd	(866)	5,385	6,807	(2,288)
Wastewater Utility - Operating	766,109	1,518,651	1,354,336	930,424
Wastewater Utility - Depreciation	20,000	-	-	20,000
Wastewater Utility - Customer Deposit	27,045	17,339	10,276	34,108
Wastewater Utility - Capital Projects	(102,037)	-	-	(102,037)
Wastewater Utility - Industrial Park Construction	2,354	1	2,355	-
Wastewater Utility - Reserve	2,610	-	-	2,610
Water Utility - Operating	502,675	3,910,830	3,922,493	491,012
Water Utility - Bond And Interest	218,395	652,533	870,646	282
Water Utility - Depreciation	1,951	-	-	1,951
Water Utility - Customer Deposit	45,667	18,910	10,590	53,987
Water Utility - Construction EDA	(18,759)	-	-	(18,759)
Water Utility - Bond Proceeds EDA	441,254	17,765	-	459,019
Water Utility - Industrial Park Construction	118	-	111	7
Water Utility - Well Field Construction	-	537,623	537,623	-
Totals	\$ 3,198,381	\$ 14,669,768	\$ 14,269,274	\$ 3,598,875

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

CITY OF MITCHELL
NOTES TO FINANCIAL STATEMENT(S)

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor 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(s) present(s) the financial information for the City (primary government), and does not include financial information for any of the City'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 City (primary government).

B. Basis of Accounting

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

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.

CITY OF MITCHELL
NOTES TO FINANCIAL STATEMENT(S)
(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 statements. 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 City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

CITY OF MITCHELL
NOTES TO FINANCIAL STATEMENT(S)
(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 City 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 City. 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 City. 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 City 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 City 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 City 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.

CITY OF MITCHELL
NOTES TO FINANCIAL STATEMENT(S)
(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 City 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 City 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 City 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 City by recording as a disbursement and replacement items purchased.

Note 6. Pension Plan(s)

A. 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 City 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:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

CITY OF MITCHELL
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Funding Policy and Annual Pension Cost

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

B. 1925 Police Officers' Pension Plan

Plan Description

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

On Behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under Indiana Code 5-10.3-11.

C. 1937 Firefighters' Pension Plan

Plan Description

The 1937 Firefighters' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

On Behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under Indiana Code 5-10.3-11.

CITY OF MITCHELL
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

D. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy

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

SUPPLEMENTARY INFORMATION – UNAUDITED

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

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

	General	Motor Vehicle Highway	Local Road And Street	Community Day of Caring	Urban Development	Transportation Operating	Community Development
Cash and investments - beginning	\$ 123,050	\$ (15,053)	\$ (13,517)	\$ 9,629	\$ 249,679	\$ (5,632)	\$ 23,167
Receipts:							
Taxes	651,567	270,463	-	-	-	76,527	-
Licenses and permits	318	-	-	-	-	-	-
Intergovernmental	367,534	183,591	24,512	-	-	71,209	-
Charges for services	258,420	4,490	-	-	-	5,460	-
Fines and forfeits	7,315	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	3,147,036	4,719	-	-	-	-	-
Total receipts	<u>4,432,190</u>	<u>463,263</u>	<u>24,512</u>	<u>-</u>	<u>-</u>	<u>153,196</u>	<u>-</u>
Disbursements:							
Personal services	971,711	190,598	-	-	-	82,734	-
Supplies	74,320	63,185	33,311	-	-	8,142	-
Other services and charges	251,400	21,588	-	-	-	14,566	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	20,926	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	2,633,104	-	-	9,629	249,679	-	23,167
Total disbursements	<u>3,951,461</u>	<u>275,371</u>	<u>33,311</u>	<u>9,629</u>	<u>249,679</u>	<u>105,442</u>	<u>23,167</u>
Excess (deficiency) of receipts over disbursements	<u>480,729</u>	<u>187,892</u>	<u>(8,799)</u>	<u>(9,629)</u>	<u>(249,679)</u>	<u>47,754</u>	<u>(23,167)</u>
Cash and investments - ending	<u>\$ 603,779</u>	<u>\$ 172,839</u>	<u>\$ (22,316)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,122</u>	<u>\$ -</u>

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

	Housing And Rehabilitation	Local Law Enforcement Continuing Education	IHCDA Grant	Park and Recreation	Fire Donation	Donation	Youth Center
Cash and investments - beginning	\$ 16,398	\$ 24,450	\$ 1	\$ (38,098)	\$ 4,503	\$ 3,953	\$ 374
Receipts:							
Taxes	-	-	-	142,918	-	-	-
Licenses and permits	-	990	-	-	-	-	-
Intergovernmental	-	-	142,490	2,680	-	-	-
Charges for services	-	840	-	30,864	-	-	-
Fines and forfeits	-	1,492	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	230	-	980	-	-	-
Total receipts	-	3,552	142,490	177,442	-	-	-
Disbursements:							
Personal services	-	-	-	42,642	-	-	-
Supplies	-	-	-	18,181	-	-	-
Other services and charges	-	-	-	57,100	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	16,398	3,274	142,489	-	-	3,953	374
Total disbursements	16,398	3,274	142,489	117,923	-	3,953	374
Excess (deficiency) of receipts over disbursements	(16,398)	278	1	59,519	-	(3,953)	(374)
Cash and investments - ending	\$ -	\$ 24,728	\$ 2	\$ 21,421	\$ 4,503	\$ -	\$ -

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

	Rainy Day	Police Officer Reserve	Police D.A.R.E.	Levy Excess	Park Community Deposits	Downtown Revitalization	LOIT/Public Safety
Cash and investments - beginning	\$ -	\$ 5,374	\$ 4,955	\$ 76,646	\$ 2,292	\$ 3,053	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	38,856	-	-	-	-	-	114,281
Charges for services	-	-	-	-	5,100	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>38,856</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,100</u>	<u>-</u>	<u>114,281</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	4,900	3,053	47,028
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,900</u>	<u>3,053</u>	<u>47,028</u>
Excess (deficiency) of receipts over disbursements	<u>38,856</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200</u>	<u>(3,053)</u>	<u>67,253</u>
Cash and investments - ending	<u>\$ 38,856</u>	<u>\$ 5,374</u>	<u>\$ 4,955</u>	<u>\$ 76,646</u>	<u>\$ 2,492</u>	<u>\$ -</u>	<u>\$ 67,253</u>

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

	Cumulative Capital Improvement	Cumulative Capital Development	Hamilton Boulevard INDOT Construction	SIDC/Industrial Park	Cumulative Building And Fire Fighting Equipment	OCRA Well Field Grant
Cash and investments - beginning	\$ 24,560	\$ 18,805	\$ 444,060	\$ -	\$ 32,919	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	13,372	-	256,181	142,319	-	466,014
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	2,194	(1,510)	-	-
Total receipts	<u>13,372</u>	<u>-</u>	<u>258,375</u>	<u>140,809</u>	<u>-</u>	<u>466,014</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	21,999	-	-	-	-	-
Other services and charges	-	-	-	-	1,140	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	505,839	67,951	-	424,713
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>21,999</u>	<u>-</u>	<u>505,839</u>	<u>67,951</u>	<u>1,140</u>	<u>424,713</u>
Excess (deficiency) of receipts over disbursements	<u>(8,627)</u>	<u>-</u>	<u>(247,464)</u>	<u>72,858</u>	<u>(1,140)</u>	<u>41,301</u>
Cash and investments - ending	<u>\$ 15,933</u>	<u>\$ 18,805</u>	<u>\$ 196,596</u>	<u>\$ 72,858</u>	<u>\$ 31,779</u>	<u>\$ 41,301</u>

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

	Cumulative Capital Park	Police Officers' Pension	Cemetery Perpetual Care	Payroll Net	Payroll Payback Social Security	Payroll PERF Withholding
Cash and investments - beginning	\$ 8,017	\$ 202,169	\$ 82,524	\$ 285	\$ 2,521	\$ 7,015
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	6,650	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	44,592	1,423	781,750	1,715	33,315
Total receipts	-	44,592	8,073	781,750	1,715	33,315
Disbursements:						
Personal services	-	43,968	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	8,017	-	-	781,750	2,521	42,445
Total disbursements	8,017	43,968	-	781,750	2,521	42,445
Excess (deficiency) of receipts over disbursements	(8,017)	624	8,073	-	(806)	(9,130)
Cash and investments - ending	\$ -	\$ 202,793	\$ 90,597	\$ 285	\$ 1,715	\$ (2,115)

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

	Payroll Federal Withholding	Payroll State Withholding	Payroll FICA Withholding	Payroll County Withholding	Colonial	Payroll Voluntary Life Insurance
Cash and investments - beginning	\$ 389	\$ 7,314	\$ (5,808)	\$ (1,301)	\$ 192	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	110,476	44,330	141,108	22,437	-	3,694
Total receipts	110,476	44,330	141,108	22,437	-	3,694
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	110,593	44,886	138,740	22,713	-	2,333
Total disbursements	110,593	44,886	138,740	22,713	-	2,333
Excess (deficiency) of receipts over disbursements	(117)	(556)	2,368	(276)	-	1,361
Cash and investments - ending	\$ 272	\$ 6,758	\$ (3,440)	\$ (1,577)	\$ 192	\$ 1,361

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

	Payroll Health Insurance	Payroll AFLAC	Payroll Compdent	Payroll Bankers Nation	Payroll Amercan United Life	Payroll - Dental Withholding
Cash and investments - beginning	\$ (7,988)	\$ (66)	\$ (725)	\$ (1,269)	\$ (2,375)	\$ (1,145)
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	29,646	3,715	-	92	3,447	12,627
Total receipts	<u>29,646</u>	<u>3,715</u>	<u>-</u>	<u>92</u>	<u>3,447</u>	<u>12,627</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	1,000	3,780	-	95	3,721	12,494
Total disbursements	<u>1,000</u>	<u>3,780</u>	<u>-</u>	<u>95</u>	<u>3,721</u>	<u>12,494</u>
Excess (deficiency) of receipts over disbursements	<u>28,646</u>	<u>(65)</u>	<u>-</u>	<u>(3)</u>	<u>(274)</u>	<u>133</u>
Cash and investments - ending	<u>\$ 20,658</u>	<u>\$ (131)</u>	<u>\$ (725)</u>	<u>\$ (1,272)</u>	<u>\$ (2,649)</u>	<u>\$ (1,012)</u>

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

	Uniform Fee	Payroll Medicare Withholding	Payroll - Vision Withholding	Direct Deposit Clearing	Payroll Deferred Compensation	Payroll Police Pension
Cash and investments - beginning	\$ 1,601	\$ 1,385	\$ 351	\$ -	\$ -	\$ 2,174
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	<u>1,028</u>	<u>36,144</u>	<u>5,047</u>	<u>243,295</u>	<u>2,545</u>	<u>14,018</u>
Total receipts	<u>1,028</u>	<u>36,144</u>	<u>5,047</u>	<u>243,295</u>	<u>2,545</u>	<u>14,018</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	<u>2,282</u>	<u>38,035</u>	<u>6,193</u>	<u>243,295</u>	<u>2,545</u>	<u>19,352</u>
Total disbursements	<u>2,282</u>	<u>38,035</u>	<u>6,193</u>	<u>243,295</u>	<u>2,545</u>	<u>19,352</u>
Excess (deficiency) of receipts over disbursements	<u>(1,254)</u>	<u>(1,891)</u>	<u>(1,146)</u>	<u>-</u>	<u>-</u>	<u>(5,334)</u>
Cash and investments - ending	<u>\$ 347</u>	<u>\$ (506)</u>	<u>\$ (795)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,160)</u>

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

	Garnishment 1	Garnishment 2	Garnishment 3	Garnishment 4	Garnishment 5	Garnishment 6
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 100	\$ 235	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	350	300	8,295	200	2,340	50
Total receipts	<u>350</u>	<u>300</u>	<u>8,295</u>	<u>200</u>	<u>2,340</u>	<u>50</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	350	300	8,295	200	2,340	50
Total disbursements	<u>350</u>	<u>300</u>	<u>8,295</u>	<u>200</u>	<u>2,340</u>	<u>50</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 235</u>	<u>\$ -</u>

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

	Garnishment 7	Garnishment 8	Payroll Auli/Ltd	Wastewater Utility - Operating	Wastewater Utility - Depreciation	Wastewater Utility - Customer Deposit
Cash and investments - beginning	\$ -	\$ 702	\$ (866)	\$ 766,109	\$ 20,000	\$ 27,046
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	568,894	-	-
Other receipts	1,350	1,300	5,385	949,757	-	17,339
Total receipts	1,350	1,300	5,385	1,518,651	-	17,339
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	346,501	-	-
Capital outlay	-	-	-	15,271	-	-
Utility operating expenses	-	-	-	330,698	-	10,276
Other disbursements	1,350	1,300	6,807	661,866	-	-
Total disbursements	1,350	1,300	6,807	1,354,336	-	10,276
Excess (deficiency) of receipts over disbursements	-	-	(1,422)	164,315	-	7,063
Cash and investments - ending	\$ -	\$ 702	\$ (2,288)	\$ 930,424	\$ 20,000	\$ 34,111

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

	Wastewater Utility - Capital Projects	Wastewater Utility - Industrial Park Construction	Wastewater Utility - Reserve	Wastewater Utility - Operating	Water Utility - Bond And Interest	Water Utility - Depreciation
Cash and investments - beginning	\$ (102,038)	\$ 2,354	\$ 2,611	\$ 502,675	\$ 218,395	\$ 1,950
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	2,234,737	-	-
Other receipts	-	1	-	1,676,093	652,533	-
Total receipts	-	1	-	3,910,830	652,533	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	870,646	-
Capital outlay	-	2,355	-	33,789	-	-
Utility operating expenses	-	-	-	531,689	-	-
Other disbursements	-	-	-	3,357,015	-	-
Total disbursements	-	2,355	-	3,922,493	870,646	-
Excess (deficiency) of receipts over disbursements	-	(2,354)	-	(11,663)	(218,113)	-
Cash and investments - ending	<u>\$ (102,038)</u>	<u>\$ -</u>	<u>\$ 2,611</u>	<u>\$ 491,012</u>	<u>\$ 282</u>	<u>\$ 1,950</u>

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

	Water Utility - Customer Deposit	Water Utility - Construction EDA	Water Utility - Bond Proceeds EDA	Water Utility - Industrial Park Construction	Water Utility - Well Field Construction	Totals
Cash and investments - beginning	\$ 45,668	\$ (18,759)	\$ 441,254	\$ 117	\$ -	\$ 3,198,381
Receipts:						
Taxes	-	-	-	-	-	1,141,475
Licenses and permits	-	-	-	-	-	1,308
Intergovernmental	-	-	-	-	-	1,823,039
Charges for services	-	-	-	-	-	311,824
Fines and forfeits	-	-	-	-	-	8,807
Utility fees	-	-	-	-	-	2,803,631
Other receipts	18,910	-	17,765	-	537,623	8,579,684
Total receipts	18,910	-	17,765	-	537,623	14,669,768
Disbursements:						
Personal services	-	-	-	-	-	1,331,653
Supplies	-	-	-	-	-	219,138
Other services and charges	-	-	-	-	-	345,794
Debt service - principal and interest	-	-	-	-	-	1,217,147
Capital outlay	-	-	-	111	-	1,070,955
Utility operating expenses	10,590	-	-	-	-	883,253
Other disbursements	-	-	-	-	537,623	9,201,334
Total disbursements	10,590	-	-	111	537,623	14,269,274
Excess (deficiency) of receipts over disbursements	8,320	-	17,765	(111)	-	400,494
Cash and investments - ending	\$ 53,988	\$ (18,759)	\$ 459,019	\$ 6	\$ -	\$ 3,598,875

CITY OF MITCHELL
 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	\$ 323,918
Infrastructure	141,494
Buildings	1,958,272
Improvements other than buildings	207,021
Machinery and equipment	1,468,056
Construction in progress	<u>148,065</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 4,246,826</u>
 Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 42,600
Buildings	4,309,776
Improvements other than buildings	2,526,806
Machinery and equipment	478,424
Construction in Progress	<u>57,973</u>
 Total Water Utility capital assets	 <u>7,415,579</u>
 Wastewater Utility:	
Capital assets, not being depreciated:	
Land	15,140
Buildings	3,724,230
Improvements other than buildings	1,421,415
Machinery and equipment	<u>251,512</u>
 Total Wastewater Utility capital assets	 <u>5,412,297</u>
 Total business-type activities capital assets	 <u>\$ 12,827,876</u>

CITY OF MITCHELL
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Redevelopment Commission	\$ 5,574,000	\$ 327,500
Notes and loans payable	<u>15,000</u>	<u>3,600</u>
Total governmental activities debt	<u>\$ 5,589,000</u>	<u>\$ 331,100</u>
Business-type activities:		
Water Utility:		
Revenue bonds:		
Series 2006	\$ 5,040,000	\$ 436,174
State Revolving Loan	<u>589,699</u>	<u>14,421</u>
Total Water Utility	<u>5,629,699</u>	<u>450,595</u>
Wastewater Utility:		
Capital leases:		
Jet Machine	<u>19,257</u>	<u>10,342</u>
Total business-type activities debt	<u>\$ 5,648,956</u>	<u>\$ 460,937</u>

CITY OF MITCHELL
AUDIT RESULT(S) AND COMMENT(S)

CUSTOMER DEPOSIT REGISTER

As stated in the prior examination, the detailed customer deposit register does not reconcile with the customer deposit amount recorded on the general ledger. At December 31, 2010, the total in the Water and Sewer Customer Deposit detailed ledger is \$1,914.96 more than the total in the funds ledger based on identified errors.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OVERDRAWN FUND BALANCES

The following funds were overdrawn as of December 31, 2010:

Fund	2010
Local Road and Street	\$ 22,316
Payroll PERF Withholding	2,115
Payroll FICA Withholding	3,440
Payroll County Withholding	1,577
Payroll AFLAC	131
Payroll Compdent	725
Payroll Bankers Nation	1,272
Payroll American United Life	2,649
Payroll - Dental Withholding	1,012
Payroll Medicare Withholding	506
Payroll - Vision Withholding	795
Payroll Police Pension	3,160
Payroll Auli/Ltd	2,288
Wastewater Utility - Capital Projects	102,038
Water Utility - Construction EDA	18,759

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 Cities and Towns, Chapter 7)

CITY OF MITCHELL
AUDIT RESULT(S) AND COMMENT(S)
(Continued)

DELINQUENT WASTEWATER ACCOUNTS

As stated in prior reports, delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

Indiana Code 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) A list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
 - (A) The name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent.
 - (B) A description of the premises, as shown by the records of the county auditor.
 - (C) The amount of the delinquent fees, together with the penalty.
- (2) An individual instrument for each lot or parcel of real property on which the fees are delinquent.

(c) The officer shall record a copy of each list or each individual instrument with the county recorder . . . "

"(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May. . . ."

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE CITY OF MITCHELL, LAWRENCE COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Mitchell (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2010. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the City's management, the Common Council, the Board of Public Works and Safety, others within the entity, federal awarding agencies, and pass-through entities 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

June 14, 2011

CITY OF MITCHELL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2010

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF COMMERCE</u>			
Direct Grant			
Public Works and Economic Development Cluster			
Economic Adjustment Assistance	11.307		
Public Works Assistance		06-79-05152	\$ 138,332
<u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through-Indiana Housing and Community Development Authority			
CDBG - State Administered Small Cities Program Cluster			
Community Development Block Grants/State's Program and	14.228		
Non-Entitlement Grants in Hawaii			
Housing Grant		HD-009-011	98,186
Housing Grant		HD-009-014	44,302
Pass-Through-Indiana Office of Community and Rural Affairs			
CDBG - State Administered Small Cities Program Cluster			
Community Development Block Grants/State's Program and			
Non-Entitlement Grants in Hawaii	14.228	CF-09-117	<u>466,015</u>
Total for federal grantor agency			<u>608,503</u>
<u>U. S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through-Indiana Department of Transportation			
Formula Grants for Other Than Urbanized Areas	20.509		
Operating Assistance Grant		1802808-O	<u>37,114</u>
<u>U. S. ENVIROMENTAL PROTECTION AGENCY</u>			
Pass-Through-Indiana Finance Authority			
Capitalization Grants for Drinking Water State Revolving Funds	66.468		
State Revolving Loan Program		DW09064701	70,407
ARRA - Capitalization Grants for Drinking Water State Revolving Funds	66.468		
State Revolving Loan Program		DW09064701-ARRA	<u>348,000</u>
Total for federal grantor agency			<u>418,407</u>
Total federal awards expended			<u>\$ 1,202,356</u>

The accompanying note(s) are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF MITCHELL
NOTE(S) TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Mitchell (City) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows for the year ended December 31, 2010:

Program Title	Federal CFDA Number	2010
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	\$ 142,488

CITY OF MITCHELL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
66.468	CDBG – State Administered Small Cities Program Cluster Capitalization Grants for Drinking Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF MITCHELL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF MITCHELL
EXIT CONFERENCE

The contents of this report were discussed on June 14, 2011, with George James, Clerk-Treasurer, and Daniel Terrell, Mayor. The officials concurred with our audit findings.