

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

ANNUAL FINANCIAL REPORT

2010

CITY OF KENDALLVILLE

NOBLE COUNTY, INDIANA



FILED
08/10/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sheryl Hanes	01-01-08 to 12-31-11
Mayor	W. SuzAnne Handshoe	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	James Dazey	01-01-10 to 12-31-11
President of the Common Council	James Dazey	01-01-10 to 12-31-11
Superintendent of Water Utility	Scott Mosley	01-01-10 to 12-31-11
Superintendent of Wastewater Utility	Richard McGee	01-01-10 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENT
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE CITY OF KENDALLVILLE, NOBLE COUNTY, INDIANA

We have audited the accompanying financial statement of the City of Kendallville (City), for the year ended December 31, 2010. This financial statement is the responsibility of the City's management. Our responsibility is to express an opinion 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 statement is 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 statement. 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 opinion.

As discussed in Note 1, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis 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 August 1, 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 THE FINANCIAL STATEMENT
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, Common Council, 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

August 1, 2011



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

TO: THE OFFICIALS OF THE CITY OF KENDALLVILLE, NOBLE COUNTY, INDIANA

We have audited the financial statement of the City of Kendallville (City), for the year ended December 31, 2010, and have issued our report thereon dated August 1, 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 opinion on the financial statement, 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 statement 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 THE 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, Common Council, 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

August 1, 2011

FINANCIAL STATEMENT(S)

CITY OF KENDALLVILLE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General Fund	\$ 23,301	\$ 5,267,733	\$ 4,596,618	\$ 694,416
Motor Vehicle Highway	321,857	736,093	834,624	223,326
Local Road And Street	75,082	42,392	52,372	65,102
Law Enforcement Continuing Education	42,116	17,919	8,548	51,487
Rainy Day	182,890	203,570	-	386,460
Levy Excess	-	149,593	-	149,593
Economic Development Steering Committee	8,583	5,759	8,375	5,967
Economic Improvement District	56,058	21,955	22,403	55,610
Park And Recreation	1,202	534,336	438,256	97,282
Cemetery Operating	45,967	89,532	95,104	40,395
Cemetery Contingency	12,656	13	-	12,669
Aviation Commission	33,624	64,847	87,025	11,446
CDBG Miscellaneous Income	358,561	55,524	4,190	409,895
Hazardous Materials Trailer	13,515	3,583	619	16,479
Police Reserve	9,603	2,133	3,950	7,786
Fourth of July Festival	16,130	1,896	10,500	7,526
Kid City Project	2,919	18,324	11,706	9,537
City Beautification	5,238	5	107	5,136
Redevelopment Commission TIF	245,855	69,245	118,487	196,613
Aviation Construction	7,813	8	-	7,821
Cemetery Chapel	1,769	2	-	1,771
Redevelopment Community TIF District East Side	1,651,524	717,589	1,166,027	1,203,086
FEMA Grant-Fire Department	11	-	-	11
Employment Security	19,650	14	15,266	4,398
Sports Complex	44,493	54,135	74,894	23,734
Police Public Awareness	288	-	-	288
Firefighting	200,248	31,616	10,445	221,419
Arson Prevention	26	-	-	26
Special Siren	12,074	3,720	68	15,726
Special Park - Beyer	4,675	2,003	6,017	661
Special Park - Wayne	3	-	-	3
Special Park - Donations	13,437	10,717	4,364	19,790
Special Park - Cole	5,725	7,210	4,411	8,524
Special Park - Nature Center	1,258	1	-	1,259
Special Park - Programs	4,646	7,795	8,494	3,947
Special Park - Festival	75,335	102,680	116,234	61,781
Redevelopment Commission Donation	13,010	13	-	13,023
Bond & Interest	1,738	157,787	156,563	2,962
Storm Sewer	40,648	22,056	41,021	21,683
Street Lighting	5,627	6	-	5,633
General Petty Cash	100	-	-	100
Park Petty Cash	175	-	-	175
Capital Improvement	-	383,945	333,679	50,266
Grant Proceeds	100,927	721,163	718,345	103,745
Park Nonreverting Capital	89,694	91	-	89,785

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

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

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General Improvement	217,239	4,176	-	221,415
Cumulative Capital Improvement	101,090	28,250	15,084	114,256
County Economic Development Income Tax	670	1	-	671
Police Officers' Pension	184,174	132,847	130,690	186,331
Firefighters' Pension	41,797	25,422	26,386	40,833
Cemetery Endowment	101,589	2,299	-	103,888
Payroll Federal Withholding	726	324,065	324,791	-
Health Insurance	646,563	546,286	558,163	634,686
Payroll Deferred Compensation	-	30,366	30,366	-
Payroll Vision Insurance	-	7,558	7,558	-
Payroll FSA Kiersey	-	1,440	1,440	-
Payroll FSA Derby	-	750	750	-
Payroll FSA Robinson	-	600	600	-
Payroll FSA Short	-	2,000	2,000	-
Payroll FSA Handshoe	-	1,200	1,200	-
Payroll Standing Chapter	-	15,991	15,991	-
Payroll Allen County Circuit	-	530	530	-
Payroll Health Insurance Regulation 125	690	128,160	128,850	-
Payroll Noble County Clerk	-	564	564	-
Payroll Unknown	(20)	20	-	-
Indiana Child Support	-	29,919	29,919	-
Payroll Dental	2,401	32,488	32,590	2,299
Payroll Colonial Life Insurance	374	14,133	14,507	-
Payroll Direct Deposit	-	1,686,045	1,686,045	-
Payroll United Way	-	656	656	-
Payroll Noble County Treasurer	-	8,972	8,972	-
Payroll Fire PERF	3,134	11,237	11,237	3,134
Payroll State Tax Withholding	17,392	123,451	140,839	4
Payroll Net Wages	-	1,040,323	1,040,323	-
Payroll Police PERF	5,328	19,609	19,788	5,149
Payroll Voluntary PERF	859	3,105	3,128	836
Payroll FICA/Medicare Withholdings	2,008	427,141	429,149	-
Payroll County Tax	7,067	49,397	56,462	2
Wastewater Utility-Operating	705,223	1,574,416	1,863,991	415,648
Wastewater Utility - Bond & Interest	4,391	317,177	317,108	4,460
Wastewater Utility - Debt Service Reserve	237,513	63,888	-	301,401
Wastewater Utility - Improvement	-	163,547	163,547	-
Wastewater Utility - Capital Improvement	35,671	8,850	44,521	-
Water Utility - Operating	681,282	1,824,706	1,807,805	698,183
Water Utility - Bond & Interest	120,899	438,217	437,535	121,581
Water Utility - Debt Service Reserve	302,805	72,415	-	375,220
Water Utility - Improvement	123,309	28,486	151,795	-
Water Utility - Petty Cash	100	-	-	100
Totals	<u>\$ 7,294,325</u>	<u>\$ 18,697,706</u>	<u>\$ 18,453,592</u>	<u>\$ 7,538,439</u>

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

CITY OF KENDALLVILLE
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 presents 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 non-businesses 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 KENDALLVILLE
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 KENDALLVILLE
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Capital outlay which includes 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 KENDALLVILLE
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 Plans

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:

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

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

Funding Policy and Annual Pension Cost

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

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 KENDALLVILLE
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.

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SUPPLEMENTARY INFORMATION – UNAUDITED

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

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

	General Fund	Motor Vehicle Highway	Local Road And Street	Law Enforcement Continuing Education	Rainy Day	Levy Excess	Economic Development Steering Committee
Cash and investments - beginning	\$ 23,301	\$ 321,857	\$ 75,082	\$ 42,116	\$ 182,890	\$ -	\$ 8,583
Receipts:							
Taxes	2,966,062	387,418	-	-	-	137,710	-
Licenses and permits	12,325	2,435	-	-	-	-	-
Intergovernmental	1,496,887	322,648	42,344	-	203,212	-	-
Charges for services	245	600	-	17,625	-	-	-
Fines and forfeits	3,321	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	788,893	22,992	48	294	358	11,883	5,759
Total receipts	<u>5,267,733</u>	<u>736,093</u>	<u>42,392</u>	<u>17,919</u>	<u>203,570</u>	<u>149,593</u>	<u>5,759</u>
Disbursements:							
Personal services	2,720,281	382,448	-	-	-	-	-
Supplies	119,343	136,622	-	-	-	-	-
Other services and charges	950,044	177,593	52,372	8,548	-	-	8,375
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	231,539	137,961	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	575,411	-	-	-	-	-	-
Total disbursements	<u>4,596,618</u>	<u>834,624</u>	<u>52,372</u>	<u>8,548</u>	<u>-</u>	<u>-</u>	<u>8,375</u>
Excess (deficiency) of receipts over disbursements	<u>671,115</u>	<u>(98,531)</u>	<u>(9,980)</u>	<u>9,371</u>	<u>203,570</u>	<u>149,593</u>	<u>(2,616)</u>
Cash and investments - ending	<u>\$ 694,416</u>	<u>\$ 223,326</u>	<u>\$ 65,102</u>	<u>\$ 51,487</u>	<u>\$ 386,460</u>	<u>\$ 149,593</u>	<u>\$ 5,967</u>

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

	Economic Improvement District	Park And Recreation	Cemetery Operating	Cemetery Contingency	Aviation Commission	CDBG Miscellaneous Income	Hazardous Materials Trailer
Cash and investments - beginning	\$ 56,058	\$ 1,202	\$ 45,967	\$ 12,656	\$ 33,624	\$ 358,561	\$ 13,515
Receipts:							
Taxes	21,705	325,911	35,254	-	6,001	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	128,180	2,188	-	373	-	-
Charges for services	-	33,666	47,364	-	12,911	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	250	46,579	4,726	13	45,562	55,524	3,583
Total receipts	<u>21,955</u>	<u>534,336</u>	<u>89,532</u>	<u>13</u>	<u>64,847</u>	<u>55,524</u>	<u>3,583</u>
Disbursements:							
Personal services	-	337,738	77,979	-	-	-	-
Supplies	800	22,945	3,621	-	6,192	-	-
Other services and charges	21,603	66,531	7,628	-	80,391	4,190	619
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	10,666	5,876	-	442	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	376	-	-	-	-	-
Total disbursements	<u>22,403</u>	<u>438,256</u>	<u>95,104</u>	<u>-</u>	<u>87,025</u>	<u>4,190</u>	<u>619</u>
Excess (deficiency) of receipts over disbursements	<u>(448)</u>	<u>96,080</u>	<u>(5,572)</u>	<u>13</u>	<u>(22,178)</u>	<u>51,334</u>	<u>2,964</u>
Cash and investments - ending	<u>\$ 55,610</u>	<u>\$ 97,282</u>	<u>\$ 40,395</u>	<u>\$ 12,669</u>	<u>\$ 11,446</u>	<u>\$ 409,895</u>	<u>\$ 16,479</u>

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

	Police Reserve	Fourth of July Festival	Kid City Project	City Beautification	Redevelopment Commission TIF	Aviation Construction	Cemetery Chapel
Cash and investments - beginning	\$ 9,603	\$ 16,130	\$ 2,919	\$ 5,238	\$ 245,855	\$ 7,813	\$ 1,769
Receipts:							
Taxes	-	-	-	-	69,033	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	2,133	1,896	18,324	5	212	8	2
Total receipts	<u>2,133</u>	<u>1,896</u>	<u>18,324</u>	<u>5</u>	<u>69,245</u>	<u>8</u>	<u>2</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	168	-	-	-	-	-	-
Other services and charges	-	10,500	11,706	107	49,419	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	3,782	-	-	-	69,068	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>3,950</u>	<u>10,500</u>	<u>11,706</u>	<u>107</u>	<u>118,487</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(1,817)</u>	<u>(8,604)</u>	<u>6,618</u>	<u>(102)</u>	<u>(49,242)</u>	<u>8</u>	<u>2</u>
Cash and investments - ending	<u>\$ 7,786</u>	<u>\$ 7,526</u>	<u>\$ 9,537</u>	<u>\$ 5,136</u>	<u>\$ 196,613</u>	<u>\$ 7,821</u>	<u>\$ 1,771</u>

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

	Redevelopment Community TIF District East Side	FEMA Grant-Fire Department	Employment Security	Sports Complex	Police Public Awareness	Firefighting	Arson Prevention
Cash and investments - beginning	\$ 1,651,524	\$ 11	\$ 19,650	\$ 44,493	\$ 288	\$ 200,248	\$ 26
Receipts:							
Taxes	465,003	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	38,621	-	25,000	-
Fines and forfeits	-	-	-	11,815	-	105	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	252,586	-	14	3,699	-	6,511	-
Total receipts	<u>717,589</u>	<u>-</u>	<u>14</u>	<u>54,135</u>	<u>-</u>	<u>31,616</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	18,689	-	-	-
Supplies	-	-	-	39,555	-	-	-
Other services and charges	322,914	-	15,266	16,200	-	-	-
Debt service - principal and interest	286,422	-	-	-	-	-	-
Capital outlay	-	-	-	450	-	10,445	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	556,691	-	-	-	-	-	-
Total disbursements	<u>1,166,027</u>	<u>-</u>	<u>15,266</u>	<u>74,894</u>	<u>-</u>	<u>10,445</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(448,438)</u>	<u>-</u>	<u>(15,252)</u>	<u>(20,759)</u>	<u>-</u>	<u>21,171</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,203,086</u>	<u>\$ 11</u>	<u>\$ 4,398</u>	<u>\$ 23,734</u>	<u>\$ 288</u>	<u>\$ 221,419</u>	<u>\$ 26</u>

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

	Special Siren	Special Park Beyer	Special Park Wayne	Special Park Donations	Special Park Cole	Special Park Nature Center	Special Park Programs
Cash and investments - beginning	\$ 12,074	\$ 4,675	\$ 3	\$ 13,437	\$ 5,725	\$ 1,258	\$ 4,646
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	3,720	2,003	-	10,717	7,210	1	7,795
Total receipts	<u>3,720</u>	<u>2,003</u>	<u>-</u>	<u>10,717</u>	<u>7,210</u>	<u>1</u>	<u>7,795</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	870
Other services and charges	68	6,017	-	4,364	4,411	-	7,597
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	27
Total disbursements	<u>68</u>	<u>6,017</u>	<u>-</u>	<u>4,364</u>	<u>4,411</u>	<u>-</u>	<u>8,494</u>
Excess (deficiency) of receipts over disbursements	<u>3,652</u>	<u>(4,014)</u>	<u>-</u>	<u>6,353</u>	<u>2,799</u>	<u>1</u>	<u>(699)</u>
Cash and investments - ending	<u>\$ 15,726</u>	<u>\$ 661</u>	<u>\$ 3</u>	<u>\$ 19,790</u>	<u>\$ 8,524</u>	<u>\$ 1,259</u>	<u>\$ 3,947</u>

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

	Special Park Festival	Redevelopment Commission Donation	Bond & Interest	Storm Sewer	Street Lighting	General Petty Cash	Park Petty Cash
Cash and investments - beginning	\$ 75,335	\$ 13,010	\$ 1,738	\$ 40,648	\$ 5,627	\$ 100	\$ 175
Receipts:							
Taxes	-	-	148,516	20,627	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	9,220	1,281	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	102,680	13	51	148	6	-	-
Total receipts	<u>102,680</u>	<u>13</u>	<u>157,787</u>	<u>22,056</u>	<u>6</u>	<u>-</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	2,647	-	-	-
Supplies	-	-	-	4,148	-	-	-
Other services and charges	116,119	-	-	34,226	-	-	-
Debt service - principal and interest	-	-	156,563	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	115	-	-	-	-	-	-
Total disbursements	<u>116,234</u>	<u>-</u>	<u>156,563</u>	<u>41,021</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(13,554)</u>	<u>13</u>	<u>1,224</u>	<u>(18,965)</u>	<u>6</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 61,781</u>	<u>\$ 13,023</u>	<u>\$ 2,962</u>	<u>\$ 21,683</u>	<u>\$ 5,633</u>	<u>\$ 100</u>	<u>\$ 175</u>

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

	Capital Improvement	Grant Proceeds	Park Nonreverting Capital	General Improvement	Cumulative Capital Improvement	County Economic Development Income Tax	Police Officers' Pension
Cash and investments - beginning	\$ -	\$ 100,927	\$ 89,694	\$ 217,239	\$ 101,090	\$ 670	\$ 184,174
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	383,907	721,071	-	-	28,155	-	132,688
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	38	92	91	4,176	95	1	159
Total receipts	<u>383,945</u>	<u>721,163</u>	<u>91</u>	<u>4,176</u>	<u>28,250</u>	<u>1</u>	<u>132,847</u>
Disbursements:							
Personal services	-	-	-	-	-	-	130,690
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	15,084	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	333,679	718,345	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>333,679</u>	<u>718,345</u>	<u>-</u>	<u>-</u>	<u>15,084</u>	<u>-</u>	<u>130,690</u>
Excess (deficiency) of receipts over disbursements	<u>50,266</u>	<u>2,818</u>	<u>91</u>	<u>4,176</u>	<u>13,166</u>	<u>1</u>	<u>2,157</u>
Cash and investments - ending	<u>\$ 50,266</u>	<u>\$ 103,745</u>	<u>\$ 89,785</u>	<u>\$ 221,415</u>	<u>\$ 114,256</u>	<u>\$ 671</u>	<u>\$ 186,331</u>

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

	Firefighters' Pension	Cemetery Endowment	Payroll Federal Withholding	Health Insurance	Payroll Deferred Compensation	Payroll Vision Insurance	Payroll FSA Kiersey
Cash and investments - beginning	\$ 41,797	\$ 101,589	\$ 726	\$ 646,563	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	25,385	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	37	2,299	324,065	546,286	30,366	7,558	1,440
Total receipts	<u>25,422</u>	<u>2,299</u>	<u>324,065</u>	<u>546,286</u>	<u>30,366</u>	<u>7,558</u>	<u>1,440</u>
Disbursements:							
Personal services	26,386	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	324,791	558,163	30,366	7,558	1,440
Total disbursements	<u>26,386</u>	<u>-</u>	<u>324,791</u>	<u>558,163</u>	<u>30,366</u>	<u>7,558</u>	<u>1,440</u>
Excess (deficiency) of receipts over disbursements	<u>(964)</u>	<u>2,299</u>	<u>(726)</u>	<u>(11,877)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 40,833</u>	<u>\$ 103,888</u>	<u>\$ -</u>	<u>\$ 634,686</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Payroll FSA Derby	Payroll FSA Robinson	Payroll FSA Short	Payroll FSA Handshoe	Payroll Standing Chapter	Payroll Allen County Circuit	Payroll Health Insurance Regulation 125
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 690
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	750	600	2,000	1,200	15,991	530	128,160
Total receipts	750	600	2,000	1,200	15,991	530	128,160
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	750	600	2,000	1,200	15,991	530	128,850
Total disbursements	750	600	2,000	1,200	15,991	530	128,850
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	(690)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

	Payroll Noble County Clerk	Payroll Unknown	Indiana Child Support	Payroll Dental	Payroll Colonial Life Insurance	Payroll Direct Deposit	Payroll United Way
Cash and investments - beginning	\$ -	\$ (20)	\$ -	\$ 2,401	\$ 374	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	564	20	29,919	32,488	14,133	1,686,045	656
Total receipts	564	20	29,919	32,488	14,133	1,686,045	656
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	564	-	29,919	32,590	14,507	1,686,045	656
Total disbursements	564	-	29,919	32,590	14,507	1,686,045	656
Excess (deficiency) of receipts over disbursements	-	20	-	(102)	(374)	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 2,299	\$ -	\$ -	\$ -

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

	Payroll Noble County Treasurer	Payroll Fire PERF	Payroll State Tax Withholding	Payroll Net Wages	Payroll Police PERF	Payroll Voluntary PERF	Payroll FICA/Medicare Withholdings
Cash and investments - beginning	\$ -	\$ 3,134	\$ 17,392	\$ -	\$ 5,328	\$ 859	\$ 2,008
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	8,972	11,237	123,451	1,040,323	19,609	3,105	427,141
Total receipts	8,972	11,237	123,451	1,040,323	19,609	3,105	427,141
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	8,972	11,237	140,839	1,040,323	19,788	3,128	429,149
Total disbursements	8,972	11,237	140,839	1,040,323	19,788	3,128	429,149
Excess (deficiency) of receipts over disbursements	-	-	(17,388)	-	(179)	(23)	(2,008)
Cash and investments - ending	\$ -	\$ 3,134	\$ 4	\$ -	\$ 5,149	\$ 836	\$ -

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

	Payroll County Tax	Wastewater Utility Operating	Wastewater Utility Bond & Interest	Wastewater Utility Debt Service Reserve	Wastewater Utility Improvement	Wastewater Utility Capital Improvement
Cash and investments - beginning	\$ 7,067	\$ 705,223	\$ 4,391	\$ 237,513	\$ -	\$ 35,671
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	21,315	-	-	-	-
Penalties	-	280	-	-	-	-
Other receipts	49,397	1,552,821	317,177	63,888	163,547	8,850
Total receipts	49,397	1,574,416	317,177	63,888	163,547	8,850
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	167,108	-	-	-
Capital outlay	-	123,249	-	-	75,599	44,521
Utility operating expenses	-	1,435,558	150,000	-	87,948	-
Other disbursements	56,462	305,184	-	-	-	-
Total disbursements	56,462	1,863,991	317,108	-	163,547	44,521
Excess (deficiency) of receipts over disbursements	(7,065)	(289,575)	69	63,888	-	(35,671)
Cash and investments - ending	\$ 2	\$ 415,648	\$ 4,460	\$ 301,401	\$ -	\$ -

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

	Water Utility Operating	Water Utility Bond & Interest	Water Utility Debt Service Reserve	Water Utility Improvement	Water Utility Petty Cash	Totals
Cash and investments - beginning	\$ 681,282	\$ 120,899	\$ 302,805	\$ 123,309	\$ 100	\$ 7,294,325
Receipts:						
Taxes	-	-	-	-	-	4,583,240
Licenses and permits	-	-	-	-	-	14,760
Intergovernmental	-	-	-	-	-	3,497,539
Charges for services	-	-	-	-	-	176,032
Fines and forfeits	-	-	-	-	-	15,241
Utility fees	1,355,528	-	-	-	-	1,376,843
Penalties	-	-	-	-	-	280
Other receipts	469,178	438,217	72,415	28,486	-	9,033,771
Total receipts	<u>1,824,706</u>	<u>438,217</u>	<u>72,415</u>	<u>28,486</u>	<u>-</u>	<u>18,697,706</u>
Disbursements:						
Personal services	-	-	-	-	-	3,696,858
Supplies	-	-	-	-	-	334,264
Other services and charges	-	-	-	-	-	1,991,892
Debt service - principal and interest	-	217,535	-	-	-	827,628
Capital outlay	-	-	-	141,052	-	1,906,674
Utility operating expenses	912,852	220,000	-	10,743	-	2,817,101
Other disbursements	894,953	-	-	-	-	6,879,175
Total disbursements	<u>1,807,805</u>	<u>437,535</u>	<u>-</u>	<u>151,795</u>	<u>-</u>	<u>18,453,592</u>
Excess (deficiency) of receipts over disbursements	<u>16,901</u>	<u>682</u>	<u>72,415</u>	<u>(123,309)</u>	<u>-</u>	<u>244,114</u>
Cash and investments - ending	<u>\$ 698,183</u>	<u>\$ 121,581</u>	<u>\$ 375,220</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 7,538,439</u>

CITY OF KENDALLVILLE
 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.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 17,550,917
Infrastructure	11,579,353
Buildings	3,707,860
Improvements other than buildings	13,152,837
Machinery and equipment	6,465,185
Construction in progress	<u>3,652,498</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 56,108,650</u>
 Business-type activities:	
Water Utility:	
Capital assets:	
Land	\$ 33,480
Buildings	461,913
Improvements other than buildings	15,611,301
Machinery and equipment	<u>1,377,768</u>
 Total Water Utility capital assets	 <u>17,484,462</u>
 Wastewater Utility:	
Capital assets:	
Land	1,435,723
Construction in progress	876,850
Buildings	432,091
Improvements other than buildings	16,253,974
Machinery and equipment	<u>493,326</u>
 Total Wastewater Utility capital assets	 <u>19,491,964</u>
 Total business-type activities capital assets	 <u>\$ 36,976,426</u>

CITY OF KENDALLVILLE
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:		
Notes and loans payable:		
2004 Airport hangar note	\$ 118,847	\$ 28,649
2008 KLDC grant loan	1,495,710	1,507,196
2010 KLDC grant loan	992,814	441,592
2009 Police car loan	4,518	4,698
2009 Street barn roof	18,334	18,953
2010 Police care loan	15,714	16,326
Bonds payable:		
General obligation bonds:		
Redevelopment commission revenue bonds	<u>2,195,000</u>	<u>322,125</u>
Total governmental activities debt	<u>\$ 4,840,937</u>	<u>\$ 2,339,539</u>
Business-type activities:		
Water Utility:		
Revenue bonds:		
2007 Water improvement revenue bonds	<u>\$ 5,360,000</u>	<u>\$ 439,191</u>
Wastewater Utility:		
Revenue bonds:		
2006 Wastewater improvement revenue bonds	<u>3,465,000</u>	<u>315,358</u>
Total business-type activities debt	<u>\$ 8,825,000</u>	<u>\$ 754,549</u>

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

POLICE DEPARTMENT RECEIPTS

Receipts collected by the Police Department were remitted to the Clerk-Treasurer less frequently than once a week. This was a comment in prior year's Report B38144.

Receipts and fees collected by a police department should be remitted to the clerk treasurer or city controller at least once each week. (Cities and Towns Bulletin and Uniform Compliance Guidelines, September 2003)

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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
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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 KENDALLVILLE, NOBLE COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Kendallville (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 its major federal program for the year ended December 31, 2010. The City's major federal program is 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 its major federal program 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 its major federal program 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, Common Council, 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

August 1, 2011

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

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
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		
Disaster Recovery Grant		DR2-09-082	\$ 455,000
Community Focus Fund Planning Grant		PL-05-070	47,943
Total for federal grantor agency			502,943
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant Bulletproof Vest Partnership Program	16.607		
			245
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Noble County Highway Safety Cluster Alcohol Impaired Driving Countermeasures Incentive Grants I Operation Pull Over-Blitz Grant	20.601		
			8,993
Direct grant Airport Improvement Program	20.106		
		Project 14	7,143
		Project 15	20,787
		Project 16	15,424
		Project 17	51,931
Total for program			95,285
Total for federal grantor agency			104,278
Total federal awards expended			\$ 607,466

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

CITY OF KENDALLVILLE
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 Kendallville (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
CDBG-State Administered Small Cities Program Cluster Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	\$ 455,000

CITY OF KENDALLVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement(s):

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:

_____ Name of Federal Program or Cluster _____
CDBG - State Administered Small Cities Program Cluster

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 KENDALLVILLE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable

CITY OF KENDALLVILLE
EXIT CONFERENCE

The contents of this report were discussed on August 1, 2011, with Sheryl Hanes, Clerk-Treasurer. The official concurred with our audit findings.