

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF KENDALLVILLE
NOBLE COUNTY, INDIANA

January 1, 2014 to December 31, 2014



FILED
05/19/2017

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
Independent Auditor's 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 <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	10-11
Notes to Financial Statement	12-17
Other Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	20-32
Schedule of Payables and Receivables	33
Schedule of Leases and Debt	34
Schedule of Capital Assets	35
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for the Major Federal Program and on Internal Control over Compliance	38-39
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards	42
Notes to Schedule of Expenditures of Federal Awards	43
Schedule of Findings and Questioned Costs	44-47
Auditee-Prepared Document:	
Corrective Action Plan	50
Other Reports	51

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sheryl J. Hanes	01-01-12 to 12-31-19
Mayor	W. Suzanne Handshoe	01-01-12 to 12-31-19
President of the Board of Public Works and Safety	James Dazey	01-01-14 to 12-31-17
President Pro Tempore of the Common Council	James Dazey Regan Ford James Dazey	01-01-14 to 12-31-14 01-01-15 to 12-31-15 01-01-16 to 12-31-17



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

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

Report on the Financial Statement

We have audited the accompanying financial statement of the City of Kendallville (City), which comprises the financial position and results of operations for the year ended December 31, 2014, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statement in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2014.

Opinion on Regulatory Basis of Accounting

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, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated February 28, 2017, 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* in considering the City's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

February 28, 2017



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 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, 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, the financial statement of the City of Kendallville (City), which comprises the financial position and results of operations for the year ended December 31, 2014, and the related notes to the financial statement, and have issued our report thereon dated February 28, 2017, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001 to be a material weakness.

INDEPENDENT AUDITOR'S 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 from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001.

City of Kendallville's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

February 28, 2017

(This page intentionally left blank.)

FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

CITY OF KENDALLVILLE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2014

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
General Fund	\$ 2,234,259	\$ 5,600,843	\$ 5,207,537	\$ 2,627,565
Motor Vehicle Highway	793,803	961,824	542,787	1,212,840
Local Road And Street	108,541	43,407	-	151,948
Law Enforcement Continuing Ed	50,625	16,860	30,435	37,050
Rainy Day	332,658	828	-	333,486
Levy Excess	-	543	-	543
Economic Improvement	64,524	20,790	32,907	52,407
Park Nonreverting Capital	90,083	46,125	-	136,208
RDC TIF Bond Debt Reserve	250,000	31,875	-	281,875
RDC TIF East Bond	158,079	285,000	317,884	125,195
Storm Sewer	48,500	20,858	9,111	60,247
General Improvement	217,719	1,772	-	219,491
Cumulative Capital Improvement	195,002	26,229	-	221,231
CEDIT	685	419,999	419,998	686
Police Pension	201,056	125,895	128,790	198,161
Fire Pension	41,513	29,183	28,545	42,151
Payroll YMCA Deduction	-	4,452	4,149	303
Kendallville Anniversary	4,160	93	-	4,253
PRL FSA-Short	80	1,320	1,320	80
Noble County Clerk	167	1,780	1,947	-
PRL-Allen County Clerk	-	1,040	1,040	-
EDAC	801	8,505	8,375	931
Park And Recreation	330,226	567,493	513,129	384,590
Cemetery	60,606	66,871	79,805	47,672
Cemetery Contingency	3,625	9	-	3,634
Airport Operating	138,433	145,546	118,831	165,148
CDBG Miscellaneous Income	459,834	34,510	-	494,344
HMS&E	24,926	2,257	10,714	16,469
KCPRF	2,527	6	655	1,878
K-9 Fund	780	2	-	782
4Th Of July Festival	3,565	7,507	7,000	4,072
Kid City Project	3,165	9,794	9,705	3,254
City Beautification	5,301	9	5,019	291
RDC TIF Downtown	301,827	124,592	95,746	330,673
Aviation In Progress	7,847	20	-	7,867
Cemetery Chapel Fund	1,777	4	-	1,781
RDC TIF Eastside	927,180	162,871	5,784	1,084,267
Fema Grant-Fire Dept	11	-	-	11
Employment Security	540	3,445	3,985	-
Sports Complex	37,564	132,843	126,170	44,237
Police Public Awareness	312	30	-	342
Rural Firefighting	89,781	50,680	7,643	132,818
Special Arson	26	-	-	26
Special Siren	27,109	9,140	23,575	12,674
Sp Beyer	340	5,005	5,108	237
Sp Wayne	3	-	-	3
Sp Donations	18,880	89,618	87,811	20,687

The notes to the financial statement 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, 2014
(Continued)

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
Sp Cole	5,499	48,322	34	53,787
Sp Nature Center	1,257	23	315	965
Sp Programs	29,598	19,914	10,287	39,225
Sp Festival	43,253	109,162	86,997	65,418
RDC Donations	13,066	33	-	13,099
G.O. Bond & Interest	2,972	7	-	2,979
Street Light Funding Project	5,652	14	-	5,666
General Petty Cash	100	-	-	100
Park Petty Cash	175	-	-	175
Capital Outlay	26,636	420,090	391,208	55,518
Grants Federal And State	201,386	1,054,663	1,012,106	243,943
Cemetery Endowment	110,402	2,292	-	112,694
Payroll Withholding-Federal	-	442,116	442,116	-
Health Insurance	539,674	526,533	586,825	479,382
Payroll Deferred Comp	-	39,878	39,878	-
Payroll Vision Insurance	1,170	7,053	7,053	1,170
Payroll FSA Kiersey	-	2,500	2,500	-
Payroll FSA Derby	-	1,500	1,200	300
Payroll FSA Robinson	17	800	817	-
Payroll FSA Handshoe	-	600	600	-
Payroll Standing Chapter	-	9,675	9,675	-
Payroll Hlth Ins Reg 125	19,059	112,902	112,935	19,026
Indiana Child Support	-	17,226	17,226	-
Dental-Payroll	-	34,646	34,128	518
Payroll Colonial Life Ins	-	18,301	18,301	-
Direct Deposit Payroll	-	2,145,120	2,145,120	-
United Way-Payroll	107	-	-	107
Noble County Treasurer-Payroll	40	-	-	40
Payroll Fire PERF	93	12,642	12,642	93
Payroll State Tax Withholding	-	135,426	135,426	-
Net Wages Payroll	-	824,711	824,711	-
Police PERF-Payroll	-	20,779	20,779	-
PERF Voluntary-Payroll	-	9,746	9,746	-
Payroll Withholding FICA/Medic Tax	155	477,079	477,084	150
County Tax Payroll	-	55,011	55,011	-
Sewer Improvement Bond	-	43,844	43,844	-
Sewer Improvement	-	484,679	484,679	-
Wastewater Utility-Operating	863,584	2,093,637	2,193,708	763,513
Wastewater Utility-Bond And Interest	4,706	318,374	318,195	4,885
Wastewater Utility-Debt Reserve	334,340	833	-	335,173
Water Utility-Operating	1,243,888	2,070,290	2,060,564	1,253,614
Water Utility-Bond And Interest	123,192	442,169	441,909	123,452
Water Utility-Debt Reserve	466,813	1,162	-	467,975
Water Improvement	-	170,195	170,195	-
Petty Cash-Water	100	-	-	100
Totals	<u>\$ 11,275,374</u>	<u>\$ 21,235,420</u>	<u>\$ 20,003,319</u>	<u>\$ 12,507,475</u>

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

CITY OF KENDALLVILLE
NOTES TO FINANCIAL STATEMENT

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, storm water, trash, aviation, and urban redevelopment and housing.

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

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Taxes. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's 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. 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 the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF KENDALLVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

Intergovernmental receipts. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines 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. Amounts received 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. Amounts received from charges for current services.

Penalties. Amounts received from late payment fees.

Other receipts. Amounts received from various sources, including, but not limited to, the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Personal services. Amounts disbursed 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. Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

CITY OF KENDALLVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

Debt service - principal and interest. Amounts disbursed for 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.

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses. Amounts disbursed for operating the utilities.

Other disbursements. Amounts disbursed for various other purposes including, but 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, make transfers 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 amounts 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 amounts 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

CITY OF KENDALLVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the City to invest in securities including, but not limited to, the following: 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 statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the 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.

CITY OF KENDALLVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

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

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 Indiana Public Retirement System 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.

CITY OF KENDALLVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

On Behalf Payments

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

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 Retirement System (INPRS) 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.

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

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

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

Note 7. Subsequent Events

On May 12, 2015, the City awarded a contract in the amount of \$419,282 for various 2015 street improvements.

On January 26, 2016, the City awarded a bid for a new fire truck in the amount of \$639,800. \$453,493 of the cost will be paid through a loan at a rate of 1.87 percent for five years.

On May 10, 2016, the City awarded a contract in the amount of \$236,995 for 2016 street improvements (Contract A) and awarded a contract in the amount of \$103,904 for 2016 street improvements (Contract B).

Note 8. Other Postemployment Benefits

The City, during 2010 only, offered postemployment health insurance benefits to employees eligible to retire. Two employees accepted this offer. These benefits pose a liability to the City for this year and in future years. Information regarding the benefits can be obtained by contacting the City.

(This page intentionally left blank.)

OTHER INFORMATION - UNAUDITED

The City's Annual Financial Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

The other information presented was approved by management of the City. It is presented as intended by the City.

CITY OF KENDALLVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014

	General Fund	Motor Vehicle Highway	Local Road And Street	Law Enforcement Continuing Ed	Rainy Day	Levy Excess	Economic Improvement	Park Nonreverting Capital
Cash and investments - beginning	\$ 2,234,259	\$ 793,803	\$ 108,541	\$ 50,625	\$ 332,658	\$ -	\$ 64,524	\$ 90,083
Receipts:								
Taxes	2,996,716	503,444	-	-	-	-	20,667	-
Licenses and permits	62,777	-	-	4,350	-	-	-	-
Intergovernmental receipts	1,604,519	429,678	43,087	-	-	-	-	-
Charges for services	153,775	720	-	11,882	-	-	-	-
Fines and forfeits	3,025	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	780,031	27,982	320	628	828	543	123	46,125
Total receipts	5,600,843	961,824	43,407	16,860	828	543	20,790	46,125
Disbursements:								
Personal services	2,985,661	316,515	-	-	-	-	-	-
Supplies	160,978	175,744	-	-	-	-	-	-
Other services and charges	943,609	40,046	-	10,390	-	-	22,685	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	151,659	10,482	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	965,630	-	-	20,045	-	-	10,222	-
Total disbursements	5,207,537	542,787	-	30,435	-	-	32,907	-
Excess (deficiency) of receipts over disbursements	393,306	419,037	43,407	(13,575)	828	543	(12,117)	46,125
Cash and investments - ending	\$ 2,627,565	\$ 1,212,840	\$ 151,948	\$ 37,050	\$ 333,486	\$ 543	\$ 52,407	\$ 136,208

CITY OF KENDALLVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	RDC TIF Bond Debt Reserve	RDC TIF East Bond	Storm Sewer	General Improvement	Cumulative Capital Improvement	CEDIT	Police Pension	Fire Pension
Cash and investments - beginning	\$ 250,000	\$ 158,079	\$ 48,500	\$ 217,719	\$ 195,002	\$ 685	\$ 201,056	\$ 41,513
Receipts:								
Taxes	-	-	20,059	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	668	-	26,086	419,997	-	-
Charges for services	-	-	-	1,073	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	31,875	285,000	131	699	143	2	125,895	29,183
Total receipts	31,875	285,000	20,858	1,772	26,229	419,999	125,895	29,183
Disbursements:								
Personal services	-	-	2,039	-	-	-	128,790	28,545
Supplies	-	-	2,772	-	-	-	-	-
Other services and charges	-	-	4,300	-	-	-	-	-
Debt service - principal and interest	-	317,884	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	419,998	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	-	317,884	9,111	-	-	419,998	128,790	28,545
Excess (deficiency) of receipts over disbursements	31,875	(32,884)	11,747	1,772	26,229	1	(2,895)	638
Cash and investments - ending	\$ 281,875	\$ 125,195	\$ 60,247	\$ 219,491	\$ 221,231	\$ 686	\$ 198,161	\$ 42,151

CITY OF KENDALLVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Payroll YMCA Deduction	Kendallville Anniversary	PRL FSA-Short	Noble County Clerk	PRL-Allen County Clerk	EDAC	Park And Recreation
Cash and investments - beginning	\$ -	\$ 4,160	\$ 80	\$ 167	\$ -	\$ 801	\$ 330,226
Receipts:							
Taxes	-	-	-	-	-	-	332,122
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	140,340
Charges for services	-	-	-	-	-	-	84,482
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	4,452	93	1,320	1,780	1,040	8,505	10,549
Total receipts	4,452	93	1,320	1,780	1,040	8,505	567,493
Disbursements:							
Personal services	-	-	-	-	-	-	371,488
Supplies	-	-	-	-	-	-	33,953
Other services and charges	-	-	-	-	-	-	72,803
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	31,672
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	4,149	-	1,320	1,947	1,040	8,375	3,213
Total disbursements	4,149	-	1,320	1,947	1,040	8,375	513,129
Excess (deficiency) of receipts over disbursements	303	93	-	(167)	-	130	54,364
Cash and investments - ending	\$ 303	\$ 4,253	\$ 80	\$ -	\$ -	\$ 931	\$ 384,590

CITY OF KENDALLVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Cemetery	Cemetery Contingency	Airport Operating	CDBG Miscellaneous Income	HMS&E	KCPRF	K-9 Fund
Cash and investments - beginning	\$ 60,606	\$ 3,625	\$ 138,433	\$ 459,834	\$ 24,926	\$ 2,527	\$ 780
Receipts:							
Taxes	18,415	-	47,352	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	1,112	-	2,859	-	-	-	-
Charges for services	46,315	-	59,183	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	1,029	9	36,152	34,510	2,257	6	2
Total receipts	66,871	9	145,546	34,510	2,257	6	2
Disbursements:							
Personal services	71,879	-	-	-	-	-	-
Supplies	2,708	-	8,746	-	-	-	-
Other services and charges	4,779	-	88,808	-	-	-	-
Debt service - principal and interest	-	-	21,277	-	-	-	-
Capital outlay	-	-	-	-	-	220	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	439	-	-	-	10,714	435	-
Total disbursements	79,805	-	118,831	-	10,714	655	-
Excess (deficiency) of receipts over disbursements	(12,934)	9	26,715	34,510	(8,457)	(649)	2
Cash and investments - ending	\$ 47,672	\$ 3,634	\$ 165,148	\$ 494,344	\$ 16,469	\$ 1,878	\$ 782

CITY OF KENDALLVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	4Th Of July Festival	Kid City Project	City Beautification	RDC TIF Downtown	Aviation In Progress	Cemetery Chapel Fund	RDC TIF Eastside
Cash and investments - beginning	\$ 3,565	\$ 3,165	\$ 5,301	\$ 301,827	\$ 7,847	\$ 1,777	\$ 927,180
Receipts:							
Taxes	-	-	-	122,831	-	-	161,824
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	7,507	9,794	9	1,761	20	4	1,047
Total receipts	<u>7,507</u>	<u>9,794</u>	<u>9</u>	<u>124,592</u>	<u>20</u>	<u>4</u>	<u>162,871</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	7,000	9,705	-	14,261	-	-	5,784
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	4,999	81,360	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	20	125	-	-	-
Total disbursements	<u>7,000</u>	<u>9,705</u>	<u>5,019</u>	<u>95,746</u>	<u>-</u>	<u>-</u>	<u>5,784</u>
Excess (deficiency) of receipts over disbursements	<u>507</u>	<u>89</u>	<u>(5,010)</u>	<u>28,846</u>	<u>20</u>	<u>4</u>	<u>157,087</u>
Cash and investments - ending	<u>\$ 4,072</u>	<u>\$ 3,254</u>	<u>\$ 291</u>	<u>\$ 330,673</u>	<u>\$ 7,867</u>	<u>\$ 1,781</u>	<u>\$ 1,084,267</u>

CITY OF KENDALLVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Fema Grant-Fire Dept	Employment Security	Sports Complex	Police Public Awareness	Rural Firefighting	Special Arson	Special Siren
Cash and investments - beginning	\$ 11	\$ 540	\$ 37,564	\$ 312	\$ 89,781	\$ 26	\$ 27,109
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	4,698	-	65	-	-
Fines and forfeits	-	-	33,083	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	3,445	95,062	30	50,615	-	9,140
Total receipts	-	3,445	132,843	30	50,680	-	9,140
Disbursements:							
Personal services	-	-	38,745	-	-	-	-
Supplies	-	-	58,290	-	-	-	-
Other services and charges	-	-	20,498	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	2,082	-	7,643	-	23,575
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	3,985	6,555	-	-	-	-
Total disbursements	-	3,985	126,170	-	7,643	-	23,575
Excess (deficiency) of receipts over disbursements	-	(540)	6,673	30	43,037	-	(14,435)
Cash and investments - ending	\$ 11	\$ -	\$ 44,237	\$ 342	\$ 132,818	\$ 26	\$ 12,674

CITY OF KENDALLVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Sp Beyer	Sp Wayne	Sp Donations	Sp Cole	Sp Nature Center	Sp Programs	Sp Festival
Cash and investments - beginning	\$ 340	\$ 3	\$ 18,880	\$ 5,499	\$ 1,257	\$ 29,598	\$ 43,253
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	5,005	-	89,618	48,322	23	19,914	109,162
Total receipts	5,005	-	89,618	48,322	23	19,914	109,162
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	87,811	-	-	6,266	-
Other services and charges	-	-	-	-	-	3,790	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	196	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	5,108	-	-	34	315	35	86,997
Total disbursements	5,108	-	87,811	34	315	10,287	86,997
Excess (deficiency) of receipts over disbursements	(103)	-	1,807	48,288	(292)	9,627	22,165
Cash and investments - ending	\$ 237	\$ 3	\$ 20,687	\$ 53,787	\$ 965	\$ 39,225	\$ 65,418

CITY OF KENDALLVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	RDC Donations	G.O. Bond & Interest	Street Light Funding Project	General Petty Cash	Park Petty Cash	Capital Outlay	Grants Federal And State
Cash and investments - beginning	\$ 13,066	\$ 2,972	\$ 5,652	\$ 100	\$ 175	\$ 26,636	\$ 201,386
Receipts:							
Taxes	-	-	-	-	-	-	1,054,321
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	33	7	14	-	-	420,090	342
Total receipts	33	7	14	-	-	420,090	1,054,663
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	1,012,106
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	391,208	-
Total disbursements	-	-	-	-	-	391,208	1,012,106
Excess (deficiency) of receipts over disbursements	33	7	14	-	-	28,882	42,557
Cash and investments - ending	\$ 13,099	\$ 2,979	\$ 5,666	\$ 100	\$ 175	\$ 55,518	\$ 243,943

CITY OF KENDALLVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Cemetery Endowment	Payroll Withholding-Federal	Health Insurance	Payroll Deferred Comp	Payroll Vision Insurance	Payroll FSA Kiersey	Payroll FSA Derby
Cash and investments - beginning	\$ 110,402	\$ -	\$ 539,674	\$ -	\$ 1,170	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	2,292	442,116	526,533	39,878	7,053	2,500	1,500
Total receipts	2,292	442,116	526,533	39,878	7,053	2,500	1,500
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	586,825	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	442,116	-	39,878	7,053	2,500	1,200
Total disbursements	-	442,116	586,825	39,878	7,053	2,500	1,200
Excess (deficiency) of receipts over disbursements	2,292	-	(60,292)	-	-	-	300
Cash and investments - ending	\$ 112,694	\$ -	\$ 479,382	\$ -	\$ 1,170	\$ -	\$ 300

CITY OF KENDALLVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Payroll FSA Robinson	Payroll FSA Handshoe	Payroll Standing Chapter	Payroll Hlth Ins Reg 125	Indiana Child Support	Dental-Payroll	Payroll Colonial Life Ins
Cash and investments - beginning	\$ 17	\$ -	\$ -	\$ 19,059	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	800	600	9,675	112,902	17,226	34,646	18,301
Total receipts	800	600	9,675	112,902	17,226	34,646	18,301
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	817	600	9,675	112,935	17,226	34,128	18,301
Total disbursements	817	600	9,675	112,935	17,226	34,128	18,301
Excess (deficiency) of receipts over disbursements	(17)	-	-	(33)	-	518	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 19,026	\$ -	\$ 518	\$ -

CITY OF KENDALLVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Direct Deposit Payroll	United Way-Payroll	Noble County Treasurer-Payroll	Payroll Fire PERF	Payroll State Tax Withholding	Net Wages Payroll	Police PERF-Payroll
Cash and investments - beginning	\$ -	\$ 107	\$ 40	\$ 93	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	2,145,120	-	-	12,642	135,426	824,711	20,779
Total receipts	2,145,120	-	-	12,642	135,426	824,711	20,779
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	2,145,120	-	-	12,642	135,426	824,711	20,779
Total disbursements	2,145,120	-	-	12,642	135,426	824,711	20,779
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-
Cash and investments - ending	\$ -	\$ 107	\$ 40	\$ 93	\$ -	\$ -	\$ -

CITY OF KENDALLVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	PERF Voluntary-Payroll	Payroll Withholding FICA/Medic Tax	County Tax Payroll	Sewer Improvement Bond	Sewer Improvement	Wastewater Utility-Operating	Wastewater Utility-Bond And Interest
Cash and investments - beginning	\$ -	\$ 155	\$ -	\$ -	\$ -	\$ 863,584	\$ 4,706
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	2,086,909	-
Penalties	-	-	-	-	-	448	-
Other receipts	9,746	477,079	55,011	43,844	484,679	6,280	318,374
Total receipts	9,746	477,079	55,011	43,844	484,679	2,093,637	318,374
Disbursements:							
Personal services	-	-	-	-	-	594,736	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	97,720	-
Debt service - principal and interest	-	-	-	-	-	529,566	318,195
Capital outlay	-	-	-	43,844	484,679	-	-
Utility operating expenses	-	-	-	-	-	570,911	-
Other disbursements	9,746	477,084	55,011	-	-	400,775	-
Total disbursements	9,746	477,084	55,011	43,844	484,679	2,193,708	318,195
Excess (deficiency) of receipts over disbursements	-	(5)	-	-	-	(100,071)	179
Cash and investments - ending	\$ -	\$ 150	\$ -	\$ -	\$ -	\$ 763,513	\$ 4,885

CITY OF KENDALLVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Wastewater Utility-Debt Reserve	Water Utility-Operating	Water Utility-Bond And Interest	Water Utility-Debt Reserve	Water Improvement	Petty Cash-Water	Totals
Cash and investments - beginning	\$ 334,340	\$ 1,243,888	\$ 123,192	\$ 466,813	\$ -	\$ 100	\$ 11,275,374
Receipts:							
Taxes	-	-	-	-	-	-	5,277,751
Licenses and permits	-	-	-	-	-	-	67,127
Intergovernmental receipts	-	-	-	-	-	-	2,668,346
Charges for services	-	-	-	-	-	-	362,193
Fines and forfeits	-	-	-	-	-	-	36,108
Utility fees	-	2,059,515	-	-	-	-	4,146,424
Penalties	-	-	-	-	-	-	448
Other receipts	833	10,775	442,169	1,162	170,195	-	8,677,023
Total receipts	833	2,070,290	442,169	1,162	170,195	-	21,235,420
Disbursements:							
Personal services	-	490,379	-	-	-	-	5,028,777
Supplies	-	-	-	-	-	-	537,268
Other services and charges	-	85,398	-	-	-	-	2,018,401
Debt service - principal and interest	-	-	441,909	-	-	-	1,628,831
Capital outlay	-	-	-	-	170,195	-	2,444,710
Utility operating expenses	-	701,116	-	-	-	-	1,272,027
Other disbursements	-	783,671	-	-	-	-	7,073,305
Total disbursements	-	2,060,564	441,909	-	170,195	-	20,003,319
Excess (deficiency) of receipts over disbursements	833	9,726	260	1,162	-	-	1,232,101
Cash and investments - ending	\$ 335,173	\$ 1,253,614	\$ 123,452	\$ 467,975	\$ -	\$ 100	\$ 12,507,475

CITY OF KENDALLVILLE
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2014

Government or Enterprise	Accounts Payable	Accounts Receivable
Wastewater	\$ 69,923	\$ 144,409
Water	84,145	154,648
Governmental activities	<u>97,891</u>	<u>10,091</u>
Totals	<u>\$ 251,959</u>	<u>\$ 309,148</u>

CITY OF KENDALLVILLE
SCHEDULE OF LEASES AND DEBT
December 31, 2014

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Redevelopment Commission Revenue Bond	\$ 1,275,000	\$ 315,625
Notes and loans payable	2011 KLDC Loan	39,468	39,648
Notes and loans payable	2014 Police Car Loan	8,498	8,645
Notes and loans payable	2011 Airport Improvement Loan	139,912	23,212
Notes and loans payable	2011 KLDC Loan	260,000	263,068
Notes and loans payable	EDA Grant East Industrial Park Improvement	<u>581,845</u>	<u>582,517</u>
Total governmental activities		<u>2,304,723</u>	<u>1,232,715</u>
Wastewater:			
Revenue bonds	2006 Wastewater Improvement Bonds	2,800,000	315,095
Notes and loans payable	2013 Televising Equipment	79,181	40,711
Notes and loans payable	Sewage Bond Anticipation Notes	<u>818,042</u>	<u>72,107</u>
Total Wastewater		<u>3,697,223</u>	<u>427,913</u>
Water:			
Revenue bonds	2007 Water Improvement Bond	<u>4,380,000</u>	<u>442,067</u>
Totals		<u>\$ 10,381,946</u>	<u>\$ 2,102,695</u>

CITY OF KENDALLVILLE
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2014

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

	Ending Balance
Governmental activities:	
Land	\$ 17,635,417
Infrastructure	13,107,129
Buildings	3,767,428
Improvements other than buildings	13,309,215
Machinery, equipment, and vehicles	7,301,536
Books and other	1,342,525
Total governmental activities	56,463,250
Wastewater:	
Land	1,435,723
Buildings	509,436
Improvements other than buildings	13,707,449
Machinery, equipment, and vehicles	4,669,671
Total Wastewater	20,322,279
Water:	
Land	33,480
Buildings	501,913
Improvements other than buildings	14,130,062
Machinery, equipment, and vehicles	3,270,208
Total Water	17,935,663
Total capital assets	\$ 94,721,192

(This page intentionally left blank.)

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 FOR THE MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance for the Major Federal Program

We have audited the City of Kendallville's (City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2014. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2014.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

Report on Internal Control over Compliance


Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance 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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2014-002 to be material weaknesses.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

February 28, 2017

(This page intentionally left blank.)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the City. The schedule and notes are presented as intended by the City.

CITY OF KENDALLVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Commerce</u>				
Economic Development Cluster				
Investments for Public Works and Economic Development Facilities	Direct	11.300	06-01-05583	\$ 534,447
Total - Economic Development Cluster				534,447
Total - Department of Commerce				534,447
<u>Department of Justice</u>				
Public Safety Partnership and Community Policing Grants				
2012 COPS Hiring Program (CHP)	Direct	16.710	2012-UM-WX-0076	29,809
Total - Department of Justice				29,809
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster				
Highway Planning and Construction	Indiana Department of Transportation	20.205	A249-14-320885	49,928
Total - Highway Planning and Construction Cluster				49,928
Highway Safety Cluster				
State and Community Highway Safety	Noble County	20.600	PT-12-11-04-18	5,530
Alcohol Impaired Driving Countermeasures Incentive Grants I	Noble County	20.601	K8-2012-03-03-25	5,535
Total - Highway Safety Cluster				11,065
Total - Department of Transportation				60,993
<u>Department of Homeland Security</u>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Indiana Department of Homeland Security	97.036	113-39402-00	16,051
Staffing for Adequate Fire and Emergency Response (SAFER)	Direct	97.083	EMW-2012-FH-00144	27,170
Total - Department of Homeland Security				43,221
Total federal awards expended				\$ 668,470

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF KENDALLVILLE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the City under programs of the federal government for the year ended December 31, 2014. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the City, it is not intended to and does not present the financial position of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

CITY OF KENDALLVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weakness identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major program:	
Material weakness identified?	yes
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major program:	Unmodified
Any audit finding disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	no

Identification of Major Program:

_____ Name of Federal Program or Cluster _____

Economic Development 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

FINDING 2014-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Condition

The City did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

Context

The Clerk-Treasurer prepared and submitted the SEFA without effective controls to ensure its accuracy before submission. This resulted in the following errors on the SEFA presented for audit:

CITY OF KENDALLVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

1. Disaster Grants - Public Assistance (Presidentially Declared Disasters) in the amount of \$16,051 was omitted.
2. Public Safety Partnership and Community Policing Grants was underreported by \$18,982.

Audit adjustments were proposed, accepted by the City, and made to the SEFA presented in this report.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with section .310. . . ."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.

CITY OF KENDALLVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Cause

Management had not established a system of internal control that would ensure proper reporting of the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA could have remain undetected. The SEFA contained the errors identified in the *Context*.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-002 - INTERNAL CONTROL OVER REPORTING

Federal Agency: Department of Commerce

Federal Program: Investments for Public Works and Economic Development Facilities

CFDA Number: 11.300

Federal Award Number and Year (or Other Identifying Number): 06-01-05583

Pass-Through Entity: Direct Grant

Condition

The City did not have adequate controls in place for segregation of duties to ensure compliance with Reporting requirements related to the grant agreement. The Outlay Report and Request for Reimbursement for Construction Programs had adequate controls in place; however, the Federal Financial Reports did not have any controls in place.

Context

The City hired a Grant Administrator to facilitate compliance with the grant. All Reporting requirements were completed by the Grant Administrator. There was no evidence of internal controls over compliance with the Federal Financial Reports.

CITY OF KENDALLVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

Cause

Management of the City had not developed a system of internal controls that segregated key functions.

Effect

The failure to establish an effective internal control system placed the City at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could also have allowed noncompliance with compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls, including segregation of duties, related to the grant agreement and compliance requirement listed above.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

(This page intentionally left blank.)

AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the City. The document is presented as intended by the City.

City of Kendallville

234 S. Main Street

Kendallville, IN 46755-1795

www.kendallville.in.gov
CORRECTIVE ACTION PLAN

FINDING 2014-001

Contact Person Responsible for Corrective Action: Sheryl Hanes
Contact Phone Number: (260) 347-7025

We concur with the finding.

Description of Corrective Action Plan:

1. **Preparation of the schedule of expenditures of Federal Awards** – The City of Kendallville is aware of the potential risks associated with the lack of internal controls. The City of Kendallville will continue to assess the risks and weigh that against any future improvement in the Schedule of Expenditures of Federal Awards (SEFA). Review of input information into Gateway will be reviewed and verified by multiple staff in regards to the reporting of grant information.

Anticipated Completion Date:

The City of Kendallville anticipates correction to occur by March 1, 2017.

FINDING 2014-002

Contact Person Responsible for Corrective Action: Sheryl Hanes
Contact Phone Number: (260) 347-7025

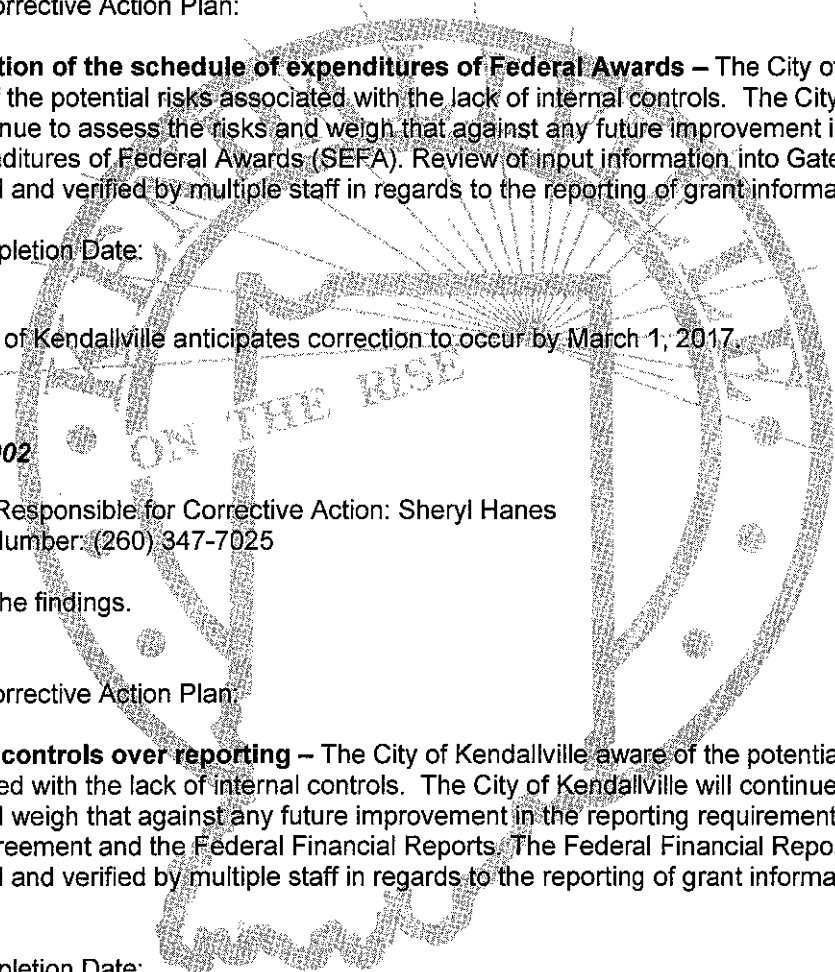
We concur with the findings.

Description of Corrective Action Plan:

1. **Internal controls over reporting** – The City of Kendallville aware of the potential risks associated with the lack of internal controls. The City of Kendallville will continue to assess the risks and weigh that against any future improvement in the reporting requirements related to the grant agreement and the Federal Financial Reports. The Federal Financial Reports will be reviewed and verified by multiple staff in regards to the reporting of grant information.

Anticipated Completion Date:

The City of Kendallville anticipates correction to occur by March 1, 2017.


Sheryl Hanes Clerk-Treasurer
(Title)

02/22/2017
(Date)

OTHER REPORTS

In addition to this report, other reports may have been issued for the City. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.