

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

ANNUAL FINANCIAL REPORT

2010

CITY OF ELKHART

ELKHART COUNTY, INDIANA



FILED
05/12/2011

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	5-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis	7
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds	8
Proprietary Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Proprietary Funds.....	9
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds	10
Notes to Financial Statements	11-20
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	21-41
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Pension Trust Funds	42
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Private-Purpose Trust Funds	43
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Agency Funds.....	44-45
Schedule of Capital Assets.....	46
Schedule of Long-Term Debt	47
Other Report	48
Audit Result and Comment:	
Public Purchase Law	49
Supplemental Audit of Federal Awards:	
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.....	52-53
Schedule of Expenditures of Federal Awards	54-55
Notes to Schedule of Expenditures of Federal Awards.....	56
Schedule of Findings and Questioned Costs	57-59
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings	60
Corrective Action Plan.....	61
Exit Conference.....	62

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Stephen J. Malone	01-01-10 to 12-31-11
Mayor	Dick Moore	01-01-08 to 12-31-11
President of the Board of Public Works	Michael Machlan	01-01-10 to 12-31-11
President of the Common Council	Dave Osborne Brent Curry	01-01-10 to 12-31-10 01-01-11 to 12-31-11



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

TO: THE OFFICIALS OF THE CITY OF ELKHART, ELKHART COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Elkhart (City), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the City prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2010, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated March 31, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. 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,

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

and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Included in the financial statements are the receipts and disbursements activity from emergency telephone system fees (IC 36-8-16) and enhanced wireless emergency telephone fees (IC 36-8-16.5). In accordance with IC 36-8-16-14 and IC 36-8-16.5-41 these fees have been subject to an annual audit performed by the State Board of Accounts and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The City has not presented Management's Discussion and Analysis, Schedules of Funding Progress, Schedule of Contributions From the Employer and Other Contributing Entities, or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The 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 basic financial statements and, accordingly, we express no opinion on them.

The City's response to the Audit Result and Comment identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the City's response and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

March 31, 2011



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

TO: THE OFFICIALS OF THE CITY OF ELKHART, ELKHART COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Elkhart (City), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are 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.

The City's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response and Corrective Action Plan. We did not audit the City's response and, accordingly, we express no opinion on it.

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

March 31, 2011

CITY OF ELKHART
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2010

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 30,934,233	\$ 2,223,856	\$ 1,412,532	\$ -	\$ (27,297,845)	\$ -	\$ (27,297,845)
Public safety	19,887,395	572,824	-	-	(19,314,571)	-	(19,314,571)
Highways and streets	4,936,195	80,915	1,691,092	500,400	(2,663,788)	-	(2,663,788)
Sanitation	2,199,924	1,266,648	-	-	(933,276)	-	(933,276)
Health and welfare	47,823	1,243,258	-	-	1,195,435	-	1,195,435
Economic development	1,400,569	-	-	708,009	(692,560)	-	(692,560)
Culture and recreation	1,827,154	562,194	-	-	(1,264,960)	-	(1,264,960)
Principal and interest on indebtedness	1,954,324	-	-	-	(1,954,324)	-	(1,954,324)
Total governmental activities	63,187,617	5,949,695	3,103,624	1,208,409	(52,925,889)	-	(52,925,889)
Business-type activities:							
Oak Hills Golf Course	257,114	215,292	-	-	-	(41,822)	(41,822)
Wastewater Utility	19,306,177	20,499,396	-	-	-	1,193,219	1,193,219
Water Utility	7,256,830	7,160,117	-	-	-	(96,713)	(96,713)
Total business-type activities	26,820,121	27,874,805	-	-	-	1,054,684	1,054,684
Total primary government	\$ 90,007,738	\$ 33,824,500	\$ 3,103,624	\$ 1,208,409	(52,925,889)	1,054,684	(51,871,205)
General receipts:							
Property taxes					36,392,848	-	36,392,848
Intergovernmental					17,893,767	439,501	18,333,268
Other local sources					1,743,815	12,191	1,756,006
Grants and contributions not restricted to specific programs					50,311	-	50,311
Investment earnings					140,936	31,115	172,051
Total general receipts					56,221,677	482,807	56,704,484
Change in net assets					3,295,788	1,537,491	4,833,279
Net assets - beginning					62,966,742	16,242,398	79,209,140
Net assets - ending					\$ 66,262,530	\$ 17,779,889	\$ 84,042,419
Assets							
Cash and investments					\$ 58,067,295	\$ 7,683,362	\$ 65,750,657
Restricted assets:							
Cash and investments					8,195,235	10,096,527	18,291,762
Total assets					\$ 66,262,530	\$ 17,779,889	\$ 84,042,419
Net Assets							
Restricted for:							
Public safety					\$ 210,744	\$ -	\$ 210,744
Highways and streets					6,798,846	-	6,798,846
Culture and recreation					242,583	-	242,583
Debt service					50,550	801,007	851,557
Capital outlay					892,512	-	892,512
Other purposes					-	9,295,520	9,295,520
Unrestricted					58,067,295	7,683,362	65,750,657
Total net assets					\$ 66,262,530	\$ 17,779,889	\$ 84,042,419

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

CITY OF ELKHART
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2010

	General	Other Governmental Funds	Totals
Receipts:			
Taxes	\$ 21,695,332	\$ 14,697,516	\$ 36,392,848
Licenses and permits	124,783	67,110	191,893
Intergovernmental	10,281,298	11,974,813	22,256,111
Charges for services	1,747,071	3,372,187	5,119,258
Fines and forfeits	436,760	23,823	460,583
Other	492,863	1,132,633	1,625,496
	<u>34,778,107</u>	<u>31,268,082</u>	<u>66,046,189</u>
Total receipts			
Disbursements:			
General government	13,267,097	16,481,742	29,748,839
Public safety	18,332,944	1,067,361	19,400,305
Highways and streets	282,004	4,360,484	4,642,488
Sanitation	2,199,924	-	2,199,924
Health and welfare	47,823	-	47,823
Economic development	105,816	1,109,004	1,214,820
Culture and recreation	60,000	1,753,624	1,813,624
Debt service:			
Principal	-	1,260,000	1,260,000
Interest	-	694,324	694,324
Capital outlay:			
General government	9,114	1,176,280	1,185,394
Public safety	24,336	462,754	487,090
Highways and streets	-	293,707	293,707
Economic development	-	185,749	185,749
Culture and recreation	-	13,530	13,530
	<u>34,329,058</u>	<u>28,858,559</u>	<u>63,187,617</u>
Total disbursements			
Excess of receipts over disbursements	<u>449,049</u>	<u>2,409,523</u>	<u>2,858,572</u>
Other financing sources (uses):			
Transfers in	879,967	5,363,044	6,243,011
Transfers out	(66,012)	(6,176,999)	(6,243,011)
Other receipts	56,399	380,817	437,216
	<u>870,354</u>	<u>(433,138)</u>	<u>437,216</u>
Total other financing sources (uses)			
Excess of receipts and other financing sources over disbursements and other financing uses	1,319,403	1,976,385	3,295,788
Cash and investment fund balance - beginning	<u>21,031,670</u>	<u>41,935,072</u>	<u>62,966,742</u>
Cash and investment fund balance - ending	<u>\$ 22,351,073</u>	<u>\$ 43,911,457</u>	<u>\$ 66,262,530</u>
<u>Cash and Investment Assets - Ending</u>			
Cash and investments	\$ 22,351,073	\$ 35,716,222	\$ 58,067,295
Restricted assets:			
Cash and investments	-	8,195,235	8,195,235
Total cash and investment assets - ending	<u>\$ 22,351,073</u>	<u>\$ 43,911,457</u>	<u>\$ 66,262,530</u>
<u>Cash and Investment Fund Balance - Ending</u>			
Restricted for:			
Public safety	\$ -	\$ 210,744	\$ 210,744
Highways and streets	-	6,798,846	6,798,846
Culture and recreation	-	242,583	242,583
Debt service	-	50,550	50,550
Capital outlay	-	892,512	892,512
Unrestricted	<u>22,351,073</u>	<u>35,716,222</u>	<u>58,067,295</u>
Total cash and investment fund balance - ending	<u>\$ 22,351,073</u>	<u>\$ 43,911,457</u>	<u>\$ 66,262,530</u>

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

CITY OF ELKHART
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As Of And For The Year Ended December 31, 2010

	Oak Hills Golf Course	Wastewater Utility	Water Utility	Totals
Operating receipts:				
Sales	\$ 28,880	\$ -	\$ -	\$ 28,880
Fire protection receipts	-	-	1,101,567	1,101,567
Fees	186,280	20,039,609	6,035,441	26,261,330
Penalties	-	50	-	50
Miscellaneous	132	459,737	23,109	482,978
Total operating receipts	<u>215,292</u>	<u>20,499,396</u>	<u>7,160,117</u>	<u>27,874,805</u>
Operating disbursements:				
Salaries and wages	141,551	2,321,718	1,609,898	4,073,167
Employee pensions and benefits	24,787	611,474	443,660	1,079,921
Purchased power	-	470,004	280,619	750,623
Material and supplies	62,262	788,648	536,550	1,387,460
Contractual services	-	36,269	-	36,269
Insurance claims and expense	-	289,000	163,000	452,000
Refunds	-	11,418	6,774	18,192
Equipment and capital improvements	-	12,639,766	2,793,308	15,433,074
Miscellaneous	28,514	1,872,273	1,423,021	3,323,808
Total operating disbursements	<u>257,114</u>	<u>19,040,570</u>	<u>7,256,830</u>	<u>26,554,514</u>
Excess (deficiency) of operating receipts over operating disbursements	<u>(41,822)</u>	<u>1,458,826</u>	<u>(96,713)</u>	<u>1,320,291</u>
Nonoperating receipts (disbursements):				
Intergovernmental	-	50,000	389,501	439,501
Rent	-	-	10,800	10,800
Investment income	-	18,052	13,063	31,115
Refunds	-	1,116	275	1,391
Debt service of principal	-	(235,684)	-	(235,684)
Interest disbursements	-	(29,923)	-	(29,923)
Total nonoperating receipts (disbursements)	<u>-</u>	<u>(196,439)</u>	<u>413,639</u>	<u>217,200</u>
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	<u>(41,822)</u>	<u>1,262,387</u>	<u>316,926</u>	<u>1,537,491</u>
Cash and investment fund balance - beginning	<u>92,575</u>	<u>7,698,377</u>	<u>8,451,446</u>	<u>16,242,398</u>
Cash and investment fund balance - ending	<u>\$ 50,753</u>	<u>\$ 8,960,764</u>	<u>\$ 8,768,372</u>	<u>\$ 17,779,889</u>
<u>Cash and Investment Assets - December 31</u>				
Cash and investments	\$ 50,753	\$ 2,776,508	\$ 4,856,101	\$ 7,683,362
Restricted assets:				
Cash and investments	-	6,184,256	3,912,271	10,096,527
Total cash and investment assets - December 31	<u>\$ 50,753</u>	<u>\$ 8,960,764</u>	<u>\$ 8,768,372</u>	<u>\$ 17,779,889</u>
<u>Cash and Investment Fund Balance - December 31</u>				
Restricted for:				
Debt service	\$ -	\$ 801,007	\$ -	\$ 801,007
Other purposes	-	5,383,249	3,912,271	9,295,520
Unrestricted	<u>50,753</u>	<u>2,776,508</u>	<u>4,856,101</u>	<u>7,683,362</u>
Total cash and investment fund balance - December 31	<u>\$ 50,753</u>	<u>\$ 8,960,764</u>	<u>\$ 8,768,372</u>	<u>\$ 17,779,889</u>

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

CITY OF ELKHART
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2010

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Employer	\$ 2,369	\$ -	
State	4,651,188	-	
Other	<u>-</u>	<u>8,438</u>	
Total additions	<u>4,653,557</u>	<u>8,438</u>	
Deductions:			
Benefits	375,634	-	
Refunds of contributions	4,483,787	-	
Administrative and general	<u>24,021</u>	<u>-</u>	
Total deductions	<u>4,883,442</u>	<u>-</u>	
Excess (deficiency) of total additions over total deductions	(229,885)	8,438	
Cash and investment fund balance - beginning	<u>4,767,391</u>	<u>547,103</u>	
Cash and investment fund balance - ending	<u>\$ 4,537,506</u>	<u>\$ 555,541</u>	<u>\$ 6,578,279</u>

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

CITY OF ELKHART
NOTES TO FINANCIAL STATEMENTS

I. 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 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, and urban redevelopment and housing.

The City's financial reporting entity is composed of the following:

Primary Government: City of Elkhart

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Related Organizations

The City's officials are also responsible for appointing the members of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. The City appoints the board members of the Elkhart Urban Enterprise Association and the Elkhart Housing Authority.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its cash and investments fund balances, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental fund:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

CITY OF ELKHART
NOTES TO FINANCIAL STATEMENTS
(Continued)

The City reports the following major proprietary funds:

The oak hills golf course fund accounts for the operation of the Oak Hill Golf Course.

The water utility fund accounts for the operation of the water distribution system.

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations, and collection systems.

Additionally, the City reports the following fund types:

The pension trust funds account for the activities of the 1925 police and 1937 fire pension funds, which accumulate resources for pension benefit payments.

The private-purpose trust funds report trust arrangements under which principal and income benefit the City cemeteries and for donations from private donors.

Agency funds account for assets held by the City as an agent for other governmental units and City employees.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, 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 cash and investment 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. Investment transactions are not presented on the financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the funds. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

CITY OF ELKHART
NOTES TO FINANCIAL STATEMENTS
(Continued)

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government. The City does not have any internal service funds.

When both restricted and unrestricted resources are available for use, the City's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. Cash and Investments

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

3. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the City in June and in December. 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. Taxable property is assessed at 100% 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 may become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the City on or prior to December 31 of the year collected.

4. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

5. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as a liability in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

CITY OF ELKHART
NOTES TO FINANCIAL STATEMENTS
(Continued)

6. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

CITY OF ELKHART
NOTES TO FINANCIAL STATEMENTS
(Continued)

4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

Government-Wide Financial Statements

Interfund activity, if any, is eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

G. Rounding Differences

The financial statements may contain immaterial differences due to rounding of amounts when the statements were compiled. These differences are considered trivial and do not affect the overall presentation of the financial statements.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the City submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. Prior to November 1, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the City receives approval of the Indiana Department of Local Government Finance.

The City's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Cash and Investment Balance Deficits

At December 31, 2010, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

CITY OF ELKHART
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund	2010
Community Development Block Grant	\$ 4,090
Neighborhood Stabilization Program	161,659

The deficit cash and investments for these funds are due to the nature of reimbursements grants, where funds are spent and later reimbursed.

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The City does not have a deposit policy for custodial credit risk. At December 31, 2010, the City had deposit balances in the amount of \$95,638,689 that were collateralized with securities held by the pledging financial institutions.

The remaining bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2010, were as follows:

Transfer From	Transfer To	2010
General Fund	Other Governmental Funds	\$ 879,967
Other Governmental Funds	General Fund	66,012
Other Governmental Funds	Other Governmental Funds	5,297,032
Total		\$ 6,243,011

The City typically uses transfers for cash flow purposes as provided by various statutory provisions.

IV. Other Information

A. Risk Management

The City is 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; and natural disasters.

CITY OF ELKHART
NOTES TO FINANCIAL STATEMENTS
(Continued)

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Subsequent Events

On January 24, 2011, the Common Council authorized the Elkhart Redevelopment Commission to issue a short term note not to exceed \$850,000 to finance all expenses reasonably incurred in connection with the Lusher Avenue streetscape improvement project. The short-term loan will be repaid with current and future tax increment deposits.

C. Conduit Debt Obligation

The City has issued conduit debt (no commitment debt) to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying notes to the financial statements.

As of December 31, 2010, the aggregate principal amount payable for series issued on or after July 1, 1995, was \$21,105,000. The aggregate principal amount payable for series issued prior to July 1, 1995, could not be determined; however, their original issue amounts totaled \$57,905,205.

D. Rate Structure – Enterprise Funds

Water Utility

The current water rate structure was approved by the Indiana Utility Regulatory Commission on July 18, 2007. An amendment to Appendix B – The Schedule of Nonrecurring Charges was approved by the Indiana Utility Regulatory Commission on March 5, 2008.

Wastewater Utility

The current wastewater rate structure was approved by the City Council on December 22, 2004, and amended on July 24, 2009, with an effective date of January 1, 2010.

The current storm water rate structure was approved by the City Council on February 5, 2007.

E. Advance Refunding

In prior years, the City Utilities defeased certain revenue and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments of the old bonds. Accordingly, the trust accounts and liability for the defeased bonds are not included in the financial statements. The following outstanding bonds, at December 31, 2010, were considered defeased:

CITY OF ELKHART
NOTES TO FINANCIAL STATEMENTS
(Continued)

	<u>Amount</u>
Water Utility	\$ 3,545,000

F. Postemployment Benefits

In addition to the pension benefits described below, the City provides postemployment health insurance benefits, as authorized by Indiana Code 5-10-8, to eligible employees. The retirees pay 100% of the premium, relative to health insurance postemployment benefits.

G. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plans

a. Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), 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 the 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 member's contributions, set by state statute at 3% 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. The 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 for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the City during the period were \$964,383.

CITY OF ELKHART
NOTES TO FINANCIAL STATEMENTS
(Continued)

b. 1925 Police Officers' Pension Plan and 1937 Firefighters' Pension Plan

Plan Description

The City contributes to the 1925 Police Officers' Pension Plan, which 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 IC 5-10.3-11. The State of Indiana has contributed \$1,912,025 on behalf of the City. On behalf contributions from the State of Indiana approximates the amount paid out for benefits.

c. 1937 Firefighters' Pension Plan

Plan Description

The City contributes to the 1937 Firefighters' Pension Plan, which 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 IC 5-10.3-11. The State of Indiana has contributed \$2,741,532 on behalf of the City. On behalf contributions from the State of Indiana approximates the amount paid out for benefits.

CITY OF ELKHART
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The City contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, 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 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. 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. The City's contributions to the plan during the period were \$2,202,114.

CITY OF ELKHART
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2010

	Motor Vehicle Highway	Local Road And Street	Cemetery	Aviation	Park Program	Probation User Fees	Parking Enforcement
Receipts:							
Taxes	\$ 2,383,661	\$ -	\$ 135,592	\$ 740,841	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	1,547,199	500,400	7,794	44,520	-	-	-
Charges for services	8,280	-	239,363	202,905	319,261	259,286	-
Fines and forfeits	-	-	-	-	-	-	9,502
Other	2,583	-	48	(1,069)	53	-	-
Total receipts	3,941,723	500,400	382,797	987,197	319,314	259,286	9,502
Disbursements:							
General government	-	-	389,363	748,475	-	-	-
Public safety	-	-	-	-	-	315,044	-
Highways and streets	3,395,149	420,065	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	243,431	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	2,754	-
Highways and streets	5,000	288,707	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	3,400,149	708,772	389,363	748,475	243,431	317,798	-
Excess (deficiency) of receipts over disbursements	541,574	(208,372)	(6,566)	238,722	75,883	(58,512)	9,502
Other financing sources (uses):							
Transfers in	-	162,426	-	-	1,756	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	(4,140)	-	-	-	-	-	-
Total other financing sources (uses)	(4,140)	162,426	-	-	1,756	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	537,434	(45,946)	(6,566)	238,722	77,639	(58,512)	9,502
Cash and investment fund balance - beginning	313,039	351,234	311,047	367,985	164,944	622,407	62,443
Cash and investment fund balance - ending	<u>\$ 850,473</u>	<u>\$ 305,288</u>	<u>\$ 304,481</u>	<u>\$ 606,707</u>	<u>\$ 242,583</u>	<u>\$ 563,895</u>	<u>\$ 71,945</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 850,473	\$ -	\$ 304,481	\$ 606,707	\$ -	\$ 563,895	\$ 71,945
Restricted assets:							
Cash and investments	-	305,288	-	-	242,583	-	-
Total cash and investment assets - ending	<u>\$ 850,473</u>	<u>\$ 305,288</u>	<u>\$ 304,481</u>	<u>\$ 606,707</u>	<u>\$ 242,583</u>	<u>\$ 563,895</u>	<u>\$ 71,945</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	305,288	-	-	-	-	-
Culture and recreation	-	-	-	-	242,583	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	850,473	-	304,481	606,707	-	563,895	71,945
Total cash and investment fund balance - ending	<u>\$ 850,473</u>	<u>\$ 305,288</u>	<u>\$ 304,481</u>	<u>\$ 606,707</u>	<u>\$ 242,583</u>	<u>\$ 563,895</u>	<u>\$ 71,945</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2010
 (Continued)

	Federal Grant Human Relations	Community Development	Law Enforcement Continuing Ed	Unsafe Building	Riverboat Gaming	State Grant	E-911
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	30,920	708,009	-	-	324,629	-	98,972
Charges for services	-	-	81,749	96,266	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	26,800	-	-	-
Total receipts	30,920	708,009	81,749	123,066	324,629	-	98,972
Disbursements:							
General government	21,938	-	-	-	191,015	-	-
Public safety	-	-	43,988	47,790	-	-	118,500
Highways and streets	-	-	-	-	-	-	-
Economic development	-	749,216	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	151	-	-	-	58,290	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	22,089	749,216	43,988	47,790	249,305	-	118,500
Excess (deficiency) of receipts over disbursements	8,831	(41,207)	37,761	75,276	75,324	-	(19,528)
Other financing sources (uses):							
Transfers in	-	53,425	-	-	-	-	-
Transfers out	-	(180)	-	-	-	-	-
Other receipts	-	14,982	220	-	-	-	-
Total other financing sources (uses)	-	68,227	220	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	8,831	27,020	37,981	75,276	75,324	-	(19,528)
Cash and investment fund balance - beginning	46,337	(31,110)	180,173	69,986	583,109	61,013	230,272
Cash and investment fund balance - ending	\$ 55,168	\$ (4,090)	\$ 218,154	\$ 145,262	\$ 658,433	\$ 61,013	\$ 210,744
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 55,168	\$ (4,090)	\$ 218,154	\$ 145,262	\$ 658,433	\$ 61,013	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	210,744
Total cash and investment assets - ending	\$ 55,168	\$ (4,090)	\$ 218,154	\$ 145,262	\$ 658,433	\$ 61,013	\$ 210,744
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 210,744
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	55,168	(4,090)	218,154	145,262	658,433	61,013	-
Total cash and investment fund balance - ending	\$ 55,168	\$ (4,090)	\$ 218,154	\$ 145,262	\$ 658,433	\$ 61,013	\$ 210,744

CITY OF ELKHART
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2010
 (Continued)

	Park And Recreation	Central Garage	Rainy Day	Park Grants	Levy Excess	Major Moves Construction	Theft Program
Receipts:							
Taxes	\$ 784,073	\$ 1,387,358	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	47,474	80,150	695,448	-	91,455	-	-
Charges for services	224,963	-	263,197	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	10,985
Other	10,771	3,968	2,860	-	-	22,079	-
Total receipts	1,067,281	1,471,476	961,505	-	91,455	22,079	10,985
Disbursements:							
General government	-	1,279,272	-	-	-	-	-
Public safety	-	-	-	-	-	-	9,098
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	1,172,955	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	13,530	-	-	-	-	-	-
Total disbursements	1,186,485	1,279,272	-	-	-	-	9,098
Excess (deficiency) of receipts over disbursements	(119,204)	192,204	961,505	-	91,455	22,079	1,887
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(2,200,000)	-
Other receipts	15,446	39	-	-	-	-	-
Total other financing sources (uses)	15,446	39	-	-	-	(2,200,000)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(103,758)	192,243	961,505	-	91,455	(2,177,921)	1,887
Cash and investment fund balance - beginning	626,602	130,215	3,543,614	3,634	-	8,671,479	117,271
Cash and investment fund balance - ending	<u>\$ 522,844</u>	<u>\$ 322,458</u>	<u>\$ 4,505,119</u>	<u>\$ 3,634</u>	<u>\$ 91,455</u>	<u>\$ 6,493,558</u>	<u>\$ 119,158</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 522,844	\$ 322,458	\$ 4,505,119	\$ 3,634	\$ 91,455	\$ -	\$ 119,158
Restricted assets:							
Cash and investments	-	-	-	-	-	6,493,558	-
Total cash and investment assets - ending	<u>\$ 522,844</u>	<u>\$ 322,458</u>	<u>\$ 4,505,119</u>	<u>\$ 3,634</u>	<u>\$ 91,455</u>	<u>\$ 6,493,558</u>	<u>\$ 119,158</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	6,493,558	-
Culture and recreation	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	522,844	322,458	4,505,119	3,634	91,455	-	119,158
Total cash and investment fund balance - ending	<u>\$ 522,844</u>	<u>\$ 322,458</u>	<u>\$ 4,505,119</u>	<u>\$ 3,634</u>	<u>\$ 91,455</u>	<u>\$ 6,493,558</u>	<u>\$ 119,158</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2010
 (Continued)

	Stu Statler Crime Fund	Record Perpetuation	High Dive Park Grant	Tax Abatement	Drunk Driving Grant	CSBG Community Service Block Grant	Environmental Center
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	26,815	-	-	-	-	-	-
Intergovernmental	-	-	-	-	65,111	170,461	-
Charges for services	-	49,524	-	-	-	-	-
Fines and forfeits	160	-	-	-	-	-	-
Other	5,493	-	-	68,987	-	-	-
Total receipts	32,468	49,524	-	68,987	65,111	170,461	-
Disbursements:							
General government	50	46,706	356	19,685	-	168,725	114,551
Public safety	-	-	-	-	55,266	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	55,789	1,386	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	55,839	48,092	356	19,685	55,266	168,725	114,551
Excess (deficiency) of receipts over disbursements	(23,371)	1,432	(356)	49,302	9,845	1,736	(114,551)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	36,128
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	1,151
Total other financing sources (uses)	-	-	-	-	-	-	37,279
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(23,371)	1,432	(356)	49,302	9,845	1,736	(77,272)
Cash and investment fund balance - beginning	72,058	99,135	20,000	38,632	(9,225)	-	150,985
Cash and investment fund balance - ending	<u>\$ 48,687</u>	<u>\$ 100,567</u>	<u>\$ 19,644</u>	<u>\$ 87,934</u>	<u>\$ 620</u>	<u>\$ 1,736</u>	<u>\$ 73,713</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 48,687	\$ 100,567	\$ 19,644	\$ 87,934	\$ 620	\$ 1,736	\$ 73,713
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 48,687	\$ 100,567	\$ 19,644	\$ 87,934	\$ 620	\$ 1,736	\$ 73,713
Cash and Investment Fund Balance - Ending							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	48,687	100,567	19,644	87,934	620	1,736	73,713
Total cash and investment fund balance - ending	\$ 48,687	\$ 100,567	\$ 19,644	\$ 87,934	\$ 620	\$ 1,736	\$ 73,713

CITY OF ELKHART
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2010
 (Continued)

	Greater Elkhart	License Examination	Mausoleum Operating	NYCRR Museum	Sidewalk Improvement	Washington Gardens	Elco
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	4,210	-	-	-	-	-
Intergovernmental	-	-	-	-	-	34,790	-
Charges for services	1,113,763	-	21,599	17,289	5,819	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	17,248	-	-	24,618
Total receipts	1,113,763	4,210	21,599	34,537	5,819	34,790	24,618
Disbursements:							
General government	209,297	2,130	65,941	-	-	-	-
Public safety	-	-	-	-	82,781	40,685	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	99,581	-	-	221,760
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	125,000	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	334,297	2,130	65,941	99,581	82,781	40,685	221,760
Excess (deficiency) of receipts over disbursements	779,466	2,080	(44,342)	(65,044)	(76,962)	(5,895)	(197,142)
Other financing sources (uses):							
Transfers in	-	-	-	60,000	78,000	-	239,069
Transfers out	(671,911)	-	-	-	-	-	-
Other receipts	-	-	-	2,970	-	-	-
Total other financing sources (uses)	(671,911)	-	-	62,970	78,000	-	239,069
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	107,555	2,080	(44,342)	(2,074)	1,038	(5,895)	41,927
Cash and investment fund balance - beginning	2,020,738	19,119	165,152	88,260	111,404	18,683	314,641
Cash and investment fund balance - ending	<u>\$2,128,293</u>	<u>\$ 21,199</u>	<u>\$ 120,810</u>	<u>\$ 86,186</u>	<u>\$ 112,442</u>	<u>\$ 12,788</u>	<u>\$ 356,568</u>
Cash and Investment Assets - Ending							
Cash and investments	\$2,128,293	\$ 21,199	\$ 120,810	\$ 86,186	\$ 112,442	\$ 12,788	\$ 356,568
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$2,128,293</u>	<u>\$ 21,199</u>	<u>\$ 120,810</u>	<u>\$ 86,186</u>	<u>\$ 112,442</u>	<u>\$ 12,788</u>	<u>\$ 356,568</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	2,128,293	21,199	120,810	86,186	112,442	12,788	356,568
Total cash and investment fund balance - ending	<u>\$2,128,293</u>	<u>\$ 21,199</u>	<u>\$ 120,810</u>	<u>\$ 86,186</u>	<u>\$ 112,442</u>	<u>\$ 12,788</u>	<u>\$ 356,568</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2010
 (Continued)

	Redevelopment	Umpta	Tolson Drug Elimination	Energy Efficiency Block Grant	IDEM Grant St. Joe River	Wheel Tax	CD Rehab
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	89,561	-	-	306,175	-	1,049,707	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	5
Total receipts	89,561	-	-	306,175	-	1,049,707	5
Disbursements:							
General government	-	75,000	-	-	-	1,049,988	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	98,936	-	-	-	-	-	26,633
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	729	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	99,665	75,000	-	-	-	1,049,988	26,633
Excess (deficiency) of receipts over disbursements	(10,104)	(75,000)	-	306,175	-	(281)	(26,628)
Other financing sources (uses):							
Transfers in	-	75,000	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(53,425)
Other receipts	2,001	-	-	-	-	-	38,475
Total other financing sources (uses)	2,001	75,000	-	-	-	-	(14,950)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(8,103)	-	-	306,175	-	(281)	(41,578)
Cash and investment fund balance - beginning	157,367	12,917	35	-	17,292	386,617	75,967
Cash and investment fund balance - ending	\$ 149,264	\$ 12,917	\$ 35	\$ 306,175	\$ 17,292	\$ 386,336	\$ 34,389
Cash and Investment Assets - Ending							
Cash and investments	\$ 149,264	\$ 12,917	\$ 35	\$ 306,175	\$ 17,292	\$ 386,336	\$ 34,389
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 149,264	\$ 12,917	\$ 35	\$ 306,175	\$ 17,292	\$ 386,336	\$ 34,389
Cash and Investment Fund Balance - Ending							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	149,264	12,917	35	306,175	17,292	386,336	34,389
Total cash and investment fund balance - ending	\$ 149,264	\$ 12,917	\$ 35	\$ 306,175	\$ 17,292	\$ 386,336	\$ 34,389

CITY OF ELKHART
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2010
 (Continued)

	CD Business Loan Grant	DEA Asset Sharing	Noise Ordinance	Curb And Gutter Construction	Elco Capital	TIF Reserve	TIF Pierre Moran Allocation
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 345,622
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	23,593	-	-	-	-	-
Charges for services	-	-	195,795	9,250	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	5	-	-	-	-	-	-
Total receipts	5	23,593	195,795	9,250	-	-	345,622
Disbursements:							
General government	-	-	-	7,000	-	-	-
Public safety	-	44,850	5,178	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	112,697	-	-	-	-	-	1,257
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	210,000	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	112,697	44,850	215,178	7,000	-	-	1,257
Excess (deficiency) of receipts over disbursements	(112,692)	(21,257)	(19,383)	2,250	-	-	344,365
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	49,019	-	-	-	-	-	-
Total other financing sources (uses)	49,019	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(63,673)	(21,257)	(19,383)	2,250	-	-	344,365
Cash and investment fund balance - beginning	262,182	38,433	114,290	35,965	111,107	503,500	202,291
Cash and investment fund balance - ending	<u>\$ 198,509</u>	<u>\$ 17,176</u>	<u>\$ 94,907</u>	<u>\$ 38,215</u>	<u>\$ 111,107</u>	<u>\$ 503,500</u>	<u>\$ 546,656</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 198,509	\$ 17,176	\$ 94,907	\$ 38,215	\$ 111,107	\$ 503,500	\$ 546,656
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 198,509</u>	<u>\$ 17,176</u>	<u>\$ 94,907</u>	<u>\$ 38,215</u>	<u>\$ 111,107</u>	<u>\$ 503,500</u>	<u>\$ 546,656</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	198,509	17,176	94,907	38,215	111,107	503,500	546,656
Total cash and investment fund balance - ending	<u>\$ 198,509</u>	<u>\$ 17,176</u>	<u>\$ 94,907</u>	<u>\$ 38,215</u>	<u>\$ 111,107</u>	<u>\$ 503,500</u>	<u>\$ 546,656</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2010
 (Continued)

	TIF Sw Allocation	TIF Aeroplex Allocation	TIF Sterling Allocation	TIF Cassopolis Allocation	Aviation Insurance Settlement	Insurance Fire Department	Insurance Police Dept
Receipts:							
Taxes	\$ 901,117	\$ 292,506	\$ 51,616	\$ 1,790,438	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	-	60	-	11,856
Total receipts	901,117	292,506	51,616	1,790,438	60	-	11,856
Disbursements:							
General government	-	-	-	-	885	-	-
Public safety	-	-	-	-	-	-	322
Highways and streets	-	-	-	-	-	-	-
Economic development	1,022	787	2,179	116,277	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	1,022	787	2,179	116,277	885	-	322
Excess (deficiency) of receipts over disbursements	900,095	291,719	49,437	1,674,161	(825)	-	11,534
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	(1,300,000)	-	-	-
Other receipts	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(1,300,000)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	900,095	291,719	49,437	374,161	(825)	-	11,534
Cash and investment fund balance - beginning	858,095	117,921	16,564	598,131	19,260	29,966	190
Cash and investment fund balance - ending	\$ 1,758,190	\$ 409,640	\$ 66,001	\$ 972,292	\$ 18,435	\$ 29,966	\$ 11,724
Cash and Investment Assets - Ending							
Cash and investments	\$ 1,758,190	\$ 409,640	\$ 66,001	\$ 972,292	\$ 18,435	\$ 29,966	\$ 11,724
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 1,758,190	\$ 409,640	\$ 66,001	\$ 972,292	\$ 18,435	\$ 29,966	\$ 11,724
Cash and Investment Fund Balance - Ending							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	1,758,190	409,640	66,001	972,292	18,435	29,966	11,724
Total cash and investment fund balance - ending	\$ 1,758,190	\$ 409,640	\$ 66,001	\$ 972,292	\$ 18,435	\$ 29,966	\$ 11,724

CITY OF ELKHART
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2010
 (Continued)

	Insurance Public Works	Insurance Street Dept	Insurance Cemetery	Insurance Park And Recreation	Insurance NYCRR Museum	Insurance Oak Hills	Insurance Central Garage
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	9,379	11,279	-	290	-	-	-
Total receipts	9,379	11,279	-	290	-	-	-
Disbursements:							
General government	2,887	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	2,438	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	2,887	-	-	2,438	-	-	-
Excess (deficiency) of receipts over disbursements	6,492	11,279	-	(2,148)	-	-	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,492	11,279	-	(2,148)	-	-	-
Cash and investment fund balance - beginning	43,353	51	100	20,149	61	490	4,126
Cash and investment fund balance - ending	<u>\$ 49,845</u>	<u>\$ 11,330</u>	<u>\$ 100</u>	<u>\$ 18,001</u>	<u>\$ 61</u>	<u>\$ 490</u>	<u>\$ 4,126</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 49,845	\$ 11,330	\$ 100	\$ 18,001	\$ 61	\$ 490	\$ 4,126
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 49,845</u>	<u>\$ 11,330</u>	<u>\$ 100</u>	<u>\$ 18,001</u>	<u>\$ 61</u>	<u>\$ 490</u>	<u>\$ 4,126</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	49,845	11,330	100	18,001	61	490	4,126
Total cash and investment fund balance - ending	<u>\$ 49,845</u>	<u>\$ 11,330</u>	<u>\$ 100</u>	<u>\$ 18,001</u>	<u>\$ 61</u>	<u>\$ 490</u>	<u>\$ 4,126</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2010
 (Continued)

	Insurance Sewer	Donation Mayors Office	Donation Mayors Food Drive	Donation Character First	Donation Spread The Warmth	Donation Safety Champions	Animal Control Ordinance
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	36,085
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	3,176
Other	-	100	1,467	-	-	-	-
Total receipts	-	100	1,467	-	-	-	39,261
Disbursements:							
General government	-	100	1,290	-	-	-	3
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	-	100	1,290	-	-	-	3
Excess (deficiency) of receipts over disbursements	-	-	177	-	-	-	39,258
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	177	-	-	-	39,258
Cash and investment fund balance - beginning	14,677	684	100	52	100	142	-
Cash and investment fund balance - ending	<u>\$ 14,677</u>	<u>\$ 684</u>	<u>\$ 277</u>	<u>\$ 52</u>	<u>\$ 100</u>	<u>\$ 142</u>	<u>\$ 39,258</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 14,677	\$ 684	\$ 277	\$ 52	\$ 100	\$ 142	\$ 39,258
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 14,677</u>	<u>\$ 684</u>	<u>\$ 277</u>	<u>\$ 52</u>	<u>\$ 100</u>	<u>\$ 142</u>	<u>\$ 39,258</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	14,677	684	277	52	100	142	39,258
Total cash and investment fund balance - ending	<u>\$ 14,677</u>	<u>\$ 684</u>	<u>\$ 277</u>	<u>\$ 52</u>	<u>\$ 100</u>	<u>\$ 142</u>	<u>\$ 39,258</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2010
 (Continued)

	Donation Bayer Corp	Donation Civil Rights	Donation Community Violence	Donation Fire Education	Donation Smoke Detectors	Donation Ambulance Escrow	Donation Survive Alive
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	125	-	-	9,760
Total receipts	-	-	-	125	-	-	9,760
Disbursements:							
General government	-	-	-	-	-	-	10,129
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-	10,129
Excess (deficiency) of receipts over disbursements	-	-	-	125	-	-	(369)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	125	-	-	(369)
Cash and investment fund balance - beginning	1,127	692	176	1,363	526	10,035	4,746
Cash and investment fund balance - ending	<u>\$ 1,127</u>	<u>\$ 692</u>	<u>\$ 176</u>	<u>\$ 1,488</u>	<u>\$ 526</u>	<u>\$ 10,035</u>	<u>\$ 4,377</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 1,127	\$ 692	\$ 176	\$ 1,488	\$ 526	\$ 10,035	\$ 4,377
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 1,127</u>	<u>\$ 692</u>	<u>\$ 176</u>	<u>\$ 1,488</u>	<u>\$ 526</u>	<u>\$ 10,035</u>	<u>\$ 4,377</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	1,127	692	176	1,488	526	10,035	4,377
Total cash and investment fund balance - ending	<u>\$ 1,127</u>	<u>\$ 692</u>	<u>\$ 176</u>	<u>\$ 1,488</u>	<u>\$ 526</u>	<u>\$ 10,035</u>	<u>\$ 4,377</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2010
 (Continued)

	Donation Historical Preservation	Donation Building	Donation Downtown	Donation Riverwalk	Donation Police Comm	Donation Police Dare
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	1,796	-	-	5,765
Total receipts	-	-	1,796	-	-	5,765
Disbursements:						
General government	88	-	2,096	36,391	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	88	-	2,096	36,391	-	-
Excess (deficiency) of receipts over disbursements	(88)	-	(300)	(36,391)	-	5,765
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(88)	-	(300)	(36,391)	-	5,765
Cash and investment fund balance - beginning	11,924	251	1,503	163,236	567	-
Cash and investment fund balance - ending	<u>\$ 11,836</u>	<u>\$ 251</u>	<u>\$ 1,203</u>	<u>\$ 126,845</u>	<u>\$ 567</u>	<u>\$ 5,765</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 11,836	\$ 251	\$ 1,203	\$ 126,845	\$ 567	\$ 5,765
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 11,836</u>	<u>\$ 251</u>	<u>\$ 1,203</u>	<u>\$ 126,845</u>	<u>\$ 567</u>	<u>\$ 5,765</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	11,836	251	1,203	126,845	567	5,765
Total cash and investment fund balance - ending	<u>\$ 11,836</u>	<u>\$ 251</u>	<u>\$ 1,203</u>	<u>\$ 126,845</u>	<u>\$ 567</u>	<u>\$ 5,765</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2010
 (Continued)

	Donation Police Misc	Donations Intersections	Donation Beardsley Memorial	Lerner Concessions	Donation Comm Center	Donation EMS
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	681	-	-
Fines and forfeits	-	-	-	-	-	-
Other	20,838	-	-	-	-	-
Total receipts	20,838	-	-	681	-	-
Disbursements:						
General government	29,902	-	-	-	144	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	29,902	-	-	-	144	-
Excess (deficiency) of receipts over disbursements	(9,064)	-	-	681	(144)	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9,064)	-	-	681	(144)	-
Cash and investment fund balance - beginning	17,706	650	4,537	-	176	1,783
Cash and investment fund balance - ending	<u>\$ 8,642</u>	<u>\$ 650</u>	<u>\$ 4,537</u>	<u>\$ 681</u>	<u>\$ 32</u>	<u>\$ 1,783</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 8,642	\$ 650	\$ 4,537	\$ 681	\$ 32	\$ 1,783
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 8,642</u>	<u>\$ 650</u>	<u>\$ 4,537</u>	<u>\$ 681</u>	<u>\$ 32</u>	<u>\$ 1,783</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	8,642	650	4,537	681	32	1,783
Total cash and investment fund balance - ending	<u>\$ 8,642</u>	<u>\$ 650</u>	<u>\$ 4,537</u>	<u>\$ 681</u>	<u>\$ 32</u>	<u>\$ 1,783</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2010
 (Continued)

	Donation Tree Planting	Donation Cemetery	Donation Park And Recreation	Donation Elco	Donation Agenda 2010	Donation St. Joe River
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	125	-	16,142	18,321	-	-
Total receipts	125	-	16,142	18,321	-	-
Disbursements:						
General government	120	-	13,222	20,699	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	120	-	13,222	20,699	-	-
Excess (deficiency) of receipts over disbursements	5	-	2,920	(2,378)	-	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(1,756)	-	-	(2,987)
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(1,756)	-	-	(2,987)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5	-	1,164	(2,378)	-	(2,987)
Cash and investment fund balance - beginning	255	42,517	45,763	35,026	171	2,987
Cash and investment fund balance - ending	<u>\$ 260</u>	<u>\$ 42,517</u>	<u>\$ 46,927</u>	<u>\$ 32,648</u>	<u>\$ 171</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 260	\$ 42,517	\$ 46,927	\$ 32,648	\$ 171	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 260</u>	<u>\$ 42,517</u>	<u>\$ 46,927</u>	<u>\$ 32,648</u>	<u>\$ 171</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	260	42,517	46,927	32,648	171	-
Total cash and investment fund balance - ending	<u>\$ 260</u>	<u>\$ 42,517</u>	<u>\$ 46,927</u>	<u>\$ 32,648</u>	<u>\$ 171</u>	<u>\$ -</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2010
 (Continued)

	Donation Eco Summit	Donation Summer Camp	Donation Bike Corps	Donation Enviro Days Of Service	Build Indiana- Scholarship	Donation Enviro Gardens
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	(29)	(2,993)	(636)	(1,868)	-	(763)
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	(29)	(2,993)	(636)	(1,868)	-	(763)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(29)	(2,993)	(636)	(1,868)	-	(763)
Cash and investment fund balance - beginning	29	2,993	636	1,868	2,179	763
Cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ 2,179	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 2,179	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ -	\$ -	\$ 2,179	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	-	-	2,179	-
Total cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ 2,179	\$ -

CITY OF ELKHART
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2010
 (Continued)

	Donation Enviro Education	Donation Dess Donation	Donation Botanical Gardens	Donation Public Works	Neighborhood Stabilization Program	CDBG-R
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	666,406	110,644
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	7,332	-	-	60,000	-	-
Total receipts	7,332	-	-	60,000	666,406	110,644
Disbursements:						
General government	2,526	-	-	60,175	827,846	109,847
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	2,526	-	-	60,175	827,846	109,847
Excess (deficiency) of receipts over disbursements	4,806	-	-	(175)	(161,440)	797
Other financing sources (uses):						
Transfers in	12,073	-	-	-	-	9,748
Transfers out	-	-	-	-	(9,568)	-
Other receipts	-	-	-	-	260	-
Total other financing sources (uses)	12,073	-	-	-	(9,308)	9,748
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	16,879	-	-	(175)	(170,748)	10,545
Cash and investment fund balance - beginning	8,708	597	119	4,336	9,087	(9,687)
Cash and investment fund balance - ending	<u>\$ 25,587</u>	<u>\$ 597</u>	<u>\$ 119</u>	<u>\$ 4,161</u>	<u>\$ (161,661)</u>	<u>\$ 858</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 25,587	\$ 597	\$ 119	\$ 4,161	\$ (161,661)	\$ 858
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 25,587</u>	<u>\$ 597</u>	<u>\$ 119</u>	<u>\$ 4,161</u>	<u>\$ (161,661)</u>	<u>\$ 858</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	25,587	597	119	4,161	(161,661)	858
Total cash and investment fund balance - ending	<u>\$ 25,587</u>	<u>\$ 597</u>	<u>\$ 119</u>	<u>\$ 4,161</u>	<u>\$ (161,661)</u>	<u>\$ 858</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2010
 (Continued)

	G.O. Bond 06 Allocation	Park District Bond	Park Bond 05 Allocation	TIF Downtown Allocation	Park Bond Anticipation Notes	Cumulative Capital Development
Receipts:						
Taxes	\$ 259,393	\$ 442,147	\$ 585,599	\$ 3,587,493	\$ -	\$ 768,353
Licenses and permits	-	-	-	-	-	-
Intergovernmental	15,588	30,367	34,614	-	-	46,174
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	28,549	3,042	-
Total receipts	274,981	472,514	620,213	3,616,042	3,042	814,527
Disbursements:						
General government	300	-	-	81,738	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	355,000	485,000	40,000	380,000	-	-
Interest	6,923	29,000	335,707	322,694	-	-
Capital outlay:						
General government	-	-	-	-	-	339,559
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	362,223	514,000	375,707	784,432	-	339,559
Excess (deficiency) of receipts over disbursements	(87,242)	(41,486)	244,506	2,831,610	3,042	474,968
Other financing sources (uses):						
Transfers in	86,249	41,486	-	-	-	-
Transfers out	-	-	-	(800,000)	-	(510,729)
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	86,249	41,486	-	(800,000)	-	(510,729)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(993)	-	244,506	2,031,610	3,042	(35,761)
Cash and investment fund balance - beginning	993	-	-	501,404	47,508	689,082
Cash and investment fund balance - ending	\$ -	\$ -	\$ 244,506	\$ 2,533,014	\$ 50,550	\$ 653,321
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 244,506	\$ 2,533,014	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	50,550	653,321
Total cash and investment assets - ending	\$ -	\$ -	\$ 244,506	\$ 2,533,014	\$ 50,550	\$ 653,321
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	50,550	-
Capital outlay	-	-	-	-	-	653,321
Unrestricted	-	-	244,506	2,533,014	-	-
Total cash and investment fund balance - ending	\$ -	\$ -	\$ 244,506	\$ 2,533,014	\$ 50,550	\$ 653,321

CITY OF ELKHART
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2010
 (Continued)

	Park Bond 05 Capital	Cumulative Capital Fire	Cumulative Capital Sewer	Cumulative Capital Improvement	G.O. Bond 06 Capital	Park Bond 2009 Capital
Receipts:						
Taxes	\$ -	\$ 55,023	\$ 186,684	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	3,307	11,218	151,885	-	-
Charges for services	-	263,197	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	17	-	-	-	230	16,000
Total receipts	17	321,527	197,902	151,885	230	16,000
Disbursements:						
General government	-	-	-	23,663	18,871	7,498,473
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	13,459	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	185,020	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	13,459	-	185,020	23,663	18,871	7,498,473
Excess (deficiency) of receipts over disbursements	(13,442)	321,527	12,882	128,222	(18,641)	(7,482,473)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	(5,683)	-	-	(78,000)	(86,249)	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	(5,683)	-	-	(78,000)	(86,249)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(19,125)	321,527	12,882	50,222	(104,890)	(7,482,473)
Cash and investment fund balance - beginning	19,125	674,895	617,989	144,491	149,368	8,767,432
Cash and investment fund balance - ending	\$ -	\$ 996,422	\$ 630,871	\$ 194,713	\$ 44,478	\$ 1,284,959
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 996,422	\$ 630,871	\$ -	\$ -	\$ 1,284,959
Restricted assets:						
Cash and investments	-	-	-	194,713	44,478	-
Total cash and investment assets - ending	\$ -	\$ 996,422	\$ 630,871	\$ 194,713	\$ 44,478	\$ 1,284,959
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	194,713	44,478	-
Unrestricted	-	996,422	630,871	-	-	1,284,959
Total cash and investment fund balance - ending	\$ -	\$ 996,422	\$ 630,871	\$ 194,713	\$ 44,478	\$ 1,284,959

CITY OF ELKHART
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2010
 (Continued)

	Park Bond 06 Capital	EDIT	Riverwalk Commons	Horizon	Aviation Federal	Downtown Development
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	2,959,788	-	-	1,115,926	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	3	-	-	-	-	-
Total receipts	3	2,959,788	-	-	1,115,926	-
Disbursements:						
General government	-	1,578,270	-	-	1,130,112	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	596,105	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	-	2,174,375	-	-	1,130,112	-
Excess (deficiency) of receipts over disbursements	3	785,413	-	-	(14,186)	-
Other financing sources (uses):						
Transfers in	-	207,684	-	-	-	-
Transfers out	(1,591)	(110,321)	-	-	-	-
Other receipts	-	260,394	-	-	-	-
Total other financing sources (uses)	(1,591)	357,757	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,588)	1,143,170	-	-	(14,186)	-
Cash and investment fund balance - beginning	1,589	5,154,534	1,760	312,546	181,272	8,177
Cash and investment fund balance - ending	<u>\$ 1</u>	<u>\$ 6,297,704</u>	<u>\$ 1,760</u>	<u>\$ 312,546</u>	<u>\$ 167,086</u>	<u>\$ 8,177</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 1	\$ 6,297,704	\$ 1,760	\$ 312,546	\$ 167,086	\$ 8,177
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 1</u>	<u>\$ 6,297,704</u>	<u>\$ 1,760</u>	<u>\$ 312,546</u>	<u>\$ 167,086</u>	<u>\$ 8,177</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	1	6,297,704	1,760	312,546	167,086	8,177
Total cash and investment fund balance - ending	<u>\$ 1</u>	<u>\$ 6,297,704</u>	<u>\$ 1,760</u>	<u>\$ 312,546</u>	<u>\$ 167,086</u>	<u>\$ 8,177</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2010
 (Continued)

	Highway Improvement	Park Capital	TIF Downtown Capital	P/W Homeland Security Grant	FEMA Grant	Bureau Of Justice Grant
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	287,138	-	-	-	359,704	265,686
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	287,138	-	-	-	359,704	265,686
Disbursements:						
General government	-	-	-	70	-	-
Public safety	-	-	-	-	303,859	-
Highways and streets	191,134	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	250,000
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	191,134	-	-	70	303,859	250,000
Excess (deficiency) of receipts over disbursements	96,004	-	-	(70)	55,845	15,686
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	(338,310)	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	(338,310)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(242,306)	-	-	(70)	55,845	15,686
Cash and investment fund balance - beginning	338,210	6,524	62,913	8,400	12,443	-
Cash and investment fund balance - ending	<u>\$ 95,904</u>	<u>\$ 6,524</u>	<u>\$ 62,913</u>	<u>\$ 8,330</u>	<u>\$ 68,288</u>	<u>\$ 15,686</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 95,904	\$ 6,524	\$ 62,913	\$ 8,330	\$ 68,288	\$ 15,686
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 95,904</u>	<u>\$ 6,524</u>	<u>\$ 62,913</u>	<u>\$ 8,330</u>	<u>\$ 68,288</u>	<u>\$ 15,686</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	95,904	6,524	62,913	8,330	68,288	15,686
Total cash and investment fund balance - ending	<u>\$ 95,904</u>	<u>\$ 6,524</u>	<u>\$ 62,913</u>	<u>\$ 8,330</u>	<u>\$ 68,288</u>	<u>\$ 15,686</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2010
 (Continued)

	RR Underpass	Cassopolis Interlocal	Build Indiana - RR Safety	Build Indiana- Elco	CR 17 Corridor	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,697,516
Licenses and permits	-	-	-	-	-	67,110
Intergovernmental	-	-	-	-	-	11,974,813
Charges for services	-	-	-	-	-	3,372,187
Fines and forfeits	-	-	-	-	-	23,823
Other	225,708	-	-	500,000	-	1,132,633
Total receipts	225,708	-	-	500,000	-	31,268,082
Disbursements:						
General government	-	-	-	642,403	-	16,481,742
Public safety	-	-	-	-	-	1,067,361
Highways and streets	354,136	-	-	-	-	4,360,484
Economic development	-	-	-	-	-	1,109,004
Culture and recreation	-	-	-	-	-	1,753,624
Debt service:						
Principal	-	-	-	-	-	1,260,000
Interest	-	-	-	-	-	694,324
Capital outlay:						
General government	-	-	-	-	-	1,176,280
Public safety	-	-	-	-	-	462,754
Highways and streets	-	-	-	-	-	293,707
Economic development	-	-	-	-	-	185,749
Culture and recreation	-	-	-	-	-	13,530
Total disbursements	354,136	-	-	642,403	-	28,858,559
Excess (deficiency) of receipts over disbursements	(128,428)	-	-	(142,403)	-	2,409,523
Other financing sources (uses):						
Transfers in	-	-	-	4,300,000	-	5,363,044
Transfers out	-	-	-	-	-	(6,176,999)
Other receipts	-	-	-	-	-	380,817
Total other financing sources (uses)	-	-	-	4,300,000	-	(433,138)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(128,428)	-	-	4,157,597	-	1,976,385
Cash and investment fund balance - beginning	266,316	4,015	50,000	362,844	4,446	41,935,072
Cash and investment fund balance - ending	<u>\$ 137,888</u>	<u>\$ 4,015</u>	<u>\$ 50,000</u>	<u>\$ 4,520,441</u>	<u>\$ 4,446</u>	<u>\$ 43,911,457</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 137,888	\$ 4,015	\$ 50,000	\$ 4,520,441	\$ 4,446	\$ 35,716,222
Restricted assets:						
Cash and investments	-	-	-	-	-	8,195,235
Total cash and investment assets - ending	<u>\$ 137,888</u>	<u>\$ 4,015</u>	<u>\$ 50,000</u>	<u>\$ 4,520,441</u>	<u>\$ 4,446</u>	<u>\$ 43,911,457</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 210,744
Highways and streets	-	-	-	-	-	6,798,846
Culture and recreation	-	-	-	-	-	242,583
Debt service	-	-	-	-	-	50,550
Capital outlay	-	-	-	-	-	892,512
Unrestricted	137,888	4,015	50,000	4,520,441	4,446	35,716,222
Total cash and investment fund balance - ending	<u>\$ 137,888</u>	<u>\$ 4,015</u>	<u>\$ 50,000</u>	<u>\$ 4,520,441</u>	<u>\$ 4,446</u>	<u>\$ 43,911,457</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2010

	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Totals</u>
Additions:			
Contributions:			
Employer	\$ 2,369	\$ -	\$ 2,369
State	<u>1,909,656</u>	<u>2,741,532</u>	<u>4,651,188</u>
Total additions	<u>1,912,025</u>	<u>2,741,532</u>	<u>4,653,557</u>
Deductions:			
Benefits	12,000	363,634	375,634
Refunds of contributions	2,058,813	2,424,974	4,483,787
Administrative and general	<u>11,718</u>	<u>12,303</u>	<u>24,021</u>
Total deductions	<u>2,082,531</u>	<u>2,800,911</u>	<u>4,883,442</u>
Deficiency of total additions over total deductions	(170,506)	(59,379)	(229,885)
Cash and investment fund balance - beginning	<u>1,901,318</u>	<u>2,866,073</u>	<u>4,767,391</u>
Cash and investment fund balance - ending	<u>\$ 1,730,812</u>	<u>\$ 2,806,694</u>	<u>\$ 4,537,506</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For The Year Ended December 31, 2010

	Cemetery Perpetual	Mausoleum Perpetual	Prairie Street Cemetery	Totals
Additions:				
Contributions:				
Other	\$ 4,380	\$ 4,058	\$ -	\$ 8,438
Excess of total additions over total deductions	4,380	4,058	-	8,438
Cash and investment fund balance - beginning	34,232	437,214	75,657	547,103
Cash and investment fund balance - ending	\$ 38,612	\$ 441,272	\$ 75,657	\$ 555,541

CITY OF ELKHART
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2010

	Pension Trust	Sales Tax	County Court Fees	City Court	Lerner Center	Flex Benefit
Additions:						
Agency fund additions	\$ 4,523,966	\$ 18,442	\$ 215,331	\$ 3,633,407	\$ 53,258	\$ 289,004
Deductions:						
Agency fund deductions	4,218,232	18,285	224,223	3,627,673	43,977	290,907
Excess (deficiency) of total additions over total deductions	305,734	157	(8,892)	5,734	9,281	(1,903)
Cash and investment fund balance - beginning	2,204,881	722	8,892	275,305	-	62,551
Cash and investment fund balance - ending	<u>\$ 2,510,615</u>	<u>\$ 879</u>	<u>\$ -</u>	<u>\$ 281,039</u>	<u>\$ 9,281</u>	<u>\$ 60,648</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2010
 (Continued)

	Group Insurance	HRA Group Insurance	Liability Insurance Trust	Fuel Hedge Fund	Totals
Additions:					
Agency fund additions	\$ 5,818,635	\$ 800,168	\$ 1,733,000	\$ 8,746	\$ 17,093,957
Deductions:					
Agency fund deductions	6,254,872	546,866	1,186,986	8,693	16,420,714
Excess (deficiency) of total additions over total deductions	(436,237)	253,302	546,014	53	673,243
Cash and investment fund balance - beginning	865,808	80,887	2,405,990	-	5,905,036
Cash and investment fund balance - ending	<u>\$ 429,571</u>	<u>\$ 334,189</u>	<u>\$ 2,952,004</u>	<u>\$ 53</u>	<u>\$ 6,578,279</u>

CITY OF ELKHART
 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.

The City has recorded infrastructure assets for the City's airport only. Infrastructure assets for all other governmental activities have not been recorded.

General infrastructure assets (those reported by business-type 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	\$ 5,313,509
Infrastructure	8,586,037
Buildings	19,008,126
Improvements other than buildings	10,663,701
Machinery and equipment	<u>22,378,781</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 65,950,154</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Oak Hills Golf Course:	
Capital assets, not being depreciated:	
Land	\$ 1,076,450
Buildings	139,862
Improvements other than buildings	159,422
Machinery and equipment	<u>247,968</u>
 Total Oak Hills Golf Course capital assets	 <u>1,623,702</u>

Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 82,718
Infrastructure	42,693,962
Buildings	19,228,467
Improvements other than buildings	6,321,178
Machinery and equipment	<u>25,587,482</u>
 Total Wastewater Utility capital assets	 <u>93,913,807</u>

Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 733,182
Infrastructure	28,011,727
Buildings	1,130,851
Improvements other than buildings	801,890
Machinery and equipment	<u>4,741,482</u>
 Total Water Utility capital assets	 <u>35,419,132</u>

Total business-type activities capital assets	<u>\$ 130,956,641</u>
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CITY OF ELKHART
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

The City of Elkhart has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
2003 Brownfield Series A	\$ 92,000	\$ 39,075
Bonds payable:		
General obligation bonds:		
2006 Park District Bonds	360,000	371,925
2009 Park District Bonds Series A	1,560,000	137,588
2009 Park District Bonds Series B	8,900,000	284,445
Tax increment bonds:		
2001 Revenue Refunding and improvement bonds	1,480,000	272,150
2002 Special Tax District Bonds	1,725,000	107,115
2004 Special Tax District Bonds	1,095,000	147,266
2006 Special Tax District Bonds	<u>2,160,000</u>	<u>104,170</u>
 Total governmental activities debt	 <u>\$ 17,372,000</u>	 <u>\$ 1,463,734</u>
 Business-type activities:		
Wastewater Utility		
Revenue bonds:		
2009 Revenue Bonds, Series A State Revolving Fund Loan	\$ 2,094,734	*
2009 Revenue Bonds, Series B State Revolving Fund Loan	6,052,683	*
2009 Revenue Bonds, Series D State Revolving Fund Loan	824,521	*
2009 Revenue Forgivable BAN	210,000	*
2010 Revenue Bonds, Series A EPA Brownfield	500,000	*
2010 Revenue Bonds, Series B EPA Brownfield	<u>750,000</u>	*
 Total business-type activities debt	 <u>\$ 10,431,938</u>	

*Repayment schedules have not been completed.

CITY OF ELKHART
OTHER REPORT

The annual report presented herein was prepared in addition to the official report prepared for the individual City office listed below:

City Clerk

CITY OF ELKHART
AUDIT RESULT AND COMMENT

PUBLIC PURCHASES LAW

On September 7, 2010, The City purchased equipment (SCBA units with face piece and voice amplification units) for the Fire Department. The original cost was \$213,395; however, evidence of bids was not presented for audit. The Board of Works did not award the purchase of the SCBA units at a public meeting in 2010. The invoice for the purchase of the SCBA units is dated August 17, 2010, and the purchase order is dated August 17, 2010. Therefore, the regular City purchasing procedures were not followed since these procedures include the issuance of a purchase order, the receiving of bids, the awarding of a bid at a Board of Works' meeting, receipt of the goods or service, and finally, payment would be made to the vendor.

The Assistance to Firefighters grant was awarded to the City to purchase, among other things, the SCBA units with face piece and voice amplification units. The SCBA units were purchased and an invoice was received from the vendor with the date of August 17, 2010, for \$213,395. A written contract for the SCBA units was not approved by the Board of Works. A purchase order was issued on August 17, 2010, to pay the invoice dated August 17, 2010. A check for \$213,395 was issued on September 16, 2010. The City's regular purchasing procedures include issuing a purchase order before the goods or services are ordered. The purchasing procedures also include the Board of Works approval of all written contracts for services before the performance of the service.

IC 5-22-7-1 states: "A purchasing agent shall follow competitive bidding procedures in awarding a contract for supplies, unless another purchasing method is required or authorized by Indiana Code 5-22."

IC 5-22-7-8 states: "A contract must be awarded with reasonable promptness by written notice to the lowest responsible and responsive bidder."

The purchasing agent shall also give notices of the invitation of bids in manner required by Indiana Code 5-3-1 [IC 5-22-7-5]. The provisions of Indiana Code 5-22-7-5 and Indiana Code 5-3-1-2 require that a notice to bidders for materials, equipment and supplies be published twice at least one (1) week apart, in two (2) newspapers. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns of Indiana, Chapter 7)

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns of Indiana, Chapter 7)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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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 ELKHART, ELKHART COUNTY, INDIANA

Compliance

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

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

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

Internal Control Over Compliance

The 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, 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)

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in a City's 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in item 2010-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider item 2010-1, to be material weaknesses.

The City's response to the findings identified in our audit is described in the accompanying Official Response and Corrective Action Plan. We did not audit the City's response and, accordingly, we express no opinion on it.

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

March 31, 2011

CITY OF ELKHART
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>			
Direct Grant			
CDBG - Entitlement and (HUD - Administered) Small Cities Cluster Community Development Block Grants/Entitlement Grants	14.218	B-09-MC-18-0015 B-10-MC-18-0015 B-08-MN-18-002	\$ 318,167 389,842 <u>589,510</u>
ARRA - Community Development Block Grants/Entitlement Grants			<u>589,510</u>
Total for Program			<u>1,297,519</u>
ARRA - Community Development Block Grant ARRA Entitlement Grants (CDBG-R) (Recovery Act Funded)	14.253	B-09-MY-1800-15	<u>110,644</u>
Total for cluster			<u>1,408,163</u>
Fair Housing Assistance Program-State and Local	14.401	FF205K095036	<u>22,089</u>
Pass-Through Elkhart Housing Authority CFP Cluster Public Housing Capital Fund	14.872	2010	<u>34,590</u>
Total for federal grantor agency			<u>1,464,842</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
Bulletproof Vest Partnership Program	16.607	FY 2009 BVP	<u>15,686</u>
Public Safety Partnership and Community Policing Grants	16.710	2010CKWX0497	<u>250,000</u>
Pass-Through Indiana Criminal Justice Institute Edward Byrne Memorial Justice Assistance Grant Program	16.738	2008-DJ-BX-0018	<u>8,271</u>
Total for federal grantor agency			<u>273,957</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Criminal Justice Institute Highway Safety Cluster Alcohol Impaired Driving Countermeasures Incentive Grants I			
	20.601	PT-10-04-04-17 PT-10-04-04-17	30,800 <u>14,800</u>
Total for cluster			<u>45,600</u>
Direct Grant Airport Improvement Program	20.106	3-18-0018-20 3-18-0018-21 3-18-0018-22 3-18-0018-23 3-18-0018-24 3-18-0018-25	10,066 55,029 3,732 101,886 22,792 <u>906,546</u>
ARRA - Airport Improvement Program			<u>906,546</u>
Total for program			<u>1,100,051</u>
Total for federal grantor agency			<u>1,145,651</u>

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

CITY OF ELKHART
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2010
(Continued)

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>ENVIRONMENTAL PROTECTION AGENCY</u>			
Direct Grant			
Brownfield Assessment and Cleanup Cooperative Agreements	66.818	BF-00E42901-G5ABOR00	<u>89,561</u>
Pass-Through Indiana Finance Authority			
Brownfield Assessment and Cleanup Cooperative Agreements	66.818	RLF SRF	625,691 25,461
ARRA - Brownfield Assessment and Cleanup Cooperative Agreements		ARRA - RLF	<u>495,718</u>
			<u>1,146,870</u>
Total for program			<u>1,236,431</u>
Pass-Through Indiana Finance Authority			
Capitalization Grants for Clean Water State Revolving Funds	66.458	WW-09302001	772,861
ARRA - Capitalization Grants for Clean Water State Revolving Funds		WW-09302001	424,214
Capitalization Grants for Clean Water State Revolving Funds		WW-09302002	<u>2,262,490</u>
Total for program			<u>3,459,565</u>
Total for federal grantor agency			<u>4,695,996</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through Real Services, Inc. CSBG Cluster			
ARRA - Community Service Block Grant	93.710	ARRA-10-20-15	<u>170,461</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct Grant			
Assistance to Firefighters Grant	97.044	EMW-2008-FP-01984 EMW-2009-FP-01816 EMW-2009-FO-09439	50,374 11,337 <u>246,181</u>
Total for program			<u>307,892</u>
Pass-Through Indiana Department of Homeland Security State Homeland Security Program (SHSP)	97.073	2008-GE-T8-0032	<u>110,394</u>
Total for federal grantor agency			<u>418,286</u>
Total federal awards expended			<u>\$ 8,169,193</u>

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

CITY OF ELKHART
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Elkhart (City) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

II. 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	Amount
Community Development Block Grants/Entitlement Grants	14.218	<u>\$ 167,146</u>

CITY OF ELKHART
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
 Material weaknesses identified? no
 Significant deficiencies identified that are not considered to be material weaknesses? none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:
 Material weaknesses identified? yes
 Significant deficiencies identified that are not considered to be material weaknesses? 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? yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
66.818	CDBG - Entitlement and (HUD-Administered) Small Cities Cluster
66.458	Brown Assessment and Cleanup Cooperative Agreements
97.044	Capitalization Grants for Clean Water State Revolving Funds Assistance to Firefighters Grant

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

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

Section III – Federal Award Findings and Questioned Costs

FINDING 2010-1, PROCUREMENT PROCESS

Federal Agency: U.S. Department of Homeland Security

Federal Program: Assistance to Firefighters

CFDA Number: 97.044

Federal Award Number and Year (or Other Identifying Number): EMW-209-FO-09439

Pass-Through Entity: Indiana Department of Homeland Security

The Assistance to Firefighters grant awarded to the City included funds to purchase equipment (SCBA units with face piece and voice amplification units). This purchase amounted to 72% of the total grant award of \$297,993. The SCBA units with face piece and voice amplification units were purchased and an invoice for \$213,365 was received from the vendor dated August 17, 2010. However, the Fire Department did not follow the City's established purchasing procedures for this purchase.

There was not a written contract approved by the Board of Works in 2010. In addition, the successful bid for the purchase was not approved by the Board of Works at a public meeting. Neither a written contract nor bids on the SCBA units were presented for audit. A purchase order was issued on August 17, 2010, and a check for \$213,395 was issued on September 7, 2010, to pay the invoice dated August 17, 2010.

The City's established purchasing procedures include issuing a purchase order prior to the goods or services being ordered and The Board of Works' awarding of bids and approving of all written contracts before the purchase of equipment and performance of the service. Indiana statutes also require the awarding of bids at a public meeting. Therefore, the required procurement procedures were not followed.

In addition, the City did not present documentation demonstrating that they determined that the vendor was not suspended or debarred. The City currently has no verification procedures to ensure that vendors paid with federal funds are not suspended or debarred with the Federal or State Government.

When the City fails to follow federal, state, and local rules regarding the use of purchase orders, bidding of purchases, awarding of bids, preparation of written contracts, and approval of written contracts by the Board of Works, the City purchasing system cannot identify the intent to purchase until after the purchase has occurred. Federal funds may be obligated before they are available. This is a control deficiency and a material weakness to the program.

The 2010 Assistance to Firefighters Grant Agreement between the Indiana Department of Homeland Security and the City of Elkhart, Section 8, Procurement and Contracts states in part: "In addition to local, state and other applicable federal requirements pertaining to procurement and contracting, the Sub-Grantee shall comply with the applicable federal requirements pertaining to procurement and contracting contained in 28 CFR 66.36."

28 CFR 66.36(b) (1) states: "Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section."

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

28 CRF 66.35 states: "Grantees and subgrantees must not make any award or permit any award (subgrant or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, "Debarment and Suspension"."

IC 5-22-7-1 states: "A purchasing agent shall follow the procedure described in this chapter in awarding a contract for supplies . . ." IC 5-22-2-38 states: "(a) Supplies means any property. (b) The term includes equipment, goods, and materials."

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns of Indiana, Chapter 7)

We recommended that the officials follow the established procurement procedures to ensure that equipment is purchased in compliance with applicable State and Federal requirements.

CITY OF ELKHART
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



City of Elkhart, Indiana
the city with a heart

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City Controller's Office
229 S. Second St.
Elkhart, Indiana
46516

The Honorable
Dick Moore
Mayor

Stephen J. Malone
City Controller

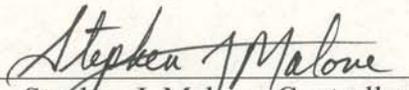
CORRECTIVE ACTION PLAN

FINDING 2010-1 PROCUREMENT PROCESS

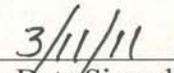
Federal Agency: U.S. Department of Homeland Security
Federal Program: Assistance to Firefighters
CFDA Number: 97.044
Federal Award Number and Year: EMW-209-FO-09439
Pass-through Entity: Indiana Department of Homeland Security

The Assistance to Firefighters grant awarded to the City of Elkhart included funds to purchase SCBA units with face piece and voice amplification units. Although the purchase cost of \$213,365 exceeded the City's bid threshold, the bidding process was not followed to ensure compatibility of components with existing units in service by the Fire Department. Future purchases, in which equipment compatibility is a determining factor, will incorporate a compatibility requirement within the equipment specifications and follow the proper procurement process. Purchases contingent on federal grant funds will also conform to applicable federal law and federal standards contained in 28 CFR 66.36.

These corrective actions will be provided to appropriate City departments, the Grants Department, the Fire Department, and the City Purchasing Agent.



Stephen J. Malone, Controller
City of Elkhart, Indiana



Date Signed

CITY OF ELKHART
EXIT CONFERENCE

The contents of this report were discussed on March 31, 2011, with Stephen J. Malone, Controller; Christy Holman, Deputy Controller; Dick Moore, Mayor; and Arvis Dawson, Mayor's Executive Assistant.