

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF ELKHART
ELKHART COUNTY, INDIANA

January 1, 2013 to December 31, 2013



FILED
02/06/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Stephen J. Malone	01-01-13 to 12-31-14
Mayor	Dick Moore	01-01-12 to 12-31-15
President of the Board of Public Works	Michael C. Machlan	01-01-13 to 12-31-14
President of the Common Council	Ronald D. Troyer	01-01-13 to 12-31-14



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the City of Elkhart (City), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2013.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated October 28, 2014, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.


Accompanying Information

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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


Paul D. Joyce, CPA
State Examiner

October 28, 2014



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the City of Elkhart (City), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement, and have issued our report thereon dated October 28, 2014, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001 to be material weaknesses.

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the City's financial statement is free 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001.

City of Elkhart's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

October 28, 2014

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

CITY OF ELKHART
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2013

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
General	\$ 24,556,829	\$ 33,679,728	\$ 31,475,691	\$ 26,760,866
Motor Vehicle Highway	1,306,972	3,816,008	3,456,909	1,666,071
Local Road And Street	252,350	471,256	548,473	175,133
Aviation	671,684	823,341	691,726	803,299
Park Program	390,743	339,465	230,421	499,787
Parking Enforcement	93,632	12,812	-	106,444
Community Development	470	582,848	572,965	10,353
Law Enforcement Continuing Ed	227,419	70,829	85,090	213,158
Unsafe Building	142,849	155,352	156,468	141,733
Riverboat Gaming	676,175	301,818	426,745	551,248
E-911	88,831	118,863	132,978	74,716
Park And Recreation	514,336	895,662	734,549	675,449
Rainy Day	5,018,695	302,765	-	5,321,460
Levy Excess	247,617	-	247,617	-
TIF Consolidated S Allocation	-	2,291,532	11,498	2,280,034
Major Moves Construction	8,800,798	8,188	1,800,000	7,008,986
Cum Cap Development	258,753	574,052	356,828	475,977
Cum Cap Fire	315,333	363,867	419,670	259,530
Cum Cap Sewer	671,714	139,477	199,887	611,304
Cum Cap Improvement	199,864	147,746	105,255	242,355
TIF Allocation S Main Gateway	-	167,675	75,643	92,032
Police Pension	1,753,227	1,947,701	1,975,898	1,725,030
Fire Pension	2,785,846	2,766,898	2,688,600	2,864,144
BCCE Seat Belt Grant	1,084	22,282	22,282	1,084
Park Bond 09 Reserve	283,277	-	-	283,277
TIF Bayer/Tech Park Allocation	82,511	183,171	2,865	262,817
Lerner Ticket Account	27,373	1,092,341	956,704	163,010
City Clerk State Shares Sweep Account	51,976	700,188	702,966	49,198
Elkhart City Court-Regular Account	154,233	1,794,319	1,799,450	149,102
City Clerk-Probation User Fees	12,624	211,537	212,904	11,257
NYCRR Concessions	4,967	9,499	4,572	9,894
Tolson Youth Donation	2,494	30,496	13,273	19,717
IHCDA IN Housing Comm Dev Assoc.	(36,099)	188,137	154,563	(2,525)
Aviation Donation	-	11,600	10,390	1,210
Fish Passage Grant	-	1,800	-	1,800
Cemetery	352,404	501,441	413,839	440,006
Probation User Fees	444,032	213,579	343,990	313,621
Federal Grant Human Relations	72,664	25,800	24,757	73,707
State Grant IDEM Small Mentor	61,013	-	-	61,013
Central Garage	626,362	1,503,575	1,219,316	910,621
Park Grants	4,425	-	-	4,425
Theft Program	124,648	9,380	7,266	126,762
Stu Statler Crime Fund	16,979	29,768	21,890	24,857
Record Perpetuation	110,262	40,755	41,203	109,814
High Dive Park Grant	19,644	-	-	19,644
Tax Abatement	188,200	43,697	330	231,567
Environmental Center	39,330	105,009	109,167	35,172
Greater Elkhart	1,275,273	1,553,804	1,246,832	1,582,245
License Examination	23,737	6,200	2,060	27,877
Mausoleum Operating	37,342	10,749	6,452	41,639
NYCRR Museum	94,352	102,049	103,362	93,039
Washington Gardens	2,266	41,047	37,493	5,820
Elco/Lerner Theatre	540,473	628,057	650,793	517,737
Redevelopment	145,097	347,714	394,139	98,672
UMPTA	12,767	-	-	12,767

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

CITY OF ELKHART
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2013
(Continued)

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
Tolson Drug Elimination	35	-	-	35
IDEM Grant St Joe River	17,292	-	-	17,292
Wheel Tax	270,760	1,018,066	1,082,988	205,838
CD Rehab	42,413	36,657	11,739	67,331
CD Business Loan Grant	317,062	296,570	38,561	575,071
DEA Asset Sharing	43,334	26,823	38,685	31,472
Noise Ordinance	19,122	121,355	94,947	45,530
Curb And Gutter Construction	41,161	6,200	5,200	42,161
Elco Capital	112,796	2,650	-	115,446
TIF Downtown Reserve	745,063	-	-	745,063
TIF Pierre Moran Allocation	485,791	21,059	506,850	-
TIF Southwest Allocation	1,463,745	351,663	1,649,604	165,804
TIF Aeroplex Allocation	667,620	161,369	46,023	782,966
TIF Sterling Allocation	160,484	54,761	185,685	29,560
TIF Cassopolis Allocation	1,784,076	1,530,183	569,021	2,745,238
Aviation Insurance Settlement	60,174	59,822	58,812	61,184
Insurance Fire Department	26,619	47,825	42,076	32,368
Insurance Police Dept	29,281	5,744	5,254	29,771
Insurance Public Works	42,648	-	18,866	23,782
Insurance Street Dept	343	20,289	14,338	6,294
Insurance Cemetery	100	877	877	100
Insurance Park And Recreation	40,569	24,450	11,863	53,156
Insurance Buildings and Grounds	1,575	724	-	2,299
Insurance Oak Hills	490	-	-	490
Insurance Central Garage	2,395	31,620	21,874	12,141
Insurance Sewer	14,677	-	-	14,677
Donation Mayors Office	2,656	-	-	2,656
Donation Mayors Food Drive	846	1,510	1,507	849
Donation Safety Champions	142	-	-	142
Animal Control Ordinance	164,990	66,139	11,960	219,169
Donation Bayer Corp	1,127	-	-	1,127
Donation Civil Rights	692	-	-	692
Donation Community Violence	176	-	-	176
Donation Fire Education	1,488	-	-	1,488
Donation Smoke Detectors	526	-	-	526
Donation Ambulance Escrow	10,035	-	-	10,035
Donation Survive Alive	4,967	8,474	11,188	2,253
Donation Historical Preservation	10,557	25	-	10,582
Donation Building	251	-	-	251
Donation Downtown Improvements	1,253	-	-	1,253
Donation Riverwalk	115,655	-	-	115,655
Donation Police Misc	44,210	9,994	26,790	27,414
Donation Intersection Improvements	650	-	-	650
Donation Beardsley Memorial	4,537	-	-	4,537
Lerner Concessions	714	384	-	1,098
Donation Comm Center	10	-	-	10
Donation EMS	1,783	-	-	1,783
Donation Tree Planting	354	-	-	354
Donation NYCRR Museum	4,213	362	-	4,575
Donation Cemetery	42,517	-	-	42,517
Donation Park And Recreation	58,514	24,242	29,380	53,376
Donation Elco/Lerner Theatre	35,341	745	-	36,086
Donation Agenda 2010	171	-	-	171
Tolson Scholarship	2,179	-	-	2,179
Donation Enviro Education	30,700	5,522	3,469	32,753
Donation DESS	597	100	-	697

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

CITY OF ELKHART
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2013
(Continued)

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
Donation Botanical Gardens	119	-	-	119
Donation Public Works	4,036	-	-	4,036
Neighborhood Stabilization Program	15,041	318,835	332,232	1,644
NSP-3	-	503,371	518,596	(15,225)
Park Bond 09 Allocation	74,575	846,042	793,770	126,847
TIF Downtown Allocation	2,444,381	1,685,553	1,740,496	2,389,438
EDIT	5,613,398	2,656,761	2,365,179	5,904,980
Riverwalk Commons	1,760	-	-	1,760
Horizon	312,546	-	-	312,546
Aviation Federal	590,877	144,949	686,609	49,217
Downtown Development	8,177	-	-	8,177
Highway Improvement	94,864	-	-	94,864
Park Capital	6,524	-	-	6,524
TIF Downtown Capital	62,913	-	-	62,913
P/W Homeland Security Grant	58	-	-	58
Fire Department FEMA Grant	20,837	1,515	-	22,352
Bureau Of Justice Police Grant	103,102	-	87,088	16,014
RR Underpass	121,451	4,301,647	2,261,613	2,161,485
Cassopolis Interlocal	4,015	-	-	4,015
Build Indiana - RR Safety	50,000	26,830	-	76,830
Build Indiana- Elco/Lerner Theatre	17,395	-	-	17,395
CR 17 Corridor	4,446	-	-	4,446
Cemetery Perpetual	48,151	2,861	-	51,012
Mausoleum Perpetual	385,322	1,067	-	386,389
Prairie Street Cemetery	75,657	-	-	75,657
Pension Trust	1,897,976	4,690,632	4,710,320	1,878,288
Sales Tax	1,433	13,132	12,972	1,593
County Court Fees	-	150,244	139,916	10,328
Flex Benefit	76,227	224,837	219,979	81,085
Group Insurance	533,753	7,454,942	7,067,619	921,076
HRA Group Insurance	308,628	550,092	427,268	431,452
Liability Insurance Trust	4,341,989	1,731,913	1,460,287	4,613,615
Fuel Hedge Fund	53	8,704	8,704	53
Stormwater Capital	247,126	-	125,322	121,804
Stormwater	458,948	803,371	528,637	733,682
CSO LTCP	1,150,975	-	-	1,150,975
Wastewater Utility Operating	1,171,425	7,738,837	7,109,328	1,800,934
Wastewater Util-Bond And Interest	223,504	1,579,153	755,922	1,046,735
Sewer Replacement	2,710,647	455,914	2,015,814	1,150,747
Sewer Bond Sinking Fund	826,251	-	-	826,251
Sewer Insurance 655 #2	321,483	196,570	336,608	181,445
WWTP Trunk Line Ext 656 #3	928,081	508,774	213,746	1,223,109
WWTP Revenue Fund #4	546,881	9,767,768	8,854,667	1,459,982
Sewer Guarantee Deposits	168,176	18,065	-	186,241
Water Utility Operating	3,484,273	9,428,126	10,489,600	2,422,799
Water Utility Depreciation	1,116,104	6,000,000	1,638,137	5,477,967
Water Utility Tank	1,705,313	-	-	1,705,313
Water Revenue #4	5,221,390	7,956,695	9,919,586	3,258,499
Water Main Extension 630	155,635	615,292	370,027	400,900
WTR Guarantee Deposit	184,487	13,309	-	197,796
Aquatic Fisheries	233,680	100,103	120,781	213,002
Totals	<u>\$ 98,755,406</u>	<u>\$ 133,817,985</u>	<u>\$ 124,694,149</u>	<u>\$ 107,879,242</u>

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

CITY OF ELKHART
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, storm water, trash, aviation, and urban redevelopment and housing.

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF ELKHART
NOTES TO FINANCIAL STATEMENT
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Penalties which include fees received for late payments.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: proceeds from the sale of property; net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

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

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

CITY OF ELKHART
NOTES TO FINANCIAL STATEMENT
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the City. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

CITY OF ELKHART
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

State statutes authorize the City to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The City may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

CITY OF ELKHART
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

C. 1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

CITY OF ELKHART
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Plan Description

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

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

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

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

Funding Policy

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

Note 7. Cash Balance Deficits

The financial statement contains two funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursement for some of the expenditures from these funds was not received by December 31, 2013.

Note 8. Subsequent Events

A. Proceeds from the Sale of Oak Hills Golf Course

On April 7, 2014, the City Council passed Resolution # R-17-14 authorizing the transfer of proceeds from the golf course receipted to the General fund in 2013 to be transferred to the Rainy Day fund and the Park Program fund in the amounts of \$1,260,985.41 and \$54,488.90, respectively.

B. Wastewater Utility Projects Financed by State Revolving Fund (SRF) Loans in 2014

The utility project CSO 6 & 7 for the construction of a one million gallon plus underground storage tank for the collection of raw sewage and storm water during rain events, and for a pump facility project, is projected to cost \$8,782,500. This project was started in 2014 and is to be substantially financed by a State Revolving Fund (SRF) Loan.

CITY OF ELKHART
NOTES TO FINANCIAL STATEMENT
(Continued)

The utility project CSO 31 and the Wastewater Treatment Plant and expansion project is projected to cost \$12,987,500. This project was started in 2014 and is to be substantially financed by a State Revolving Fund (SRF) Loan.

As of July 30, 2014, the Utility has drawn \$1,008,461 from the SRF to pay attorney and engineering costs associated with the two projects.

C. Annexation

The City is in the process of annexing various areas of Elkhart County into the City. The annexation of two of the areas is in dispute. The annexations approved by the Common Council in 2014 will be effective January 1, 2015.

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SUPPLEMENTARY INFORMATION - UNAUDITED

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

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

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

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013

	General	Motor Vehicle Highway	Local Road And Street	Aviation	Park Program	Parking Enforcement	Community Development
Cash and investments - beginning	\$ 24,556,829	\$ 1,306,972	\$ 252,350	\$ 671,684	\$ 390,743	\$ 93,632	\$ 470
Receipts:							
Taxes	19,783,758	2,164,968	-	549,855	-	-	-
Licenses and permits	407,798	-	-	-	-	-	-
Intergovernmental	10,519,243	1,649,461	471,208	35,943	-	-	558,301
Charges for services	677,172	-	-	237,543	339,465	-	-
Fines and forfeits	427,365	-	-	-	-	12,812	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	1,864,392	1,579	48	-	-	-	24,547
Total receipts	<u>33,679,728</u>	<u>3,816,008</u>	<u>471,256</u>	<u>823,341</u>	<u>339,465</u>	<u>12,812</u>	<u>582,848</u>
Disbursements:							
Personal services	27,851,378	2,727,843	-	530,784	86,578	-	313,590
Supplies	1,227,982	393,686	-	48,375	77,950	-	-
Other services and charges	2,339,214	330,380	359,991	112,567	65,893	-	258,959
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	33,451	5,000	188,482	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	23,666	-	-	-	-	-	416
Total disbursements	<u>31,475,691</u>	<u>3,456,909</u>	<u>548,473</u>	<u>691,726</u>	<u>230,421</u>	<u>-</u>	<u>572,965</u>
Excess (deficiency) of receipts over disbursements	<u>2,204,037</u>	<u>359,099</u>	<u>(77,217)</u>	<u>131,615</u>	<u>109,044</u>	<u>12,812</u>	<u>9,883</u>
Cash and investments - ending	<u>\$ 26,760,866</u>	<u>\$ 1,666,071</u>	<u>\$ 175,133</u>	<u>\$ 803,299</u>	<u>\$ 499,787</u>	<u>\$ 106,444</u>	<u>\$ 10,353</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Law Enforcement Continuing Ed	Unsafe Building	Riverboat Gaming	E-911	Park And Recreation	Rainy Day	Levy Excess
Cash and investments - beginning	\$ 227,419	\$ 142,849	\$ 676,175	\$ 88,831	\$ 514,336	\$ 5,018,695	\$ 247,617
Receipts:							
Taxes	-	-	-	118,863	665,614	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	301,818	-	43,510	-	-
Charges for services	-	155,352	-	-	186,538	300,566	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	70,829	-	-	-	-	2,199	-
Total receipts	<u>70,829</u>	<u>155,352</u>	<u>301,818</u>	<u>118,863</u>	<u>895,662</u>	<u>302,765</u>	<u>-</u>
Disbursements:							
Personal services	-	18,311	-	-	381,636	-	-
Supplies	-	-	-	-	29,286	-	-
Other services and charges	79,734	138,157	281,651	132,978	319,714	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	145,094	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	5,356	-	-	-	3,913	-	247,617
Total disbursements	<u>85,090</u>	<u>156,468</u>	<u>426,745</u>	<u>132,978</u>	<u>734,549</u>	<u>-</u>	<u>247,617</u>
Excess (deficiency) of receipts over disbursements	<u>(14,261)</u>	<u>(1,116)</u>	<u>(124,927)</u>	<u>(14,115)</u>	<u>161,113</u>	<u>302,765</u>	<u>(247,617)</u>
Cash and investments - ending	<u>\$ 213,158</u>	<u>\$ 141,733</u>	<u>\$ 551,248</u>	<u>\$ 74,716</u>	<u>\$ 675,449</u>	<u>\$ 5,321,460</u>	<u>\$ -</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	TIF Consolidated S Allocation	Major Moves Construction	Cum Cap Development	Cum Cap Fire	Cum Cap Sewer	Cum Cap Improvement	TIF Allocation S Main Gateway
Cash and investments - beginning	\$ -	\$ 8,800,798	\$ 258,753	\$ 315,333	\$ 671,714	\$ 199,864	\$ -
Receipts:							
Taxes	-	-	538,830	38,586	130,918	-	167,675
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	35,222	2,522	8,559	136,773	-
Charges for services	-	-	-	300,566	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	2,291,532	8,188	-	22,193	-	10,973	-
Total receipts	<u>2,291,532</u>	<u>8,188</u>	<u>574,052</u>	<u>363,867</u>	<u>139,477</u>	<u>147,746</u>	<u>167,675</u>
Disbursements:							
Personal services	-	-	171,459	-	-	43,233	-
Supplies	-	-	616	-	-	62,022	-
Other services and charges	11,498	-	184,058	-	-	-	40,759
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	695	419,670	177,694	-	34,884
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	1,800,000	-	-	22,193	-	-
Total disbursements	<u>11,498</u>	<u>1,800,000</u>	<u>356,828</u>	<u>419,670</u>	<u>199,887</u>	<u>105,255</u>	<u>75,643</u>
Excess (deficiency) of receipts over disbursements	<u>2,280,034</u>	<u>(1,791,812)</u>	<u>217,224</u>	<u>(55,803)</u>	<u>(60,410)</u>	<u>42,491</u>	<u>92,032</u>
Cash and investments - ending	<u>\$ 2,280,034</u>	<u>\$ 7,008,986</u>	<u>\$ 475,977</u>	<u>\$ 259,530</u>	<u>\$ 611,304</u>	<u>\$ 242,355</u>	<u>\$ 92,032</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Police Pension	Fire Pension	BCCE Seat Belt Grant	Park Bond 09 Reserve	TIF Bayer/Tech Park Allocation	Lerner Ticket Account	City Clerk State Shares Sweep Account
Cash and investments - beginning	\$ 1,753,227	\$ 2,785,846	\$ 1,084	\$ 283,277	\$ 82,511	\$ 27,373	\$ 51,976
Receipts:							
Taxes	-	-	-	-	183,171	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	1,945,588	2,766,898	22,282	-	-	-	-
Charges for services	-	-	-	-	-	1,092,341	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	2,113	-	-	-	-	-	700,188
Total receipts	<u>1,947,701</u>	<u>2,766,898</u>	<u>22,282</u>	<u>-</u>	<u>183,171</u>	<u>1,092,341</u>	<u>700,188</u>
Disbursements:							
Personal services	7,688	7,142	22,282	-	-	-	-
Supplies	2,493	4,780	-	-	-	-	-
Other services and charges	1,965,717	2,676,678	-	-	2,865	956,704	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	702,966
Total disbursements	<u>1,975,898</u>	<u>2,688,600</u>	<u>22,282</u>	<u>-</u>	<u>2,865</u>	<u>956,704</u>	<u>702,966</u>
Excess (deficiency) of receipts over disbursements	<u>(28,197)</u>	<u>78,298</u>	<u>-</u>	<u>-</u>	<u>180,306</u>	<u>135,637</u>	<u>(2,778)</u>
Cash and investments - ending	<u>\$ 1,725,030</u>	<u>\$ 2,864,144</u>	<u>\$ 1,084</u>	<u>\$ 283,277</u>	<u>\$ 262,817</u>	<u>\$ 163,010</u>	<u>\$ 49,198</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Elkhart City Court-Regular Account	City Clerk-Probation User Fees	NYCRR Concessions	Tolson Youth Donation	IHCD IN Housing Comm Dev Assoc.	Aviation Donation	Fish Passage Grant
Cash and investments - beginning	\$ 154,233	\$ 12,624	\$ 4,967	\$ 2,494	\$ (36,099)	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	185,834	-	1,800
Charges for services	-	-	9,499	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	1,794,319	211,537	-	30,496	2,303	11,600	-
Total receipts	1,794,319	211,537	9,499	30,496	188,137	11,600	1,800
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	4,572	4,658	-	-	-
Other services and charges	-	-	-	8,615	154,563	10,390	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	1,799,450	212,904	-	-	-	-	-
Total disbursements	1,799,450	212,904	4,572	13,273	154,563	10,390	-
Excess (deficiency) of receipts over disbursements	(5,131)	(1,367)	4,927	17,223	33,574	1,210	1,800
Cash and investments - ending	\$ 149,102	\$ 11,257	\$ 9,894	\$ 19,717	\$ (2,525)	\$ 1,210	\$ 1,800

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Cemetery	Probation User Fees	Federal Grant Human Relations	State Grant IDEM Small Mentor	Central Garage	Park Grants	Theft Program
Cash and investments - beginning	\$ 352,404	\$ 444,032	\$ 72,664	\$ 61,013	\$ 626,362	\$ 4,425	\$ 124,648
Receipts:							
Taxes	208,091	-	-	-	1,408,401	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	13,601	-	25,800	-	92,066	-	-
Charges for services	279,749	213,499	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	9,380
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	80	-	-	3,108	-	-
Total receipts	<u>501,441</u>	<u>213,579</u>	<u>25,800</u>	<u>-</u>	<u>1,503,575</u>	<u>-</u>	<u>9,380</u>
Disbursements:							
Personal services	361,419	260,995	17,415	-	643,142	-	-
Supplies	21,370	5,693	542	-	461,539	-	-
Other services and charges	31,050	73,199	6,800	-	114,635	-	7,266
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	4,103	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>413,839</u>	<u>343,990</u>	<u>24,757</u>	<u>-</u>	<u>1,219,316</u>	<u>-</u>	<u>7,266</u>
Excess (deficiency) of receipts over disbursements	<u>87,602</u>	<u>(130,411)</u>	<u>1,043</u>	<u>-</u>	<u>284,259</u>	<u>-</u>	<u>2,114</u>
Cash and investments - ending	<u>\$ 440,006</u>	<u>\$ 313,621</u>	<u>\$ 73,707</u>	<u>\$ 61,013</u>	<u>\$ 910,621</u>	<u>\$ 4,425</u>	<u>\$ 126,762</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Stu Statler Crime Fund	Record Perpetuation	High Dive Park Grant	Tax Abatement	Environmental Center	Greater Elkhart	License Examination
Cash and investments - beginning	\$ 16,979	\$ 110,262	\$ 19,644	\$ 188,200	\$ 39,330	\$ 1,275,273	\$ 23,737
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	6,200
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	1,539,586	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	29,768	40,755	-	43,697	105,009	14,218	-
Total receipts	<u>29,768</u>	<u>40,755</u>	<u>-</u>	<u>43,697</u>	<u>105,009</u>	<u>1,553,804</u>	<u>6,200</u>
Disbursements:							
Personal services	-	33,600	-	-	95,783	-	-
Supplies	-	7,126	-	-	4,351	-	-
Other services and charges	-	477	-	-	9,033	831,832	2,060
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	21,890	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	330	-	415,000	-
Total disbursements	<u>21,890</u>	<u>41,203</u>	<u>-</u>	<u>330</u>	<u>109,167</u>	<u>1,246,832</u>	<u>2,060</u>
Excess (deficiency) of receipts over disbursements	<u>7,878</u>	<u>(448)</u>	<u>-</u>	<u>43,367</u>	<u>(4,158)</u>	<u>306,972</u>	<u>4,140</u>
Cash and investments - ending	<u>\$ 24,857</u>	<u>\$ 109,814</u>	<u>\$ 19,644</u>	<u>\$ 231,567</u>	<u>\$ 35,172</u>	<u>\$ 1,582,245</u>	<u>\$ 27,877</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Mausoleum Operating	NYCRR Museum	Washington Gardens	Elco/Lerner Theatre	Redevelopment	UMPTA
Cash and investments - beginning	\$ 37,342	\$ 94,352	\$ 2,266	\$ 540,473	\$ 145,097	\$ 12,767
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	41,047	-	343,896	-
Charges for services	10,749	39,506	-	215,757	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	62,543	-	412,300	3,818	-
Total receipts	<u>10,749</u>	<u>102,049</u>	<u>41,047</u>	<u>628,057</u>	<u>347,714</u>	<u>-</u>
Disbursements:						
Personal services	-	75,238	37,493	430,169	-	-
Supplies	1,307	1,374	-	22,801	-	-
Other services and charges	5,145	26,750	-	197,823	343,896	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	50,243	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>6,452</u>	<u>103,362</u>	<u>37,493</u>	<u>650,793</u>	<u>394,139</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>4,297</u>	<u>(1,313)</u>	<u>3,554</u>	<u>(22,736)</u>	<u>(46,425)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 41,639</u>	<u>\$ 93,039</u>	<u>\$ 5,820</u>	<u>\$ 517,737</u>	<u>\$ 98,672</u>	<u>\$ 12,767</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Tolson Drug Elimination	IDEM Grant St Joe River	Wheel Tax	CD Rehab	CD Business Loan Grant	DEA Asset Sharing
Cash and investments - beginning	\$ 35	\$ 17,292	\$ 270,760	\$ 42,413	\$ 317,062	\$ 43,334
Receipts:						
Taxes	-	-	1,018,066	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	26,823
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	36,657	296,570	-
Total receipts	-	-	1,018,066	36,657	296,570	26,823
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	1,082,988	-	-	-
Other services and charges	-	-	-	11,739	38,561	38,685
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	-	1,082,988	11,739	38,561	38,685
Excess (deficiency) of receipts over disbursements	-	-	(64,922)	24,918	258,009	(11,862)
Cash and investments - ending	<u>\$ 35</u>	<u>\$ 17,292</u>	<u>\$ 205,838</u>	<u>\$ 67,331</u>	<u>\$ 575,071</u>	<u>\$ 31,472</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Noise Ordinance	Curb And Gutter Construction	Elco Capital	TIF Downtown Reserve	TIF Pierre Moran Allocation	TIF Southwest Allocation
Cash and investments - beginning	\$ 19,122	\$ 41,161	\$ 112,796	\$ 745,063	\$ 485,791	\$ 1,463,745
Receipts:						
Taxes	-	-	-	-	21,059	351,663
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	121,355	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	6,200	2,650	-	-	-
Total receipts	<u>121,355</u>	<u>6,200</u>	<u>2,650</u>	<u>-</u>	<u>21,059</u>	<u>351,663</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	71,204	4,537
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	94,947	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	5,200	-	-	435,646	1,645,067
Total disbursements	<u>94,947</u>	<u>5,200</u>	<u>-</u>	<u>-</u>	<u>506,850</u>	<u>1,649,604</u>
Excess (deficiency) of receipts over disbursements	<u>26,408</u>	<u>1,000</u>	<u>2,650</u>	<u>-</u>	<u>(485,791)</u>	<u>(1,297,941)</u>
Cash and investments - ending	<u>\$ 45,530</u>	<u>\$ 42,161</u>	<u>\$ 115,446</u>	<u>\$ 745,063</u>	<u>\$ -</u>	<u>\$ 165,804</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	TIF Aeroplex Allocation	TIF Sterling Allocation	TIF Cassopolis Allocation	Aviation Insurance Settlement	Insurance Fire Department	Insurance Police Dept
Cash and investments - beginning	\$ 667,620	\$ 160,484	\$ 1,784,076	\$ 60,174	\$ 26,619	\$ 29,281
Receipts:						
Taxes	161,369	54,761	1,530,183	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	59,822	47,825	5,744
Total receipts	<u>161,369</u>	<u>54,761</u>	<u>1,530,183</u>	<u>59,822</u>	<u>47,825</u>	<u>5,744</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	46,023	10,518	569,021	58,812	42,076	5,254
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	175,167	-	-	-	-
Total disbursements	<u>46,023</u>	<u>185,685</u>	<u>569,021</u>	<u>58,812</u>	<u>42,076</u>	<u>5,254</u>
Excess (deficiency) of receipts over disbursements	<u>115,346</u>	<u>(130,924)</u>	<u>961,162</u>	<u>1,010</u>	<u>5,749</u>	<u>490</u>
Cash and investments - ending	<u>\$ 782,966</u>	<u>\$ 29,560</u>	<u>\$ 2,745,238</u>	<u>\$ 61,184</u>	<u>\$ 32,368</u>	<u>\$ 29,771</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Insurance Public Works	Insurance Street Dept	Insurance Cemetery	Insurance Park And Recreation	Insurance Buildings and Grounds	Insurance Oak Hills
Cash and investments - beginning	\$ 42,648	\$ 343	\$ 100	\$ 40,569	\$ 1,575	\$ 490
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	20,289	877	24,450	724	-
Total receipts	-	20,289	877	24,450	724	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	998	-	877	-	-	-
Other services and charges	17,868	14,338	-	11,863	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	18,866	14,338	877	11,863	-	-
Excess (deficiency) of receipts over disbursements	(18,866)	5,951	-	12,587	724	-
Cash and investments - ending	\$ 23,782	\$ 6,294	\$ 100	\$ 53,156	\$ 2,299	\$ 490

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Insurance Central Garage	Insurance Sewer	Donation Mayors Office	Donation Mayors Food Drive	Donation Safety Champions	Animal Control Ordinance
Cash and investments - beginning	\$ 2,395	\$ 14,677	\$ 2,656	\$ 846	\$ 142	\$ 164,990
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	31,816
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	34,323
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	31,620	-	-	1,510	-	-
Total receipts	31,620	-	-	1,510	-	66,139
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	11,960
Other services and charges	21,874	-	-	1,507	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	21,874	-	-	1,507	-	11,960
Excess (deficiency) of receipts over disbursements	9,746	-	-	3	-	54,179
Cash and investments - ending	\$ 12,141	\$ 14,677	\$ 2,656	\$ 849	\$ 142	\$ 219,169

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Donation Bayer Corp	Donation Civil Rights	Donation Community Violence	Donation Fire Education	Donation Smoke Detectors	Donation Ambulance Escrow
Cash and investments - beginning	\$ 1,127	\$ 692	\$ 176	\$ 1,488	\$ 526	\$ 10,035
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-
Cash and investments - ending	<u>\$ 1,127</u>	<u>\$ 692</u>	<u>\$ 176</u>	<u>\$ 1,488</u>	<u>\$ 526</u>	<u>\$ 10,035</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Donation Survive Alive	Donation Historical Preservation	Donation Building	Donation Downtown Improvements	Donation Riverwalk	Donation Police Misc
Cash and investments - beginning	\$ 4,967	\$ 10,557	\$ 251	\$ 1,253	\$ 115,655	\$ 44,210
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	8,474	25	-	-	-	9,994
Total receipts	<u>8,474</u>	<u>25</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,994</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	9,260	-	-	-	-	26,640
Other services and charges	1,576	-	-	-	-	150
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	352	-	-	-	-	-
Total disbursements	<u>11,188</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,790</u>
Excess (deficiency) of receipts over disbursements	<u>(2,714)</u>	<u>25</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,796)</u>
Cash and investments - ending	<u>\$ 2,253</u>	<u>\$ 10,582</u>	<u>\$ 251</u>	<u>\$ 1,253</u>	<u>\$ 115,655</u>	<u>\$ 27,414</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Donation Intersection Improvements	Donation Beardsley Memorial	Lerner Concessions	Donation Comm Center	Donation EMS	Donation Tree Planting
Cash and investments - beginning	\$ 650	\$ 4,537	\$ 714	\$ 10	\$ 1,783	\$ 354
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	384	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	-	-	384	-	-	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	384	-	-	-
Cash and investments - ending	<u>\$ 650</u>	<u>\$ 4,537</u>	<u>\$ 1,098</u>	<u>\$ 10</u>	<u>\$ 1,783</u>	<u>\$ 354</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Donation NYCRR Museum	Donation Cemetery	Donation Park And Recreation	Donation Elco/Lerner Theatre	Donation Agenda 2010	Tolson Scholarship
Cash and investments - beginning	\$ 4,213	\$ 42,517	\$ 58,514	\$ 35,341	\$ 171	\$ 2,179
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	362	-	24,242	745	-	-
Total receipts	362	-	24,242	745	-	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	16,802	-	-	-
Other services and charges	-	-	12,578	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	-	29,380	-	-	-
Excess (deficiency) of receipts over disbursements	362	-	(5,138)	745	-	-
Cash and investments - ending	\$ 4,575	\$ 42,517	\$ 53,376	\$ 36,086	\$ 171	\$ 2,179

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Donation Enviro Education	Donation DESS	Donation Botanical Gardens	Donation Public Works	Neighborhood Stabilization Program	NSP-3
Cash and investments - beginning	\$ 30,700	\$ 597	\$ 119	\$ 4,036	\$ 15,041	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	314,202	503,371
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	5,522	100	-	-	4,633	-
Total receipts	<u>5,522</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>318,835</u>	<u>503,371</u>
Disbursements:						
Personal services	-	-	-	-	100,036	24,303
Supplies	-	-	-	-	-	-
Other services and charges	3,469	-	-	-	232,196	494,293
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>3,469</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>332,232</u>	<u>518,596</u>
Excess (deficiency) of receipts over disbursements	<u>2,053</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>(13,397)</u>	<u>(15,225)</u>
Cash and investments - ending	<u>\$ 32,753</u>	<u>\$ 697</u>	<u>\$ 119</u>	<u>\$ 4,036</u>	<u>\$ 1,644</u>	<u>\$ (15,225)</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Park Bond 09 Allocation	TIF Downtown Allocation	EDIT	Riverwalk Commons	Horizon	Aviation Federal
Cash and investments - beginning	\$ 74,575	\$ 2,444,381	\$ 5,613,398	\$ 1,760	\$ 312,546	\$ 590,877
Receipts:						
Taxes	684,907	1,685,532	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	44,771	-	2,559,738	-	-	104,149
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	116,364	21	97,023	-	-	40,800
Total receipts	<u>846,042</u>	<u>1,685,553</u>	<u>2,656,761</u>	<u>-</u>	<u>-</u>	<u>144,949</u>
Disbursements:						
Personal services	-	1,726	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	1,750	1,041,071	2,230,557	-	-	686,609
Debt service - principal and interest	792,020	697,699	-	-	-	-
Capital outlay	-	-	134,622	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>793,770</u>	<u>1,740,496</u>	<u>2,365,179</u>	<u>-</u>	<u>-</u>	<u>686,609</u>
Excess (deficiency) of receipts over disbursements	<u>52,272</u>	<u>(54,943)</u>	<u>291,582</u>	<u>-</u>	<u>-</u>	<u>(541,660)</u>
Cash and investments - ending	<u>\$ 126,847</u>	<u>\$ 2,389,438</u>	<u>\$ 5,904,980</u>	<u>\$ 1,760</u>	<u>\$ 312,546</u>	<u>\$ 49,217</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Downtown Development	Highway Improvement	Park Capital	TIF Downtown Capital	P/W Homeland Security Grant	Fire Department FEMA Grant
Cash and investments - beginning	\$ 8,177	\$ 94,864	\$ 6,524	\$ 62,913	\$ 58	\$ 20,837
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	-	-	1,515
Total receipts	-	-	-	-	-	1,515
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	1,515
Cash and investments - ending	<u>\$ 8,177</u>	<u>\$ 94,864</u>	<u>\$ 6,524</u>	<u>\$ 62,913</u>	<u>\$ 58</u>	<u>\$ 22,352</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Bureau Of Justice Police Grant	RR Underpass	Cassopolis Interlocal	Build Indiana - RR Safety	Build Indiana- Elco/Lerner Theatre	CR 17 Corridor
Cash and investments - beginning	\$ 103,102	\$ 121,451	\$ 4,015	\$ 50,000	\$ 17,395	\$ 4,446
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	2,501,647	-	26,830	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	1,800,000	-	-	-	-
Total receipts	-	4,301,647	-	26,830	-	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	2,261,613	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	87,088	-	-	-	-	-
Total disbursements	87,088	2,261,613	-	-	-	-
Excess (deficiency) of receipts over disbursements	(87,088)	2,040,034	-	26,830	-	-
Cash and investments - ending	<u>\$ 16,014</u>	<u>\$ 2,161,485</u>	<u>\$ 4,015</u>	<u>\$ 76,830</u>	<u>\$ 17,395</u>	<u>\$ 4,446</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Cemetery Perpetual	Mausoleum Perpetual	Prairie Street Cemetery	Pension Trust	Sales Tax	County Court Fees
Cash and investments - beginning	\$ 48,151	\$ 385,322	\$ 75,657	\$ 1,897,976	\$ 1,433	\$ -
Receipts:						
Taxes	-	-	-	-	13,132	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	2,861	1,067	-	-	-	-
Fines and forfeits	-	-	-	-	-	150,244
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	4,690,632	-	-
Total receipts	<u>2,861</u>	<u>1,067</u>	<u>-</u>	<u>4,690,632</u>	<u>13,132</u>	<u>150,244</u>
Disbursements:						
Personal services	-	-	-	4,710,320	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	12,972	139,916
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,710,320</u>	<u>12,972</u>	<u>139,916</u>
Excess (deficiency) of receipts over disbursements	<u>2,861</u>	<u>1,067</u>	<u>-</u>	<u>(19,688)</u>	<u>160</u>	<u>10,328</u>
Cash and investments - ending	<u>\$ 51,012</u>	<u>\$ 386,389</u>	<u>\$ 75,657</u>	<u>\$ 1,878,288</u>	<u>\$ 1,593</u>	<u>\$ 10,328</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Flex Benefit	Group Insurance	HRA Group Insurance	Liability Insurance Trust	Fuel Hedge Fund	Stormwater Capital
Cash and investments - beginning	\$ 76,227	\$ 533,753	\$ 308,628	\$ 4,341,989	\$ 53	\$ 247,126
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	224,837	7,454,942	550,092	1,731,913	8,704	-
Total receipts	<u>224,837</u>	<u>7,454,942</u>	<u>550,092</u>	<u>1,731,913</u>	<u>8,704</u>	<u>-</u>
Disbursements:						
Personal services	-	7,067,619	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	219,979	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	125,322
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	427,268	1,460,287	8,704	-
Total disbursements	<u>219,979</u>	<u>7,067,619</u>	<u>427,268</u>	<u>1,460,287</u>	<u>8,704</u>	<u>125,322</u>
Excess (deficiency) of receipts over disbursements	<u>4,858</u>	<u>387,323</u>	<u>122,824</u>	<u>271,626</u>	<u>-</u>	<u>(125,322)</u>
Cash and investments - ending	<u>\$ 81,085</u>	<u>\$ 921,076</u>	<u>\$ 431,452</u>	<u>\$ 4,613,615</u>	<u>\$ 53</u>	<u>\$ 121,804</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Stormwater	CSO LTCP	Wastewater Utility Operating	Wastewater Util-Bond And Interest	Sewer Replacement	Sewer Bond Sinking Fund
Cash and investments - beginning	\$ 458,948	\$ 1,150,975	\$ 1,171,425	\$ 223,504	\$ 2,710,647	\$ 826,251
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	802,357	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	1,014	-	7,738,837	1,579,153	455,914	-
Total receipts	<u>803,371</u>	<u>-</u>	<u>7,738,837</u>	<u>1,579,153</u>	<u>455,914</u>	<u>-</u>
Disbursements:						
Personal services	263,923	-	2,243,362	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	292,582	-	-	-
Debt service - principal and interest	-	-	-	755,922	-	-
Capital outlay	-	-	-	-	2,015,814	-
Utility operating expenses	264,714	-	2,834,312	-	-	-
Other disbursements	-	-	1,739,072	-	-	-
Total disbursements	<u>528,637</u>	<u>-</u>	<u>7,109,328</u>	<u>755,922</u>	<u>2,015,814</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>274,734</u>	<u>-</u>	<u>629,509</u>	<u>823,231</u>	<u>(1,559,900)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 733,682</u>	<u>\$ 1,150,975</u>	<u>\$ 1,800,934</u>	<u>\$ 1,046,735</u>	<u>\$ 1,150,747</u>	<u>\$ 826,251</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Sewer Insurance 655 #2	WWTP Trunk Line Ext 656 #3	WWTP Revenue Fund #4	Sewer Guarantee Deposits	Water Utility Operating	Water Utility Depreciation
Cash and investments - beginning	\$ 321,483	\$ 928,081	\$ 546,881	\$ 168,176	\$ 3,484,273	\$ 1,116,104
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	196,570	133,574	9,745,229	18,065	-	-
Penalties	-	-	228	-	-	-
Other receipts	-	375,200	22,311	-	9,428,126	6,000,000
Total receipts	<u>196,570</u>	<u>508,774</u>	<u>9,767,768</u>	<u>18,065</u>	<u>9,428,126</u>	<u>6,000,000</u>
Disbursements:						
Personal services	-	-	-	-	1,593,818	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	164,486	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	188,175	-	-	8,964	1,638,137
Utility operating expenses	335,102	-	-	-	1,700,553	-
Other disbursements	1,506	25,571	8,854,667	-	7,021,779	-
Total disbursements	<u>336,608</u>	<u>213,746</u>	<u>8,854,667</u>	<u>-</u>	<u>10,489,600</u>	<u>1,638,137</u>
Excess (deficiency) of receipts over disbursements	<u>(140,038)</u>	<u>295,028</u>	<u>913,101</u>	<u>18,065</u>	<u>(1,061,474)</u>	<u>4,361,863</u>
Cash and investments - ending	<u>\$ 181,445</u>	<u>\$ 1,223,109</u>	<u>\$ 1,459,982</u>	<u>\$ 186,241</u>	<u>\$ 2,422,799</u>	<u>\$ 5,477,967</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Water Utility Tank	Water Revenue #4	Water Main Extension 630	WTR Guarantee Deposit	Aquatic Fisheries	Totals
Cash and investments - beginning	\$ 1,705,313	\$ 5,221,390	\$ 155,635	\$ 184,487	\$ 233,680	\$ 98,755,406
Receipts:						
Taxes	-	348,221	-	-	-	31,827,623
Licenses and permits	-	-	-	-	-	445,814
Intergovernmental	-	-	-	-	50,000	25,332,903
Charges for services	-	-	-	-	-	5,602,200
Fines and forfeits	-	-	-	-	-	755,479
Utility fees	-	7,575,689	15,292	13,309	-	18,500,085
Penalties	-	32	-	-	-	260
Other receipts	-	32,753	600,000	-	50,103	51,353,621
Total receipts	-	7,956,695	615,292	13,309	100,103	133,817,985
Disbursements:						
Personal services	-	-	-	-	79,075	50,201,360
Supplies	-	-	-	-	17,619	3,549,667
Other services and charges	-	-	-	-	24,087	20,711,927
Debt service - principal and interest	-	-	-	-	-	2,245,641
Capital outlay	-	-	370,027	-	-	5,657,214
Utility operating expenses	-	-	-	-	-	5,134,681
Other disbursements	-	9,919,586	-	-	-	37,193,659
Total disbursements	-	9,919,586	370,027	-	120,781	124,694,149
Excess (deficiency) of receipts over disbursements	-	(1,962,891)	245,265	13,309	(20,678)	9,123,836
Cash and investments - ending	<u>\$ 1,705,313</u>	<u>\$ 3,258,499</u>	<u>\$ 400,900</u>	<u>\$ 197,796</u>	<u>\$ 213,002</u>	<u>\$ 107,879,242</u>

CITY OF ELKHART
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2013

Government or Enterprise	Accounts Payable	Accounts Receivable
Wastewater	\$ -	\$ 1,005,706
Water	-	719,209
Governmental activities	<u>197,395</u>	<u>-</u>
Totals	<u>\$ 197,395</u>	<u>\$ 1,724,915</u>

CITY OF ELKHART
SCHEDULE OF LEASES AND DEBT
December 31, 2013

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Park District Bonds Series 2009A	\$ 500,000	\$ 510,625
General obligation bonds	Taxable Park District Bonds Series 2009B	8,900,000	302,452
Revenue bonds	Special Taxing District Bonds of 2006	2,030,000	186,988
Revenue bonds	Special Taxing District Bonds of 2004	780,000	188,593
Revenue bonds	Special Taxing District Refunding Bonds of 2012	<u>2,730,000</u>	<u>368,694</u>
Total governmental activities		<u>14,940,000</u>	<u>1,557,352</u>
Wastewater:			
Revenue bonds	Sewage Works Revenue Bonds of 2009 Series A	1,859,736	150,691
Revenue bonds	Sewage Works Revenue Bonds of 2009 Series B	7,233,646	566,886
Revenue bonds	Sewage Works Revenue Bonds of 2009 Series D	726,649	56,158
Revenue bonds	2009 Revenue Forgivable BAN	181,636	-
Revenue bonds	2010 Revenue Bonds Series A EPA Brownfield	500,000	30,350
Revenue bonds	2010 Revenue Bonds Series B EPA Brownfield	<u>736,112</u>	<u>45,525</u>
Total Wastewater		<u>11,237,779</u>	<u>849,610</u>
Totals		<u>\$ 26,177,779</u>	<u>\$ 2,406,962</u>

CITY OF ELKHART
SCHEDULE OF CAPITAL ASSETS
December 31, 2013

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance
Governmental activities:	
Land	\$ 10,861,319
Infrastructure	146,417,955
Buildings	16,504,574
Improvements other than buildings	47,744,697
Machinery, equipment, and vehicles	29,620,463
Total governmental activities	251,149,008
Storm Water:	
Land	247,800
Improvements other than buildings	55,893
Machinery, equipment, and vehicles	56,900
Total Storm Water	360,593
Wastewater:	
Land	3,020,281
Infrastructure	58,796,749
Buildings	19,440,467
Improvements other than buildings	6,986,511
Machinery, equipment, and vehicles	27,204,480
Total Wastewater	115,448,488
Water:	
Land	744,682
Infrastructure	31,947,218
Buildings	1,405,669
Improvements other than buildings	3,974,632
Machinery, equipment, and vehicles	5,184,839
Total Water	43,257,040
Total capital assets	\$ 410,215,129

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance for Each Major Federal Program

We have audited the City of Elkhart's (City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2013-002 and 2013-003. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance


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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2013-002 and 2013-003 to be material weaknesses.

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

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


Paul D. Joyce, CPA
State Examiner

October 28, 2014

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

CITY OF ELKHART
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Agriculture</u>				
Urban and Community Forestry Program 2011 Trees in the Urban Forest	Indiana Department of Natural Resources	10.675	FY 2013	\$ 5,000
<u>Department of Housing and Urban Development</u>				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants				
Neighborhood Stabilization Program 1	Direct Grant	14.218	B-08-MN-18-0002	225,078
Neighborhood Stabilization Program 3			B-11-MN-18-0002	542,991
Community Development Block Grants/Entitlement Grants			B-12-MC-18-0015	328,627
Community Development Block Grants/Entitlement Grants			B-13-MC-18-0015	<u>222,615</u>
Total - CDBG - Entitlement Grants Cluster				<u>1,319,311</u>
CDBG - State-Administered CDBG Cluster				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii				
Disaster Recovery 2 Grant	Indiana Office of Community and Rural Affairs	14.228	B*13*DC180001DR2-09-237	329,287
Community Development Block Grant	Indiana Housing and Community Development		DR20-011-002	<u>185,834</u>
Total - CDBG - State-Administered CDBG Cluster				<u>515,121</u>
CFP Cluster				
Public Housing Capital Fund				
Washington Gardens	Elkhart Housing Authority	14.872	FY 2013	<u>37,772</u>
Fair Housing Assistance Program - State and Local				
Fair Housing Assistance Program	Direct Grant	14.401	FF205K135036	<u>24,757</u>
Total - Department of Housing and Urban Development				<u>1,896,961</u>
<u>Department of the Interior</u>				
Fish and Wildlife Management Assistance	Direct Grant	15.608	F13AC00458	<u>1,800</u>
Engineering & Feasibility Study Christiana Creek				

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, 2013
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Justice</u>				
Bulletproof Vest Partnership Program FY 2012 BVP	Direct Grant	16.607	FY 2012 BVP	<u>2,962</u>
Equitable Sharing Program	Direct Grant	16.922	FY 2013	<u>24,823</u>
Total - Department of Justice				<u>27,785</u>
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster Highway Planning and Construction Prairie Street and NS RR Grade Separation	Indiana Department of Transportation	20.205	DES 0600463	<u>1,501,647</u>
Airport Improvement Program AIP Project 3-18-0018-25 AIP Project 3-18-0018-26	Direct Grant	20.106	AIP-3-18-0018-25 AIP-3-18-0018-26	<u>3,115</u> <u>87,693</u>
Total - Airport Improvement Program				<u>90,808</u>
Total - Department of Transportation				<u>1,592,455</u>
<u>Environmental Protection Agency</u>				
Capitalization Grants for Clean Water State Revolving Funds Clean Water State Revolving Fund	Indiana Finance Authority	66.458	WW-093020002	<u>127,547</u>
Brownfields Assessment and Cleanup Cooperative Agreements 2009 Community Wide Hazardous Substance Assessment Grant	Direct Grant	66.818	BF-00E90501-0	<u>14,609</u>
Total - Environmental Protection Agency				<u>142,156</u>
<u>Department of Homeland Security</u>				
Homeland Security Grant Program Police EDS#C44P-3-125B	Indiana Department of Homeland Security	97.067	EDS#C44P-3-125B	<u>9,935</u>
Total federal awards expended				<u>\$ 3,676,092</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

Note 1. Basis of Presentation

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

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows for the year ended December 31, 2013:

Program Title	Federal CFDA Number	2013
Community Development Block Grants/Entitlement Grants	14.218	\$ <u>67,894</u>

CITY OF ELKHART
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

Name of Federal Program or Cluster

CDBG - Entitlement Grants Cluster
CDBG - State-Administered CDBG Cluster
Highway Planning and Construction Cluster

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

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

FINDING 2013-001 - INTERNAL CONTROLS OVER PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The City did not have a proper system of internal controls in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The City should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

During our audit, we noted the SEFA contained the following errors:

One grant amount was not included: Bulletproof Vest Partnership Program (CFDA Number 16.607) in the amount of \$2,962.

Five grants were reported with incorrect amounts: Community Development Block Grants/Entitlement Grants (CFDA 14.218), B-12-MC-18-0015, was over reported by \$26,295; Community Development Block Grants/Entitlement Grants (CFDA 14.218), B-13-MC-18-0015, was over reported by \$4,812; Neighborhood Stabilization Program 1 (CFDA 14.218), B-08-MN-18-0002, was over reported by \$20,632; Neighborhood Stabilization Program 3 (CFDA 14.218), B-11-MN-18-0002, was underreported by \$39,620; and Capitalization Grants for Clean Water State Revolving Funds (CFDA 66.458) was over reported by \$208,367.

Two grants reported on the SEFA were not federal grants.

Four grant names were not correct.

Ten direct grants were listed as if received through pass-through entities.

The names of seven pass-through entities listed were not correct.

Three grant identifying numbers were not correct.

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

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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

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

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

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

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Section III - Federal Award Findings and Questioned Costs

FINDING 2013-002 - INTERNAL CONTROLS OVER PROGRAM INCOME COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS CLUSTER

Federal Agency: Department of Housing and Urban Development
Federal Program: Community Development Block Grants/Entitlement Grants
CFDA Number: 14.218

Federal Award Number and Year (or Other Identifying Number): B-12-MC-18-0015, B-13-MC-18-0015,
B-08-MN-18-0002, B-11-MN-18-0002

The City has not established an effective internal control system related to the recording and reconciling of program income for the Community Development Block Grant, Neighborhood Stabilization Program 1, and Neighborhood Stabilization Program 3 grant programs. Due to the lack of effective controls, management has not identified discrepancies in relation to program income.

In regards to the Community Development Block Grant, program income received was not always reported to the federal agency as required or used prior to the next drawdown.

In regards to the Neighborhood Stabilization Program 1 and the Neighborhood Stabilization Program 3, program income was not reported separately in the fund ledger but was comingled with grant drawdowns received from the federal agency.

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

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

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

24 CFR 85.25(a) states:

"Grantees are encouraged to earn income to defray program costs. Program income includes income from fees for services performed, from the use or rental of real or personal property acquired with grant funds, from the sale of commodities or items fabricated under a grant agreement, and from payments of principal and interest on loans made with grant funds. Except as otherwise provided in regulations of the Federal agency, program income does not include interest on grant funds, rebates, credits, discounts, refunds, etc. and interest earned on any of them."

24 CFR 85.25(g) states in part:

"Program income shall be deducted from outlays which may be both Federal and non-Federal as described below, unless the Federal agency regulations or the grant agreement specify another alternative (or a combination of the alternatives). In specifying alternatives, the Federal agency may distinguish between income earned by the grantee and income earned by subgrantees and between the sources, kinds, or amounts of income. When Federal agencies authorize the alternatives in paragraphs (g) (2) and (3) of this section, program income in excess of any limits stipulated shall also be deducted from outlays."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the City.

We recommended that the City's management establish controls, including segregation of duties, related to the grant agreement and all program income compliance requirements that have a direct and material effect to the program.

FINDING 2013-003 - INTERNAL CONTROLS OVER REPORTING COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS CLUSTER

Federal Agency: Department of Housing and Urban Development
Federal Program: Community Development Block Grants/Entitlement Grants
CFDA Number: 14.218

Federal Award Number and Year (or Other Identifying Number): B-12-MC-18-0015, B-13-MC-18-0015,
B-08-MN-18-0002, B-11-MN-18-0002

The City has not established an effective internal control system related to the reconciling of City's funds ledger and the Community Development Block Grant (CDBG), Neighborhood Stabilization Program 1 (NSP1), and Neighborhood Stabilization Program 3 (NSP3) grant records.

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

There were no reviews of the subsidiary ledgers for the CDBG, NSP1, and NSP3 funds, and the subsidiary ledgers were not properly reconciled to the funds ledger.

The City has not established an effective internal control system relating to the reporting of financial information for the CDBG, NSP1, and NSP3 grant programs. As a result, management has not identified errors in the quarterly reports sent to the U.S. Department of Housing and Urban Development.

The reviews of the quarterly Federal Financial Reports filed for the CDBG and the reviews of the quarterly Performance Reports for the NSP1 and the NSP3 did not reveal the inconsistencies between the reports and the City's funds ledger and subsidiary ledgers.

The 2013 quarterly Federal Financial Reports filed for the CDBG's first quarter, third quarter, and fourth quarter were not mathematically accurate and/or complete, nor were they supported by the City's records. Although the Department Head reviewed and approved the Federal Financial Reports, the errors made on the reports were not discovered.

The 2013 quarterly Performance Reports for NSP1 and NSP3 were not supported by the City's records. Program income was not separated from grant fund reimbursements received and posted in the fund ledger. Grant fund reimbursements were not always posted to the correct funds in the fund ledger and the NSP1 and NSP3 subsidiary ledgers did not accurately reflect the drawdowns and program income reported to the federal agency on the DRGR system.

Drawdown Voucher Reports prepared by the NSP Specialist for the posting of receipts into the funds ledger did not always accurately reflect the actual drawdowns for NSP1 and NSP3, nor were the drawdowns posted accurately to the NSP1 and NSP3 subsidiary ledgers.

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

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

24 CFR 85.20(b) states in part:

"The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) **Financial reporting.** Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) **Accounting records.** Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income."

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

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the City.

We recommended that the City's management establish controls, including segregation of duties, related to the grant agreement and all reporting compliance requirements that have a direct and material effect to the program.

AUDITEE PREPARED DOCUMENTS

The subsequent documents were provided by management of the City. The documents are presented as intended by the City.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2012-01

Original SBA Audit Report Number:	B43024
Fiscal Year:	2012
Auditee Contact Person:	Stephen J. Malone
Title of Contact Person:	City Controller
Phone Number:	574-294-5471
Status of Finding:	Internal Controls Over Disbursements

The corrective action plan was implemented in 2013. Internal controls over disbursements have been in place and operating effectively for years and the Board of Works received all detail of claims for use in their review and approval. In 2012 an upgrade to the accounting software changed the printing output causing the detail of manual claims to print but only the summary of the open items to print. The Accounts Payable processing person noticed the change in output but failed to notify supervisors. Subsequent to the upgrade, the system requires that the option to print the detail in addition to the summary is selected. As a result the internal procedure was changed to require the Accounts Payable processing person to select the option to print the detail in addition to the summary. This procedure was implemented and the claims docket now contains full detail information of every claim for review by the Board of Works. The corrective action has been completed.

Finding Number 2012-02

Original SBA Audit Report Number:	B43024
Fiscal Year:	2012
Auditee Contact Person:	Stephen J. Malone
Title of Contact Person:	City Controller
Phone Number:	574-294-5471
Status of Finding	Internal Controls Over Preparation of Schedule of Expenditures for Federal Awards

Although the City organizational structure includes a centralized Grants Department, a substantial amount of grant activity occurred in a decentralized manner, and the origin of data used in preparation of the schedule of expenditures for federal awards was decentralized without coordination by the Grants Department. A plan has been developed to require copies of all grant agreements and documents to be provided to the Deputy Treasurer in the Controller's Office in order to track all grant activity at a centralized point and, thereby, corroborate the accuracy of data provided for each CFDA as well as grant receipts and expenditures. The corrective action plan was developed late in 2013 after conclusion of the audit, and the component of the plan involving the Deputy Treasurer and preparation of the SEFA has been implemented.

Finding Number 2012-3

Original SBA Audit Report Number:	B43024
Fiscal Year:	2012
Auditee Contact Person:	Stephen J. Malone
Title of Contact Person:	City Controller
Phone Number:	574-294-5471
Status of Finding:	Subrecipient Agreements For Community Development Block Grants / Entitlement Grants

The Controller's Office has provided the Community Development Department Head, who Administers the Community Development Block Grants, the requirement to include the CFDA Number, the federal award name and number in subrecipient grant agreements. Corrective action Has been completed and the internal control system related to subrecipient agreements includes:

- The requirement to include the CFDA number, the federal award name and number in subrecipient agreements.
- A procedure is implemented to provide verification that the CFDA number, the federal award name and number are included in subrecipient grant agreements prior to finalizing the subrecipient agreement.
- The verification by the Community Development Department Head shall be documented and attested by signature and date of the review and verification. Documentation shall be included in the subrecipient grant agreement file and shall be available for audit.

Finding Number 2012-4

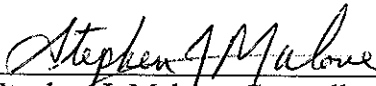
Original SBA Audit Report Number:	B43024
Fiscal Year:	2012
Auditee Contact Person:	Stephen J. Malone
Title of Contact Person:	City Controller
Phone Number:	574-294-5471
Status of Finding:	Cash Management Compliance for the Airport Improvement Program

With respect to cash flow of the AIP project, local matching funds, as well as appropriations of City funds, are employed to cash flow timely expenditures of the AIP project pending reimbursement of grant funds. Payment #11 of AIP #26 in the amount of \$18,764.23 demonstrates the sequential payment of project invoices prior to the application for disbursement of grant funds. With respect to processing claims for payment of vendors in a timely manner, the firm overseeing grant administration for the Airport Improvement Program (Butler, Fairman and Seufert), the Aviation Department Head, and the Controller met to modify procedures for originating the claim, forwarding the completed claim to the department head for review and signature, and delivering the claim to the Controller's Office for processing as a manual payment under authority of City Ordinance Number 4813, pursuant to IC 36-4-8-14, and subject to review and approved at the next meeting of the Board of Aviation Commissioners. Corrective action has been completed.

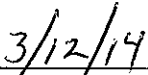
Finding Number 2012-5

Original SBA Audit Report Numbers:	B43024
Fiscal Year:	2012
Auditee Contact Person:	Stephen J. Malone
Title of Contact Person:	City Controller
Phone Number:	574-294-5471
Status of Finding:	Internal Controls Over Procurement, Suspension and Debarment for the Airport Improvement Program

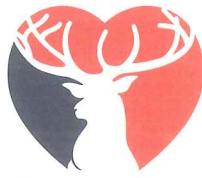
The firm (Butler, Fairman and Seufert) employed by the City to oversee the airport improvement program grant administration, construction, and application for disbursement of funds was to verify that contractors have not been suspended or debarred. The firm verified to the City that this process was completed, but the City had not previously received written documentation from the firm to substantiate this procedure for contractors of the AIP for the year ended December 31, 2012. The City has met with the firm to reaffirm the requirement that the verification procedure is documented by the firm and provided to the City for audit purposes. Documentation of the verification procedure provided by the firm to the City includes output from the System for Award Management. Corrective action has been completed.



Stephen J. Malone, Controller
City of Elkhart, Indiana



Date Signed



City of Elkhart, Indiana
the city with a heart

574.294.5471
Fax: 574.294.8491

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 2013-001 - Internal Controls Over Preparation Of Schedule Of Expenditures Of Federal Awards

Contact Person: Stephen J. Malone, Controller
Contact Phone Number: 574-294-5471

Description of Corrective Action Plan: Although the City organizational structure includes a Grants Department, a substantial amount of grant activity occurred in a decentralized manner. The origin of data used in preparation of the schedule of expenditures for federal awards was decentralized and the SEFA report was dependent upon data from various departmental sources. The means to corroborate the data provided was unreliable. A policy change was initiated in 2014 requiring all grant awards and documents to be provided to the Deputy Treasurer in the Controller's Office in order to track all grant activity at a centralized point and, thereby, corroborate the accuracy of data provided for each CFDA as well as grant receipts and expenditures.

Anticipated Completion Date: Policy changed March 10, 2014 establishing new procedures for a central repository of grant awards and assignment of responsibility to prepare the SEFA report.

Finding 2013-002 – Internal Controls Over Program Income Compliance Requirements That Have A Direct And Material Effect To Community Development Block Grants/Entitlement Grants Cluster

Federal Agency: Department of Housing and Urban Development
Federal Program: Community Development Block Grants/Entitlement Grants Cluster
CFDA Number: 14.218
Federal Award Number and Year: B-12-MC-18-0015, B-13-MC-18-0015, B-08-MN-18-0002, B-11-MN-18-0002.
Contact Person: Stephen J. Malone, Controller
Contact Phone Number: 574-294-5471

Description of Corrective Action Plan: The Controller's Office will meet with the Community Development Department Head, who administers the Community Development Block Grants, to review current accounting and program expenditure practices. Accounting procedures will be revised to separate program income from NSP grant funds and to delineate between expenditures

of grant funds and program income funds. This will facilitate proper reporting of both program income and grant funds.

Anticipated Completion Date: Corrective measures are expected to be in place by December 1, 2014.

Finding 2013-003 – Internal Controls Over Reporting Compliance Requirements That Have A Direct And Material Effect To Community Development Block Grants/Entitlement Cluster

Federal Agency: Department of Housing and Urban Development

Federal Program: Community Development Block Grants/Entitlement Grants Cluster

CFDA Number: 14.218

Federal Award Number and Year: B-12-MC-18-0015, B-13-MC-18-0015, B-08-MN-18-0002, B-11-MN-18-0002.

Contact Person: Stephen J. Malone, Controller


Contact Phone Number: 574-294-5471

Description of Corrective Action Plan: The City has in place an internal control system to review and reconcile the CDBG, NSP 1, and NSP 3 grant records to the City's funds ledger. The Deputy Treasurer meets monthly with the Community Development Department Head, who administers the Community Development Block Grants, to reconcile grant records to the City's funds ledger. Co-mingling program income and expenditures with grant funds contributed to inaccuracies in the way some of the activity was represented in reporting and contributed to difficulty in the auditing function. The monthly review and reconciling meetings are in place and will continue into the future. The accounting of program income and expenditures will be separated from grant revenue and expenditures as described above. Subsidiary ledgers will be reconciled monthly with the City's funds ledger. The Community Development Department Head will review the Federal Financial Reports and the Performance Reports for completeness and mathematical accuracy prior to submission.

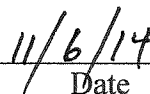
Anticipated Completion Date: Accounting procedures will be revised to separate program income and expenditures from grant revenue and expenditures by December 1, 2014. A written report of verification of the monthly reconciling of subsidiary ledgers with the City's funds ledger will be development by January 31, 2015. The Community Development Department Head will develop a protocol to ensure mathematical accuracy and eliminate discrepancies in the Federal Financial Reports and the Performance Reports by the end of the first quarter of 2015.



Signature



Title



Date

OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the City. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.