

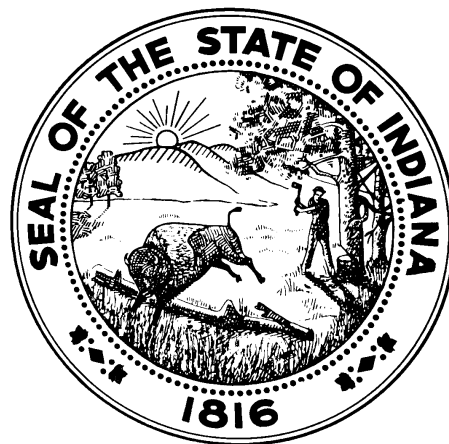
**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

ANNUAL FINANCIAL REPORT

2007

CITY OF ELKHART

ELKHART COUNTY, INDIANA



**FILED**  
09/25/2008



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Stephen J. Malone	01-01-07 to 12-31-08
Mayor	David L. Miller Dick Moore	01-01-04 to 12-31-07 01-01-08 to 12-31-11
President of the Board of Public Safety	Jean Mayes	01-01-07 to 12-31-08
President of the Board of Public Works	James Beattie Arvis Dawson	01-01-07 to 12-31-07 01-01-08 to 12-31-08
President of the Common Council	Jerry L. Kindig Roderic Roberson	01-01-07 to 12-31-07 01-01-08 to 12-31-08



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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Elkhart (City), as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2007, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated August 22, 2008, 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 and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

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

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the City taken as a whole. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedules of Funding Progress, Schedules of Contributions From the Employer and Other Contributing Entities as listed in the Table of Contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

STATE BOARD OF ACCOUNTS

August 22, 2008



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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Elkhart (City), as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 22, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

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

Compliance and Other Matters

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

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

This report is intended solely for the information and use of the City's management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 22, 2008

CITY OF ELKHART  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2007

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 20,782,632	\$ 2,747,346	\$ 219,000	\$ 542,619	\$ (17,273,667)	\$ -	\$ (17,273,667)
Public safety	18,869,537	1,673,465	215,648	-	(16,980,424)	-	(16,980,424)
Highways and streets	4,705,295	8,280	-	-	(4,697,015)	-	(4,697,015)
Sanitation	1,905,120	122,818	-	-	(1,782,302)	-	(1,782,302)
Culture and recreation	8,083,449	972,960	123,925	5,415	(6,981,149)	-	(6,981,149)
Urban redevelopment and housing	2,280,855	226,373	132,614	610,314	(1,311,554)	-	(1,311,554)
Debt service	1,700,804	-	-	-	(1,700,804)	-	(1,700,804)
Total governmental activities	<u>58,327,692</u>	<u>5,751,242</u>	<u>691,187</u>	<u>1,158,348</u>	<u>(50,726,915)</u>	<u>-</u>	<u>(50,726,915)</u>
Business-type activities:							
Water	6,176,946	7,023,229	-	-	-	846,283	846,283
Wastewater	10,627,480	10,491,756	-	-	-	(135,724)	(135,724)
Total business-type activities	<u>16,804,426</u>	<u>17,514,985</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>710,559</u>	<u>710,559</u>
Total primary government	<u>\$ 75,132,118</u>	<u>\$ 23,266,227</u>	<u>\$ 691,187</u>	<u>\$ 1,158,348</u>	<u>(50,726,915)</u>	<u>710,559</u>	<u>(50,016,356)</u>
General receipts:							
Property taxes					30,786,821	-	30,786,821
Other local sources					1,129,602	-	1,129,602
Grants and contributions not restricted to specific programs					18,691,224	-	18,691,224
Unrestricted investment earnings					2,102,090	485,519	2,587,609
Total general receipts					<u>52,709,737</u>	<u>485,519</u>	<u>53,195,256</u>
Change in net assets					1,982,822	1,196,078	3,178,900
Net assets - beginning					46,990,602	13,678,577	60,669,179
Net assets - ending					<u>\$ 48,973,424</u>	<u>\$ 14,874,655</u>	<u>\$ 63,848,079</u>
<u>Assets</u>							
Cash and investments					\$ 38,925,890	\$ 2,422,747	\$ 41,348,637
Restricted assets:							
Cash and investments					10,047,534	12,451,908	22,499,442
Total assets					<u>\$ 48,973,424</u>	<u>\$ 14,874,655</u>	<u>\$ 63,848,079</u>
<u>Net Assets</u>							
Restricted for:							
Debt service					\$ 1,287,878	\$ 4,769,648	\$ 6,057,526
Other purposes					8,759,656	7,682,260	16,441,916
Unrestricted					38,925,890	2,422,747	41,348,637
Total net assets					<u>\$ 48,973,424</u>	<u>\$ 14,874,655</u>	<u>\$ 63,848,079</u>

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

CITY OF ELKHART  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2007

	General	Major Moves Construction	Other Governmental Funds	Totals
<b>Receipts:</b>				
Taxes	\$ 20,435,522	\$ -	\$ 10,351,299	\$ 30,786,821
Licenses and permits	222,512	-	4,200	226,712
Intergovernmental	10,591,226	-	9,675,860	20,267,086
Charges for services	2,160,698	-	2,709,426	4,870,124
Fines and forfeits	449,594	-	58,883	508,477
Other	1,728,943	422,404	1,499,947	3,651,294
<b>Total receipts</b>	<b>35,588,495</b>	<b>422,404</b>	<b>24,299,615</b>	<b>60,310,514</b>
<b>Disbursements:</b>				
General government	12,017,018	-	8,077,189	20,094,207
Public safety	17,039,607	-	675,301	17,714,908
Highways and streets	-	-	4,598,439	4,598,439
Sanitation	1,905,120	-	-	1,905,120
Culture and recreation	296,321	-	5,707,919	6,004,240
Urban redevelopment and housing	-	-	2,280,855	2,280,855
<b>Debt service:</b>				
Principal	-	-	1,145,000	1,145,000
Interest	-	-	555,804	555,804
<b>Capital outlay:</b>				
General government	11,385	-	677,040	688,425
Public safety	236,909	-	917,720	1,154,629
Highways and streets	-	-	106,856	106,856
Culture and recreation	-	-	2,079,209	2,079,209
<b>Total disbursements</b>	<b>31,506,360</b>	<b>-</b>	<b>26,821,332</b>	<b>58,327,692</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>4,082,135</b>	<b>422,404</b>	<b>(2,521,717)</b>	<b>1,982,822</b>
<b>Other financing sources (uses):</b>				
Transfers in	717,654	-	1,221,978	1,939,632
Transfers out	(598,000)	-	(1,341,632)	(1,939,632)
<b>Total other financing sources (uses)</b>	<b>119,654</b>	<b>-</b>	<b>(119,654)</b>	<b>-</b>
<b>Excess of receipts and other financing sources over disbursements and other financing uses</b>	<b>4,201,789</b>	<b>422,404</b>	<b>(2,641,371)</b>	<b>1,982,822</b>
<b>Cash and investment fund balance - beginning</b>	<b>11,342,190</b>	<b>8,337,252</b>	<b>27,311,160</b>	<b>46,990,602</b>
<b>Cash and investment fund balance - ending</b>	<b>\$ 15,543,979</b>	<b>\$ 8,759,656</b>	<b>\$ 24,669,789</b>	<b>\$ 48,973,424</b>
<b><u>Cash and Investment Assets - December 31</u></b>				
Cash and investments	\$ 15,543,979	\$ -	\$ 23,381,911	\$ 38,925,890
<b>Restricted assets:</b>				
Cash and investments	-	8,759,656	1,287,878	10,047,534
<b>Total cash and investment assets - December 31</b>	<b>\$ 15,543,979</b>	<b>\$ 8,759,656</b>	<b>\$ 24,669,789</b>	<b>\$ 48,973,424</b>
<b><u>Cash and Investment Fund Balance - December 31</u></b>				
<b>Restricted for:</b>				
Debt service	\$ -	\$ -	\$ 1,287,878	\$ 1,287,878
Other purposes	-	8,759,656	-	8,759,656
Unrestricted	15,543,979	-	23,381,911	38,925,890
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 15,543,979</b>	<b>\$ 8,759,656</b>	<b>\$ 24,669,789</b>	<b>\$ 48,973,424</b>

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

CITY OF ELKHART  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As Of And For The Year Ended December 31, 2007

	Water Utility	Wastewater Utility	Totals
Operating receipts:			
Metered water receipts	\$ 5,831,068	\$ -	\$ 5,831,068
Fire protection receipts	529,874	-	529,874
Other water receipts	235,829	-	235,829
Measured revenue	-	7,964,188	7,964,188
Other	<u>262,948</u>	<u>2,176,739</u>	<u>2,439,687</u>
Total operating receipts	<u>6,859,719</u>	<u>10,140,927</u>	<u>17,000,646</u>
Operating disbursements:			
Salaries and wages	1,239,813	2,164,349	3,404,162
Employee pensions and benefits	342,812	560,885	903,697
Purchased power	303,314	455,514	758,828
Chemicals	78,435	89,114	167,549
Material and supplies	176,800	243,718	420,518
Contractual services	571,965	587,076	1,159,041
Rents	1,746	2,785	4,531
Transportation disbursements	50,106	154,522	204,628
Insurance disbursements	206,000	367,000	573,000
Other disbursements	361,833	220,163	581,996
Payment in lieu of tax	550,008	650,004	1,200,012
Capital outlay	1,092,142	3,978,095	5,070,237
Refunds	3,500	1,130	4,630
Miscellaneous disbursements	<u>314,772</u>	<u>-</u>	<u>314,772</u>
Total operating disbursements	<u>5,293,246</u>	<u>9,474,355</u>	<u>14,767,601</u>
Excess of operating receipts over operating disbursements	<u>1,566,473</u>	<u>666,572</u>	<u>2,233,045</u>
Nonoperating receipts (disbursements):			
Interest and investment receipts	190,339	295,180	485,519
Miscellaneous receipts	163,510	350,829	514,339
Debt service of principal	(830,000)	(1,025,000)	(1,855,000)
Interest and investment disbursement	<u>(53,700)</u>	<u>(128,125)</u>	<u>(181,825)</u>
Total nonoperating receipts (disbursements)	<u>(529,851)</u>	<u>(507,116)</u>	<u>(1,036,967)</u>
Excess of receipts over disbursements and nonoperating receipts (disbursements)	1,036,622	159,456	1,196,078
Transfers in	569,000	-	569,000
Transfers out	<u>-</u>	<u>(569,000)</u>	<u>(569,000)</u>
Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	1,605,622	(409,544)	1,196,078
Cash and investment fund balance - beginning	<u>5,034,237</u>	<u>8,644,340</u>	<u>13,678,577</u>
Cash and investment fund balance - ending	<u>\$ 6,639,859</u>	<u>\$ 8,234,796</u>	<u>\$ 14,874,655</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 2,378,808	\$ 43,939	\$ 2,422,747
Restricted assets:			
Cash and investments	<u>4,261,051</u>	<u>8,190,857</u>	<u>12,451,908</u>
Total cash and investment assets - December 31	<u>\$ 6,639,859</u>	<u>\$ 8,234,796</u>	<u>\$ 14,874,655</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ 1,359,380	\$ 3,410,268	\$ 4,769,648
Other purposes	2,901,671	4,780,589	7,682,260
Unrestricted	<u>2,378,808</u>	<u>43,939</u>	<u>2,422,747</u>
Total cash and investment fund balance - December 31	<u>\$ 6,639,859</u>	<u>\$ 8,234,796</u>	<u>\$ 14,874,655</u>

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

CITY OF ELKHART  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2007

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Employer	\$ 2,605,447	\$ -	\$ -
Plan members	11,144	-	-
State	3,555,366	-	-
Other	-	93,580	-
	<u>6,171,957</u>	<u>93,580</u>	<u>-</u>
Total contributions			
Agency fund additions	-	-	13,532,453
	<u>6,171,957</u>	<u>93,580</u>	<u>13,532,453</u>
Total additions			
Deductions:			
Benefits	5,780,759	-	-
Other disbursements	-	80,194	-
Administrative and general	38,891	-	-
Agency fund deductions	-	-	12,231,672
	<u>5,819,650</u>	<u>80,194</u>	<u>12,231,672</u>
Total deductions			
Excess of total additions over total deductions	352,307	13,386	1,300,781
Cash and investment fund balance - beginning	<u>3,430,063</u>	<u>749,815</u>	<u>1,689,656</u>
Cash and investment fund balance - ending	<u>\$ 3,782,370</u>	<u>\$ 763,201</u>	<u>\$ 2,990,437</u>

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

CITY OF ELKHART  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

Primary Government: City of Elkhart

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

Related Organizations

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

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

The City reports the following major governmental funds:

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

CITY OF ELKHART  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The major moves construction fund accounts for the onetime special distribution of the proceeds from the lease on the Indiana Toll and to account for interest revenue. In the future the funds will be used for the construction and improvements of local roads.

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

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

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

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

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

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

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

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

CITY OF ELKHART  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Capital Assets

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

3. Long-Term Debt

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

4. Equity Classification

Government-Wide Statements

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

a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the City's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

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

CITY OF ELKHART  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

E. Receipts and Disbursements

1. Program Receipts

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

2. Operating Receipts and Disbursements

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

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

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

Government-Wide Financial Statements

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

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

CITY OF ELKHART  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

B. Disbursements in Excess of Appropriations

For the year ended December 31, 2007, disbursements exceeded budgeted appropriations in the following funds by the amounts below:

<u>Fund</u>	
Cumulative Sewer	<u>\$ 8,453</u>

These disbursements were funded by available fund balances.

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At December 31, 2007, the bank balance held at 1<sup>st</sup> Source

CITY OF ELKHART  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Bank in the amount of \$69,346,639 was collateralized with securities held by the pledging financial institution. The remaining bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2007, were as follows:

Transfer From	Transfer To		
General Fund	Other governmental funds	\$	598,000
Other governmental funds	General Fund		717,654
Other governmental funds	Other governmental funds		623,978
Wastewater Utility Fund	Water Utility Fund		569,000
Total		\$	2,508,632

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

IV. Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters.

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

B. Subsequent Events

The City of Elkhart is planning on renovating the Elco Theater. The estimated cost of the renovation project is \$13,500,000. The project will be financed in part by a bond issue of approximately \$10,000,000 and \$3,500,000 will come from private donations and grants.

C. Conduit Debt Obligation

From time to time, the City has issued Economic Development Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon

CITY OF ELKHART  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying notes to the financial statements.

As of December 31, 2007, there were 28 series of Economic Development Revenue Bonds outstanding. The aggregate principal amount payable for seven series issued after July 1, 1995, was \$21,105,000. The aggregate principal amount payable for the 21 series issued prior to July 1, 1995, could not be determined; however, their original issue amounts totaled \$57,905,200.

D. Rate Structure – Enterprise Funds

Water Utility

The current rate structure was approved by the Indiana Utility Regulatory Commission on July 18, 2007.

Wastewater Utility

The current rate structure was approved by the City Council on December 22, 2004.

Storm Water

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

E. Advance Refunding

In prior years, the City Utilities defeased certain revenue and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments of the old bonds. Accordingly, the trust accounts and liability for the defeased bonds are not included in the financial statements. The following outstanding bonds, at December 31, 2007, were considered defeased:

	<u>Amount</u>
Water Utility	\$ 5,135,000
Wastewater Utility	1,905,000

F. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes

CITY OF ELKHART  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

(IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the City and the Utilities is not available.

b. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The City's annual pension cost and related information as provided by the actuary is presented in this note.

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

CITY OF ELKHART  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

c. 1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

Actuarial Information for the Above Plans

	<u>PERF</u>	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>
Annual required contribution	\$ 763,826	\$ 2,554,700	\$ 2,829,500
Interest on net pension obligation	(23,611)	758,400	1,139,000
Adjustment to annual required contribution	<u>26,906</u>	<u>(942,500)</u>	<u>(1,415,600)</u>
Annual pension cost	767,121	2,370,600	2,552,900
Contributions made	<u>613,099</u>	<u>2,495,132</u>	<u>3,665,681</u>
Increase (decrease) in net pension obligation	154,022	(124,532)	(1,112,781)
Net pension obligation, beginning of year	<u>(325,666)</u>	<u>12,639,379</u>	<u>18,982,604</u>
Net pension obligation, end of year	<u>\$ (171,644)</u>	<u>\$ 12,514,847</u>	<u>\$ 17,869,823</u>

CITY OF ELKHART  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Contribution rates:			
City	5.13%	351%	398%
Plan members	3%	6%	6%
Actuarial valuation date	07-01-07	01-01-07	01-01-07
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level	Level	Level
	percentage of projected payroll, closed	percentage of projected payroll, closed	percentage of projected payroll, closed
Amortization period	40 years	30 years	30 years
Amortization period (from date)	07-01-97	01-01-05	01-01-05
Asset valuation method	75% of expected actuarial value plus 25% of market value	4 year phase in of unrealized and realized capital	4 year phase in of unrealized and realized capital

Actuarial Assumptions

Investment rate of return	7.25%	6%	6%
Projected future salary increases:			
Total	5%	4%	4%
Attributed to inflation	4%	4%	4%
Attributed to merit/seniority	1%	0%	0%
Cost-of-living adjustments	2%	2.75/4%*	2.75/4%*

\*2.75% converted members; 4% nonconverted members

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-05	\$ 677,039	91%	\$ (500,481)
	06-30-06	748,817	85%	(325,666)
	06-30-07	767,121	80%	(171,644)
1925 Police Officers' Pension Plan	12-31-05	1,931,800	120%	12,501,140
	12-31-06	2,063,400	93%	12,639,379
	12-31-07	2,370,600	105%	12,514,847
1937 Firefighters' Pension Plan	12-31-05	2,830,000	113%	19,947,916
	12-31-06	2,781,900	135%	18,982,604
	12-31-07	2,552,900	144%	17,869,823

CITY OF ELKHART  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2007, was comprised of the following:

	1925 Police Officers' Pension	1937 Firefighters' Pension
Retirees and beneficiaries currently receiving benefits	92	107
Current active employees	3	2

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

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

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

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

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the City is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan for the years ending December 31, 2007, 2006, and 2005, were \$2,033,721, \$1,870,213, and \$1,817,305, respectively, equal to the required contributions for each year.

CITY OF ELKHART  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-05	\$ 12,868,962	\$ 14,405,379	\$ (1,536,417)	89%	\$ 13,003,857	(12%)
07-01-06	12,895,623	13,892,286	(996,663)	93%	12,262,230	(8%)
07-01-07	13,946,108	14,624,157	(678,049)	95%	12,377,937	(5%)

1925 Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-02	\$ 620,665	\$ 32,182,200	\$ (31,561,535)	2%	\$ 269,000	(11,733%)
01-01-03	985,869	30,058,900	(29,073,031)	3%	478,000	(6,082%)
01-01-04	633,305	32,706,500	(32,073,195)	2%	289,800	(11,067%)
01-01-05	394,974	28,933,900	(28,538,926)	1%	248,400	(11,489%)
01-01-06	800,803	30,964,900	(30,164,097)	3%	126,600	(23,826%)
01-01-07	761,367	35,118,200	(34,356,833)	2%	86,900	(39,536%)

1937 Firefighters' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-02	\$ 954,376	\$ 44,035,500	\$ (43,081,124)	2%	\$ 1,149,300	(3,748%)
01-01-03	1,377,908	35,953,200	(34,575,292)	4%	1,396,800	(2,475%)
01-01-04	1,060,320	43,021,900	(41,961,580)	2%	1,152,600	(3,641%)
01-01-05	747,576	39,773,800	(39,026,224)	2%	1,024,600	(3,809%)
01-01-06	1,622,128	39,563,000	(37,940,872)	4%	870,700	(4,358%)
01-01-07	2,668,696	36,544,100	(33,875,404)	7%	710,200	(4,770%)

CITY OF ELKHART  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULES OF CONTRIBUTIONS FROM THE  
 EMPLOYER AND OTHER CONTRIBUTING ENTITIES

1925 Police Officers' Pension Plan

Year Ending	Annual Required Contribution (ARC)	Percentage Of ARC Contributed
12-31-02	\$ 3,425,000	63%
12-31-03	3,629,300	41%
12-31-04	3,806,600	43%
12-31-05	2,095,200	111%
12-31-06	2,233,200	86%
12-31-07	2,554,700	98%

1937 Firefighters' Pension Plan

Year Ending	Annual Required Contribution (ARC)	Percentage Of ARC Contributed
12-31-02	\$ 4,861,900	54%
12-31-03	4,956,900	35%
12-31-04	5,205,700	36%
12-31-05	3,087,400	103%
12-31-06	3,052,800	123%
12-31-07	2,829,500	130%

CITY OF ELKHART  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2007

	Motor Vehicle Highway	Local Road and Street	Park and Recreation	Cemetery Operating	Mausoleum Operating	Tolson Drug Elimination Grant
<b>Receipts:</b>						
Taxes	\$ 952,210	\$ -	\$ 3,498,288	\$ 52,520	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	1,978,174	559,083	212,904	31,132	-	-
Charges for services	8,280	-	146,477	257,032	8,469	-
Fines and forfeits	-	-	-	-	-	-
Other	56,738	-	2,284	143	-	-
<b>Total receipts</b>	<b>2,995,402</b>	<b>559,083</b>	<b>3,859,953</b>	<b>340,827</b>	<b>8,469</b>	<b>-</b>
<b>Disbursements:</b>						
General government	-	-	-	221,330	64,254	-
Public safety	-	-	-	-	-	-
Highways and streets	2,739,539	331,201	-	-	-	-
Culture and recreation	-	-	3,761,807	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	78,871	27,985	-	-	-	-
Culture and recreation	-	-	173,738	-	-	-
<b>Total disbursements</b>	<b>2,818,410</b>	<b>359,186</b>	<b>3,935,545</b>	<b>221,330</b>	<b>64,254</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	176,992	199,897	(75,592)	119,497	(55,785)	-
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	(29,166)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(29,166)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	147,826	199,897	(75,592)	119,497	(55,785)	-
Cash and investment fund balance - beginning	1,180,932	1,032,854	998,758	183,891	355,479	35
Cash and investment fund balance - ending	\$ 1,328,758	\$ 1,232,751	\$ 923,166	\$ 303,388	\$ 299,694	\$ 35
<b>Cash and Investment Assets - December 31</b>						
Cash and investments	\$ 1,328,758	\$ 1,232,751	\$ 923,166	\$ 303,388	\$ 299,694	\$ 35
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - December 31</b>	<b>\$ 1,328,758</b>	<b>\$ 1,232,751</b>	<b>\$ 923,166</b>	<b>\$ 303,388</b>	<b>\$ 299,694</b>	<b>\$ 35</b>
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,328,758	1,232,751	923,166	303,388	299,694	35
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 1,328,758</b>	<b>\$ 1,232,751</b>	<b>\$ 923,166</b>	<b>\$ 303,388</b>	<b>\$ 299,694</b>	<b>\$ 35</b>

CITY OF ELKHART  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2007  
 (Continued)

	UMTA Transportation Grant	Aviation Commission	Aviation Federal	D.E.A. Asset Sharing	Park Nonreverting Operating	Washington Gardens
Receipts:						
Taxes	\$ -	\$ 456,695	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	27,619	-	12,522	-	33,795
Charges for services	-	221,477	-	-	297,555	-
Fines and forfeits	-	-	-	-	-	-
Other	-	12,744	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>718,535</b>	<b>-</b>	<b>12,522</b>	<b>297,555</b>	<b>33,795</b>
Disbursements:						
General government	64,166	725,208	-	-	-	-
Public safety	-	-	-	93,754	-	27,767
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	334,927	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	15,004	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total disbursements</b>	<b>64,166</b>	<b>740,212</b>	<b>-</b>	<b>93,754</b>	<b>334,927</b>	<b>27,767</b>
Excess (deficiency) of receipts over disbursements	(64,166)	(21,677)	-	(81,232)	(37,372)	6,028
Other financing sources (uses):						
Transfers in	70,000	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>70,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,834	(21,677)	-	(81,232)	(37,372)	6,028
Cash and investment fund balance - beginning	5,833	307,104	7,839	94,760	144,093	9,992
Cash and investment fund balance - ending	<u>\$ 11,667</u>	<u>\$ 285,427</u>	<u>\$ 7,839</u>	<u>\$ 13,528</u>	<u>\$ 106,721</u>	<u>\$ 16,020</u>
<b>Cash and Investment Assets - December 31</b>						
Cash and investments	\$ 11,667	\$ 285,427	\$ 7,839	\$ 13,528	\$ 106,721	\$ 16,020
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - December 31</b>	<u>\$ 11,667</u>	<u>\$ 285,427</u>	<u>\$ 7,839</u>	<u>\$ 13,528</u>	<u>\$ 106,721</u>	<u>\$ 16,020</u>
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	11,667	285,427	7,839	13,528	106,721	16,020
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 11,667</u>	<u>\$ 285,427</u>	<u>\$ 7,839</u>	<u>\$ 13,528</u>	<u>\$ 106,721</u>	<u>\$ 16,020</u>

CITY OF ELKHART  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2007  
 (Continued)

	Human Relations Grant	Insurance Settlement	License Examination	Probation User Fees	Drunk Driving Assistance Grant	Sidewalk Improvement
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	4,200	-	-	-
Intergovernmental	46,776	-	-	-	60,625	-
Charges for services	-	-	-	283,568	-	8,577
Fines and forfeits	-	-	-	-	-	-
Other	-	206,194	-	-	-	-
<b>Total receipts</b>	<b>46,776</b>	<b>206,194</b>	<b>4,200</b>	<b>283,568</b>	<b>60,625</b>	<b>8,577</b>
Disbursements:						
General government	23,440	16,329	3,580	165,440	-	-
Public safety	-	-	-	-	53,912	99,579
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	171,636	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	1,072	-	-	724	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total disbursements</b>	<b>24,512</b>	<b>187,965</b>	<b>3,580</b>	<b>166,164</b>	<b>53,912</b>	<b>99,579</b>
Excess (deficiency) of receipts over disbursements	<u>22,264</u>	<u>18,229</u>	<u>620</u>	<u>117,404</u>	<u>6,713</u>	<u>(91,002)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	100,000
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	22,264	18,229	620	117,404	6,713	8,998
Cash and investment fund balance - beginning	<u>54,662</u>	<u>131,220</u>	<u>16,834</u>	<u>443,917</u>	<u>(50,152)</u>	<u>87,090</u>
Cash and investment fund balance - ending	<u>\$ 76,926</u>	<u>\$ 149,449</u>	<u>\$ 17,454</u>	<u>\$ 561,321</u>	<u>\$ (43,439)</u>	<u>\$ 96,088</u>
<b>Cash and Investment Assets - December 31</b>						
Cash and investments	\$ 76,926	\$ 149,449	\$ 17,454	\$ 561,321	\$ (43,439)	\$ 96,088
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - December 31</b>	<u>\$ 76,926</u>	<u>\$ 149,449</u>	<u>\$ 17,454</u>	<u>\$ 561,321</u>	<u>\$ (43,439)</u>	<u>\$ 96,088</u>
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>76,926</u>	<u>149,449</u>	<u>17,454</u>	<u>561,321</u>	<u>(43,439)</u>	<u>96,088</u>
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 76,926</u>	<u>\$ 149,449</u>	<u>\$ 17,454</u>	<u>\$ 561,321</u>	<u>\$ (43,439)</u>	<u>\$ 96,088</u>

CITY OF ELKHART  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2007  
 (Continued)

	NYC Railroad Museum	Law Enforcement Continuing Education	Stu Statler Crime	Parking Enforcement	Park Grants	High Dive Park Grant
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	5,415	-
Charges for services	21,576	69,949	38,475	-	-	-
Fines and forfeits	-	-	13,281	33,635	-	-
Other	13,953	983	-	-	-	-
Total receipts	<u>35,529</u>	<u>70,932</u>	<u>51,756</u>	<u>33,635</u>	<u>5,415</u>	<u>-</u>
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	73,168	(990)	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	63,544	-	-	-	2,601	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	13,000	-	-	-	-	-
Total disbursements	<u>76,544</u>	<u>73,168</u>	<u>(990)</u>	<u>-</u>	<u>2,601</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(41,015)</u>	<u>(2,236)</u>	<u>52,746</u>	<u>33,635</u>	<u>2,814</u>	<u>-</u>
Other financing sources (uses):						
Transfers in	45,000	-	-	-	-	-
Transfers out	-	-	(12,000)	-	-	-
Total other financing sources (uses)	<u>45,000</u>	<u>-</u>	<u>(12,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>3,985</u>	<u>(2,236)</u>	<u>40,746</u>	<u>33,635</u>	<u>2,814</u>	<u>-</u>
Cash and investment fund balance - beginning	<u>30,052</u>	<u>157,323</u>	<u>25,580</u>	<u>-</u>	<u>1,611</u>	<u>20,000</u>
Cash and investment fund balance - ending	<u>\$ 34,037</u>	<u>\$ 155,087</u>	<u>\$ 66,326</u>	<u>\$ 33,635</u>	<u>\$ 4,425</u>	<u>\$ 20,000</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ 34,037	\$ 155,087	\$ 66,326	\$ 33,635	\$ 4,425	\$ 20,000
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - December 31	<u>\$ 34,037</u>	<u>\$ 155,087</u>	<u>\$ 66,326</u>	<u>\$ 33,635</u>	<u>\$ 4,425</u>	<u>\$ 20,000</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>34,037</u>	<u>155,087</u>	<u>66,326</u>	<u>33,635</u>	<u>4,425</u>	<u>20,000</u>
Total cash and investment fund balance - December 31	<u>\$ 34,037</u>	<u>\$ 155,087</u>	<u>\$ 66,326</u>	<u>\$ 33,635</u>	<u>\$ 4,425</u>	<u>\$ 20,000</u>

CITY OF ELKHART  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2007  
 (Continued)

	Victim Assistance Grant	Elkhart Environmental Center	Theft Program (TAP)	Unsafe Building	Elco Operating	Central Garage
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,203,392
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	3,028	-	-	-	81,300
Charges for services	-	-	-	30,924	-	23,821
Fines and forfeits	-	-	11,967	-	-	-
Other	-	3,003	-	-	14,952	264
<b>Total receipts</b>	<b>-</b>	<b>6,031</b>	<b>11,967</b>	<b>30,924</b>	<b>14,952</b>	<b>1,308,777</b>
Disbursements:						
General government	-	-	12,372	-	210,472	1,266,892
Public safety	-	-	-	45,202	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	103,617	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	2,428
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	3,051	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>106,668</b>	<b>12,372</b>	<b>45,202</b>	<b>210,472</b>	<b>1,269,320</b>
Excess (deficiency) of receipts over disbursements	-	(100,637)	(405)	(14,278)	(195,520)	39,457
Other financing sources (uses):						
Transfers in	-	118,000	-	-	270,000	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>118,000</b>	<b>-</b>	<b>-</b>	<b>270,000</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	17,363	(405)	(14,278)	74,480	39,457
Cash and investment fund balance - beginning	16,401	152,832	118,114	95,072	92,686	286,801
Cash and investment fund balance - ending	<u>\$ 16,401</u>	<u>\$ 170,195</u>	<u>\$ 117,709</u>	<u>\$ 80,794</u>	<u>\$ 167,166</u>	<u>\$ 326,258</u>
<b>Cash and Investment Assets - December 31</b>						
Cash and investments	\$ 16,401	\$ 170,195	\$ 117,709	\$ 80,794	\$ 167,166	\$ 326,258
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - December 31</b>	<u>\$ 16,401</u>	<u>\$ 170,195</u>	<u>\$ 117,709</u>	<u>\$ 80,794</u>	<u>\$ 167,166</u>	<u>\$ 326,258</u>
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	16,401	170,195	117,709	80,794	167,166	326,258
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 16,401</u>	<u>\$ 170,195</u>	<u>\$ 117,709</u>	<u>\$ 80,794</u>	<u>\$ 167,166</u>	<u>\$ 326,258</u>

CITY OF ELKHART  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
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 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2007  
 (Continued)

	Enhanced 911	Community Development	Community Development Rehab Revolving Loan	Community Development Business Loan Grant	Women's Shelter Grant	IDEM State Grant - Small Mentor
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	155,428	610,314	97,090	35,524	-	-
Charges for services	-	-	25,770	-	38,175	-
Fines and forfeits	-	-	-	-	-	-
Other	-	14,268	514	206,657	-	-
<b>Total receipts</b>	<b>155,428</b>	<b>624,582</b>	<b>123,374</b>	<b>242,181</b>	<b>38,175</b>	<b>-</b>
<b>Disbursements:</b>						
General government	-	-	-	139,417	-	-
Public safety	141,489	-	-	-	38,175	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	672,845	122,693	-	-	-
<b>Debt service:</b>						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>Capital outlay:</b>						
General government	-	-	-	-	-	-
Public safety	10,044	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total disbursements</b>	<b>151,533</b>	<b>672,845</b>	<b>122,693</b>	<b>139,417</b>	<b>38,175</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>3,895</b>	<b>(48,263)</b>	<b>681</b>	<b>102,764</b>	<b>-</b>	<b>-</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	107	-	-	-
Transfers out	(30,000)	(107)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(30,000)</b>	<b>(107)</b>	<b>107</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(26,105)</b>	<b>(48,370)</b>	<b>788</b>	<b>102,764</b>	<b>-</b>	<b>-</b>
<b>Cash and investment fund balance - beginning</b>	<b>375,244</b>	<b>(59,977)</b>	<b>145,853</b>	<b>161,413</b>	<b>-</b>	<b>61,014</b>
<b>Cash and investment fund balance - ending</b>	<b>\$ 349,139</b>	<b>\$ (108,347)</b>	<b>\$ 146,641</b>	<b>\$ 264,177</b>	<b>\$ -</b>	<b>\$ 61,014</b>
<b><u>Cash and Investment Assets - December 31</u></b>						
Cash and investments	\$ 349,139	\$ (108,347)	\$ 146,641	\$ 264,177	\$ -	\$ 61,014
<b>Restricted assets:</b>						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - December 31</b>	<b>\$ 349,139</b>	<b>\$ (108,347)</b>	<b>\$ 146,641</b>	<b>\$ 264,177</b>	<b>\$ -</b>	<b>\$ 61,014</b>
<b><u>Cash and Investment Fund Balance - December 31</u></b>						
<b>Restricted for:</b>						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	349,139	(108,347)	146,641	264,177	-	61,014
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 349,139</b>	<b>\$ (108,347)</b>	<b>\$ 146,641</b>	<b>\$ 264,177</b>	<b>\$ -</b>	<b>\$ 61,014</b>

CITY OF ELKHART  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2007  
 (Continued)

	Envirocorps	Greater Elkhart	Record Perpetuation	Noise Ordinance	State Riverboat Gambling	Tax Abatement
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	91,512	-	-	-	327,105	-
Charges for services	-	479,141	36,231	16,499	-	-
Fines and forfeits	-	-	-	-	-	-
Other	28,799	-	-	-	-	41,510
<b>Total receipts</b>	<b>120,311</b>	<b>479,141</b>	<b>36,231</b>	<b>16,499</b>	<b>327,105</b>	<b>41,510</b>
<b>Disbursements:</b>						
General government	-	168,025	45,997	48,000	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	210,152	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	156,226	-
<b>Total disbursements</b>	<b>210,152</b>	<b>168,025</b>	<b>45,997</b>	<b>48,000</b>	<b>156,226</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(89,841)	311,116	(9,766)	(31,501)	170,879	41,510
<b>Other financing sources (uses):</b>						
Transfers in	95,000	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>95,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,159	311,116	(9,766)	(31,501)	170,879	41,510
Cash and investment fund balance - beginning	9,300	902,167	104,777	146,388	483,657	11,750
Cash and investment fund balance - ending	<u>\$ 14,459</u>	<u>\$ 1,213,283</u>	<u>\$ 95,011</u>	<u>\$ 114,887</u>	<u>\$ 654,536</u>	<u>\$ 53,260</u>
<b>Cash and Investment Assets - December 31</b>						
Cash and investments	\$ 14,459	\$ 1,213,283	\$ 95,011	\$ 114,887	\$ 654,536	\$ 53,260
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - December 31</b>	<u>\$ 14,459</u>	<u>\$ 1,213,283</u>	<u>\$ 95,011</u>	<u>\$ 114,887</u>	<u>\$ 654,536</u>	<u>\$ 53,260</u>
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	14,459	1,213,283	95,011	114,887	654,536	53,260
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 14,459</u>	<u>\$ 1,213,283</u>	<u>\$ 95,011</u>	<u>\$ 114,887</u>	<u>\$ 654,536</u>	<u>\$ 53,260</u>

CITY OF ELKHART  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
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 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2007  
 (Continued)

	Rainy Day	Wheel Tax	Oak Hills Golf Course	Oak Hills Concessions	2005 Park Allocation	2006 Park Allocation
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 570,870	\$ 226,064
Licenses and permits	-	-	-	-	-	-
Intergovernmental	224,780	1,074,521	-	-	37,882	17,146
Charges for services	178,190	-	262,626	58,536	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	100,000	-	-	-
<b>Total receipts</b>	<b>402,970</b>	<b>1,074,521</b>	<b>362,626</b>	<b>58,536</b>	<b>608,752</b>	<b>243,210</b>
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	702,418	-	-	-	-
Culture and recreation	-	-	243,734	35,344	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	530,000	105,000
Interest	-	-	-	-	32,045	115,285
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	41,932	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>702,418</b>	<b>285,666</b>	<b>35,344</b>	<b>562,045</b>	<b>220,285</b>
Excess (deficiency) of receipts over disbursements	402,970	372,103	76,960	23,192	46,707	22,925
Other financing sources (uses):						
Transfers in	-	29,166	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>29,166</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	402,970	401,269	76,960	23,192	46,707	22,925
Cash and investment fund balance - beginning	464,219	655,044	22,892	14,810	73,564	-
Cash and investment fund balance - ending	<u>\$ 867,189</u>	<u>\$ 1,056,313</u>	<u>\$ 99,852</u>	<u>\$ 38,002</u>	<u>\$ 120,271</u>	<u>\$ 22,925</u>
<b>Cash and Investment Assets - December 31</b>						
Cash and investments	\$ 867,189	\$ 1,056,313	\$ 99,852	\$ 38,002	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	120,271	22,925
<b>Total cash and investment assets - December 31</b>	<b>\$ 867,189</b>	<b>\$ 1,056,313</b>	<b>\$ 99,852</b>	<b>\$ 38,002</b>	<b>\$ 120,271</b>	<b>\$ 22,925</b>
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 120,271	\$ 22,925
Unrestricted	867,189	1,056,313	99,852	38,002	-	-
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 867,189</b>	<b>\$ 1,056,313</b>	<b>\$ 99,852</b>	<b>\$ 38,002</b>	<b>\$ 120,271</b>	<b>\$ 22,925</b>

CITY OF ELKHART  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
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 (Continued)

	GOB 2006 Allocation	Economic Development Income tax	Cumulative Fire Fighting Equipment	Cumulative Capital Improvement	Cumulative Sewer	Cumulative Capital Development
<b>Receipts:</b>						
Taxes	\$ 372,207	\$ -	\$ 63,937	\$ -	\$ 216,930	\$ 920,242
Licenses and permits	-	-	-	-	-	-
Intergovernmental	26,754	3,134,767	7,463	182,201	13,430	56,540
Charges for services	-	-	186,190	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	366,563	12,540	-	-	-
<b>Total receipts</b>	<b>398,961</b>	<b>3,501,330</b>	<b>270,130</b>	<b>182,201</b>	<b>230,360</b>	<b>976,782</b>
<b>Disbursements:</b>						
General government	-	4,527,604	-	77,753	-	124,492
Public safety	-	-	94,766	-	-	-
Highways and streets	-	-	-	-	417,787	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
<b>Debt service:</b>						
Principal	275,000	-	-	-	-	-
Interest	89,252	-	-	-	-	-
<b>Capital outlay:</b>						
General government	-	-	-	68,298	-	150,394
Public safety	-	-	907,676	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total disbursements</b>	<b>364,252</b>	<b>4,527,604</b>	<b>1,002,442</b>	<b>146,051</b>	<b>417,787</b>	<b>274,886</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>34,709</b>	<b>(1,026,274)</b>	<b>(732,312)</b>	<b>36,150</b>	<b>(187,427)</b>	<b>701,896</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(100,000)	-	(393,380)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(100,000)</b>	<b>-</b>	<b>(393,380)</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>34,709</b>	<b>(1,026,274)</b>	<b>(732,312)</b>	<b>(63,850)</b>	<b>(187,427)</b>	<b>308,516</b>
<b>Cash and investment fund balance - beginning</b>	<b>-</b>	<b>4,697,082</b>	<b>1,703,310</b>	<b>196,710</b>	<b>972,961</b>	<b>891,402</b>
<b>Cash and investment fund balance - ending</b>	<b>\$ 34,709</b>	<b>\$ 3,670,808</b>	<b>\$ 970,998</b>	<b>\$ 132,860</b>	<b>\$ 785,534</b>	<b>\$ 1,199,918</b>
<b><u>Cash and Investment Assets - December 31</u></b>						
Cash and investments	\$ -	\$ 3,670,808	\$ 970,998	\$ 132,860	\$ 785,534	\$ 1,199,918
<b>Restricted assets:</b>						
Cash and investments	34,709	-	-	-	-	-
<b>Total cash and investment assets - December 31</b>	<b>\$ 34,709</b>	<b>\$ 3,670,808</b>	<b>\$ 970,998</b>	<b>\$ 132,860</b>	<b>\$ 785,534</b>	<b>\$ 1,199,918</b>
<b><u>Cash and Investment Fund Balance - December 31</u></b>						
<b>Restricted for:</b>						
Debt service	\$ 34,709	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	3,670,808	970,998	132,860	785,534	1,199,918
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 34,709</b>	<b>\$ 3,670,808</b>	<b>\$ 970,998</b>	<b>\$ 132,860</b>	<b>\$ 785,534</b>	<b>\$ 1,199,918</b>

CITY OF ELKHART  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
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 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2007  
 (Continued)

	Curb and Gutter Construction	Redevelopment	Elco Capital	2005 Park Capital	Park Capital	2006 Park Capital
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	11,888	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	32,337	24,490	40,640	-	81,165
<b>Total receipts</b>	<b>11,888</b>	<b>32,337</b>	<b>24,490</b>	<b>40,640</b>	<b>-</b>	<b>81,165</b>
<b>Disbursements:</b>						
General government	-	-	21,617	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	8,700	-	-	-	-	-
Culture and recreation	-	-	-	-	-	770,391
Urban redevelopment and housing	-	-	-	-	-	-
<b>Debt service:</b>						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>Capital outlay:</b>						
General government	-	133,000	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	1,691,262	-	-
<b>Total disbursements</b>	<b>8,700</b>	<b>133,000</b>	<b>21,617</b>	<b>1,691,262</b>	<b>-</b>	<b>770,391</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>3,188</b>	<b>(100,663)</b>	<b>2,873</b>	<b>(1,650,622)</b>	<b>-</b>	<b>(689,226)</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>3,188</b>	<b>(100,663)</b>	<b>2,873</b>	<b>(1,650,622)</b>	<b>-</b>	<b>(689,226)</b>
<b>Cash and investment fund balance - beginning</b>	<b>31,978</b>	<b>207,963</b>	<b>79,811</b>	<b>1,691,141</b>	<b>6,524</b>	<b>1,814,927</b>
<b>Cash and investment fund balance - ending</b>	<b>\$ 35,166</b>	<b>\$ 107,300</b>	<b>\$ 82,684</b>	<b>\$ 40,519</b>	<b>\$ 6,524</b>	<b>\$ 1,125,701</b>
<b><u>Cash and Investment Assets - December 31</u></b>						
Cash and investments	\$ 35,166	\$ 107,300	\$ 82,684	\$ 40,519	\$ 6,524	\$ 1,125,701
<b>Restricted assets:</b>						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - December 31</b>	<b>\$ 35,166</b>	<b>\$ 107,300</b>	<b>\$ 82,684</b>	<b>\$ 40,519</b>	<b>\$ 6,524</b>	<b>\$ 1,125,701</b>
<b><u>Cash and Investment Fund Balance - December 31</u></b>						
<b>Restricted for:</b>						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	35,166	107,300	82,684	40,519	6,524	1,125,701
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 35,166</b>	<b>\$ 107,300</b>	<b>\$ 82,684</b>	<b>\$ 40,519</b>	<b>\$ 6,524</b>	<b>\$ 1,125,701</b>

CITY OF ELKHART  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
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 (Continued)

	2006 GOB Capital	Highway Improvement	Horizon	TIF Southwest Allocation	TIF Aeroplex Allocation	TIF Downtown Allocation
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ 341,847	\$ 22,637	\$ 1,223,626
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	13,278	-	-	-	-	6,928
<b>Total receipts</b>	<b>13,278</b>	<b>-</b>	<b>-</b>	<b>341,847</b>	<b>22,637</b>	<b>1,230,554</b>
<b>Disbursements:</b>						
General government	-	-	102,370	-	4,279	-
Public safety	-	-	-	-	-	-
Highways and streets	14,504	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	880	-	275,992
Debt service:						
Principal	-	-	-	-	-	235,000
Interest	-	-	-	-	-	319,222
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total disbursements</b>	<b>14,504</b>	<b>-</b>	<b>102,370</b>	<b>880</b>	<b>4,279</b>	<b>830,214</b>
Excess (deficiency) of receipts over disbursements	(1,226)	-	(102,370)	340,967	18,358	400,340
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,226)	-	(102,370)	340,967	18,358	400,340
Cash and investment fund balance - beginning	267,943	252,464	414,916	16,250	1,640	709,633
Cash and investment fund balance - ending	<u>\$ 266,717</u>	<u>\$ 252,464</u>	<u>\$ 312,546</u>	<u>\$ 357,217</u>	<u>\$ 19,998</u>	<u>\$ 1,109,973</u>
<b>Cash and Investment Assets - December 31</b>						
Cash and investments	\$ 266,717	\$ 252,464	\$ 312,546	\$ 357,217	\$ 19,998	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	1,109,973
<b>Total cash and investment assets - December 31</b>	<b>\$ 266,717</b>	<b>\$ 252,464</b>	<b>\$ 312,546</b>	<b>\$ 357,217</b>	<b>\$ 19,998</b>	<b>\$ 1,109,973</b>
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,109,973
Unrestricted	266,717	252,464	312,546	357,217	19,998	-
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 266,717</b>	<b>\$ 252,464</b>	<b>\$ 312,546</b>	<b>\$ 357,217</b>	<b>\$ 19,998</b>	<b>\$ 1,109,973</b>

CITY OF ELKHART  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
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 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2007  
 (Continued)

	TIF Pierre Moran Allocation	TIF Sterlin Allocation	TIF Cass S Allocation	TIF Downtown Reserve	TIF Downtown District Capital
Receipts:					
Taxes	\$ 26,834	\$ 9,650	\$ 193,350	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Other	-	-	-	-	-
<b>Total receipts</b>	<b>26,834</b>	<b>9,650</b>	<b>193,350</b>	<b>-</b>	<b>-</b>
Disbursements:					
General government	3,145	5,437	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Urban redevelopment and housing	-	-	15,210	-	1,008,088
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Culture and recreation	-	-	-	-	-
<b>Total disbursements</b>	<b>3,145</b>	<b>5,437</b>	<b>15,210</b>	<b>-</b>	<b>1,008,088</b>
Excess (deficiency) of receipts over disbursements	23,689	4,213	178,140	-	(1,008,088)
Other financing sources (uses):					
Transfers in	-	-	-	229,500	-
Transfers out	-	-	-	-	(459,500)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>229,500</b>	<b>(459,500)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	23,689	4,213	178,140	229,500	(1,467,588)
Cash and investment fund balance - beginning	-	-	-	274,000	2,223,094
Cash and investment fund balance - ending	<u>\$ 23,689</u>	<u>\$ 4,213</u>	<u>\$ 178,140</u>	<u>\$ 503,500</u>	<u>\$ 755,506</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ 23,689	\$ 4,213	\$ 178,140	\$ 503,500	\$ 755,506
Restricted assets:					
Cash and investments	-	-	-	-	-
<b>Total cash and investment assets - December 31</b>	<u>\$ 23,689</u>	<u>\$ 4,213</u>	<u>\$ 178,140</u>	<u>\$ 503,500</u>	<u>\$ 755,506</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	23,689	4,213	178,140	503,500	755,506
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 23,689</u>	<u>\$ 4,213</u>	<u>\$ 178,140</u>	<u>\$ 503,500</u>	<u>\$ 755,506</u>

CITY OF ELKHART  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
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 (Continued)

	Downtown Development	St. Joseph River IDEM Grant	Riverwalk Commons	Riverwalk Commons Donation	Railroad Underpass
<b>Receipts:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	12,886	-	495,843
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Other	-	-	-	219,000	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>12,886</b>	<b>219,000</b>	<b>495,843</b>
<b>Disbursements:</b>					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	373,114
Culture and recreation	-	-	10,166	-	-
Urban redevelopment and housing	185,147	-	-	-	-
<b>Debt service:</b>					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<b>Capital outlay:</b>					
General government	-	-	-	306,120	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Culture and recreation	-	-	-	-	-
<b>Total disbursements</b>	<b>185,147</b>	<b>-</b>	<b>10,166</b>	<b>306,120</b>	<b>373,114</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(185,147)</b>	<b>-</b>	<b>2,720</b>	<b>(87,120)</b>	<b>122,729</b>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	265,205	-
Transfers out	-	-	(35,206)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(35,206)</b>	<b>265,205</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(185,147)</b>	<b>-</b>	<b>(32,486)</b>	<b>178,085</b>	<b>122,729</b>
<b>Cash and investment fund balance - beginning</b>	<b>283,700</b>	<b>17,292</b>	<b>35,206</b>	<b>2,151</b>	<b>152,684</b>
<b>Cash and investment fund balance - ending</b>	<b>\$ 98,553</b>	<b>\$ 17,292</b>	<b>\$ 2,720</b>	<b>\$ 180,236</b>	<b>\$ 275,413</b>
<b><u>Cash and Investment Assets - December 31</u></b>					
Cash and investments	\$ 98,553	\$ 17,292	\$ 2,720	\$ 180,236	\$ 275,413
<b>Restricted assets:</b>					
Cash and investments	-	-	-	-	-
<b>Total cash and investment assets - December 31</b>	<b>\$ 98,553</b>	<b>\$ 17,292</b>	<b>\$ 2,720</b>	<b>\$ 180,236</b>	<b>\$ 275,413</b>
<b><u>Cash and Investment Fund Balance - December 31</u></b>					
<b>Restricted for:</b>					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	98,553	17,292	2,720	180,236	275,413
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 98,553</b>	<b>\$ 17,292</b>	<b>\$ 2,720</b>	<b>\$ 180,236</b>	<b>\$ 275,413</b>

CITY OF ELKHART  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
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 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2007  
 (Continued)

	East Jackson Curb and Drain	County Road 17 Corridor and Johnson Street	Cassopolis Interlocal	Rail Road Safety Build Indiana	Elco Build Indiana
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Other	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Disbursements:					
General government	-	-	-	-	35,570
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Culture and recreation	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,570</b>
Excess (deficiency) of receipts over disbursements	-	-	-	-	(35,570)
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	(35,570)
Cash and investment fund balance - beginning	87,000	4,446	4,015	50,000	314,916
Cash and investment fund balance - ending	<u>\$ 87,000</u>	<u>\$ 4,446</u>	<u>\$ 4,015</u>	<u>\$ 50,000</u>	<u>\$ 279,346</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ 87,000	\$ 4,446	\$ 4,015	\$ 50,000	\$ 279,346
Restricted assets:					
Cash and investments	-	-	-	-	-
<b>Total cash and investment assets - December 31</b>	<u>\$ 87,000</u>	<u>\$ 4,446</u>	<u>\$ 4,015</u>	<u>\$ 50,000</u>	<u>\$ 279,346</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	87,000	4,446	4,015	50,000	279,346
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 87,000</u>	<u>\$ 4,446</u>	<u>\$ 4,015</u>	<u>\$ 50,000</u>	<u>\$ 279,346</u>

CITY OF ELKHART  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2007  
 (Continued)

	Ullery Homeownership	Fire Department FEMA Grant	Bureau of Justice	Levy Excess	Totals
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 10,351,299
Licenses and permits	-	-	-	-	4,200
Intergovernmental	-	13,481	8,820	-	9,675,860
Charges for services	-	-	-	-	2,709,426
Fines and forfeits	-	-	-	-	58,883
Other	-	-	-	-	1,499,947
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total receipts	-	13,481	8,820	-	24,299,615
Disbursements:					
General government	-	-	-	-	8,077,189
Public safety	-	-	8,479	-	675,301
Highways and streets	-	11,176	-	-	4,598,439
Culture and recreation	-	-	-	-	5,707,919
Urban redevelopment and housing	-	-	-	-	2,280,855
Debt service:					
Principal	-	-	-	-	1,145,000
Interest	-	-	-	-	555,804
Capital outlay:					
General government	-	-	-	-	677,040
Public safety	-	-	-	-	917,720
Highways and streets	-	-	-	-	106,856
Culture and recreation	-	-	-	-	2,079,209
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total disbursements	-	11,176	8,479	-	26,821,332
Excess (deficiency) of receipts over disbursements	-	2,305	341	-	(2,521,717)
Other financing sources (uses):					
Transfers in	-	-	-	-	1,221,978
Transfers out	-	-	-	(282,273)	(1,341,632)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-	(282,273)	(119,654)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,305	341	(282,273)	(2,641,371)
Cash and investment fund balance - beginning	50,000	-	-	282,273	27,311,160
Cash and investment fund balance - ending	<u>\$ 50,000</u>	<u>\$ 2,305</u>	<u>\$ 341</u>	<u>\$ -</u>	<u>\$ 24,669,789</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ 50,000	\$ 2,305	\$ 341	\$ -	\$ 23,381,911
Restricted assets:					
Cash and investments	-	-	-	-	1,287,878
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total cash and investment assets - December 31	<u>\$ 50,000</u>	<u>\$ 2,305</u>	<u>\$ 341</u>	<u>\$ -</u>	<u>\$ 24,669,789</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 1,287,878
Unrestricted	50,000	2,305	341	-	23,381,911
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total cash and investment fund balance - December 31	<u>\$ 50,000</u>	<u>\$ 2,305</u>	<u>\$ 341</u>	<u>\$ -</u>	<u>\$ 24,669,789</u>

CITY OF ELKHART  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PENSION TRUST FUNDS  
 For The Year Ended December 31, 2007

	<u>Police Pension</u>	<u>Firefighter's Pension</u>	<u>Totals</u>
Additions:			
Contributions:			
Employer	\$ 915,674	\$ 1,689,773	\$ 2,605,447
Plan members	3,525	7,619	11,144
State	<u>1,579,458</u>	<u>1,975,908</u>	<u>3,555,366</u>
 Total contributions	 <u>2,498,657</u>	 <u>3,673,300</u>	 <u>6,171,957</u>
 Deductions:			
Benefits	1,965,777	3,814,982	5,780,759
Administrative and general	<u>13,873</u>	<u>25,018</u>	<u>38,891</u>
 Total deductions	 <u>1,979,650</u>	 <u>3,840,000</u>	 <u>5,819,650</u>
 Excess (deficiency) of total additions over total deductions	 519,007	 (166,700)	 352,307
 Cash and investment fund balance - beginning	 <u>761,367</u>	 <u>2,668,696</u>	 <u>3,430,063</u>
 Cash and investment fund balance - ending	 <u>\$ 1,280,374</u>	 <u>\$ 2,501,996</u>	 <u>\$ 3,782,370</u>

CITY OF ELKHART  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For The Year Ended December 31, 2007

	Cemetery Perpetual Care	Mausoleum Perpetual Care	Prairie Street Cemetery Perpetual Care	Donations	Totals
Additions:					
Contributions:					
Other	\$ 4,821	\$ 950	\$ -	\$ 87,809	\$ 93,580
Deductions:					
Other	-	-	-	80,194	80,194
Excess of total additions over total deductions	4,821	950	-	7,615	13,386
Cash and investment fund balance - beginning	17,144	436,126	75,657	220,888	749,815
Cash and investment fund balance - ending	<u>\$ 21,965</u>	<u>\$ 437,076</u>	<u>\$ 75,657</u>	<u>\$ 228,503</u>	<u>\$ 763,201</u>

CITY OF ELKHART  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2007

	<u>Pensions</u>	<u>Flex Spending Account</u>	<u>Group Insurance</u>	<u>HRA Group Insurance</u>	<u>Liability Insurance</u>	<u>Sales Tax</u>	<u>County Court Fees</u>	<u>Elkhart City Court</u>	<u>Totals</u>
Additions:									
Agency fund additions	\$ 4,056,467	\$ 219,990	\$ 4,839,755	\$ 500,352	\$ 1,014,000	\$ 18,157	\$ 190,853	\$ 2,692,879	\$ 13,532,453
Deductions:									
Agency fund deductions	3,673,399	186,290	4,677,206	431,551	252,704	18,145	190,853	2,801,524	12,231,672
Excess (deficiency) of total additions over total deductions	383,068	33,700	162,549	68,801	761,296	12	-	(108,645)	1,300,781
Cash and investment fund balance - beginning	1,098,809	26,292	257,161	-	-	76	-	307,318	1,689,656
Cash and investment fund balance - ending	\$ 1,481,877	\$ 59,992	\$ 419,710	\$ 68,801	\$ 761,296	\$ 88	\$ -	\$ 198,673	\$ 2,990,437

CITY OF ELKHART  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS

As of December 31, 2007

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

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 6,390,272
Infrastructure	6,360,343
Buildings	13,791,450
Improvements other than buildings	11,673,965
Machinery and equipment	<u>18,204,253</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 56,420,283</u>
<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 733,182
Construction in progress	347,966
Buildings	1,130,849
Improvements other than buildings	966,890
Machinery and equipment	460,986
Infrastructure	<u>27,846,727</u>
Total Water Utility capital assets	<u>31,486,600</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	66,068
Construction in progress	1,625,478
Buildings	19,220,508
Improvements other than buildings	6,183,383
Machinery and equipment	23,728,936
Infrastructure	<u>42,606,303</u>
Total Wastewater Utility capital assets	<u>93,430,676</u>
Total business-type activities capital assets	<u>\$ 124,917,276</u>

CITY OF ELKHART  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT

As Of December 31, 2007

The City has entered into the following long-term debt:

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital lease payable:		
Golf Carts	\$ 38,558	\$ 38,558
Loans payable:		
2003 Brownfield Series A	195,000	34,000
Bonds payable:		
General obligation bonds:		
2005 Park district	545,000	545,000
2006 Bonds	1,715,000	665,000
2006 Park district	1,745,000	165,000
Tax increment bonds:		
2001 Revenue refunding and improvements bonds	2,020,000	170,000
2002 Special tax district bonds	1,790,000	20,000
2004 Special tax district bonds	1,345,000	75,000
2006 Special tax district bonds	2,290,000	30,000
 Total governmental activities long-term debt	 \$ 11,683,558	 \$ 1,742,558
 Business-type Activities:		
Water Utility		
Revenue bonds:		
2003 Refunding revenue bonds	\$ 1,165,000	\$ 855,000
 Wastewater Utility		
Revenue bonds:		
2004 Refunding revenue bonds	1,800,000	1,000,000
 Total business-type activities long-term debt:	 \$ 2,965,000	 \$ 1,855,000

CITY OF ELKHART  
OTHER REPORTS

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

Elkhart City Clerk

CITY OF ELKHART  
AUDIT RESULTS AND COMMENTS

OVERSPENT APPROPRIATION

The records presented for audit indicated that the Cumulative Sewer Fund expenditures were in excess of budgeted appropriations by \$8,453.

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

ADJUSTMENTS TO APPROPRIATIONS

Appropriation adjustments were made to the General Fund and Cumulative Capital Development Fund without the approval of the Indiana Department of Local Government Finance. The City transferred appropriations from the Cumulative Capital Development Fund to the General Fund.

Indiana Code 6-1.1-18-5 states in part:

"(a) If the proper officers of a political subdivision desire to appropriate more money for a particular year than the amount prescribed in the budget for that year as finally determined under this article, they shall give notice of their proposed additional appropriation. The notice shall state the time and place at which a public hearing will be held on the proposal. The notice shall be given once in accordance with IC 5-3-1-2(b).

(b) If the additional appropriation by the political subdivision is made from a fund that receives: (1) distributions from the motor vehicle highway account established under IC 8-14-1-1 or the local road and street account established under IC 8-14-2-4; or (2) revenue from property taxes levied under IC 6-1.1; the political subdivision must report the additional appropriation to the department of local government finance. If the additional appropriation is made from a fund described under this subsection, subsections (f), (g), (h), and (i) apply to the political subdivision.

(c) However, if the additional appropriation is not made from a fund described under subsection (b), subsections (f), (g), (h), and (i) do not apply to the political subdivision. Subsections (f), (g), (h), and (i) do not apply to an additional appropriation made from the cumulative bridge fund if the appropriation meets the requirements under IC 8-16-3-3(c).

(d) A political subdivision may make an additional appropriation without approval of the department of local government finance if the additional appropriation is made from a fund that is not described under subsection (b). However, the fiscal officer of the political subdivision shall report the additional appropriation to the department of local government finance.

CITY OF ELKHART  
AUDIT RESULTS AND COMMENTS  
(Continued)

PENALTIES, INTEREST AND OTHER CHARGES

Penalties and interest totaling \$6,278.15 were paid to the Internal Revenue Service in 2007. Penalties and interest assessed by the Internal Revenue Service were due to the underpayment of the June 30, 2007, federal income tax liability.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SERVICE AND TIME RECORDS

There were numerous errors and discrepancies between the employees manual service records and the computerized service records, including negative leave time balances and unexplained computer adjustments. The opportunity existed for time to be manipulated to avoid negative leave time balances. One part-time employee's timecard was not maintained or presented for audit. The timecards for four part-time employees were not signed by the supervisor or the employee. Five service records are incomplete.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

Compliance

We have audited the compliance of the City of Elkhart (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2007. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.

Internal Control Over Compliance

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

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

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

A control deficiency in a City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in item 2007-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

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

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

This report is intended solely for the information and use of the City's management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 22, 2008

CITY OF ELKHART  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2007

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
Direct Grant			
CDBG-Entitlement and (HUD - Administered) Small Cities Cluster Community Development Block Grants/Entitlement Grants	14.218	B-05-MC-18-0015 B-06-MC-18-0015	\$ 332,077 <u>329,282</u>
Total for Cluster			<u>661,359</u>
Supportive Housing Program	14.235	IN36B402017 IN36B402023	53,368 <u>53,475</u>
Total for program			<u>106,843</u>
Fair Housing Assistance Program - State and Local	14.401	FF205K065036 IFF205K075036	5,200 <u>41,576</u>
Total for program			<u>46,776</u>
Pass-Through Elkhart Housing Authority Public Housing Capital Fund	14.872		<u>34,995</u>
Total for federal grantor agency			<u>849,973</u>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
Pass-Through Indiana Criminal Justice Institute Crime Victim Assistance	16.575	06VA031 07VA023	25,368 <u>12,685</u>
Total for federal grantor agency			<u>38,053</u>
Edward Byrne Memorial Formula Grant Program	16.579	07-DCAPP-002	<u>8,820</u>
Total for federal grantor agency			<u>46,873</u>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
Pass-Through Indiana Criminal Justice Institute Highway Safety Cluster State and Community Highway Safety	20.600	PT-07-04-01-19 PT-08-04-01-18	36,125 <u>10,755</u>
Total for cluster			<u>46,880</u>
Direct Grant Airport Improvement Program	20.106	3-18-0018-16 3-18-0018-17 3-18-0018-18	3,126 225,720 <u>9,651</u>
Total for program			<u>238,497</u>
Pass-Through Indiana Department of Transportation Highway Planning and Construction	20.205	0600(463)	<u>617,532</u>
Total for federal grantor agency			<u>902,909</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
Pass-Through Elkhart Community School Corporation Twenty-First Century Community Learning Centers	84.287		<u>5,415</u>
<b><u>CORPORATION FOR NATIONAL SERVICE</u></b>			
Pass-Through Indiana Commission for Community Services AmeriCorps	94.006	03ACHIN0010003 F20-7-AC003	60,630 <u>28,587</u>
Total for federal grantor agency			89,217
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>			
Pass-Through Indiana Department of Homeland Security Assistance to Firefighters Grant	97.044	EMW-2006-FP01191	<u>11,981</u>
Total federal awards expended			<u>\$ 1,906,368</u>

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

CITY OF ELKHART  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

II. Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows for the year ended December 31, 2007:

Program Title	Federal CFDA Number	
CDBG-Entitlement and (HUD-Administered) Small Cities Cluster	14.218	\$ 129,765
Supportive Housing Program	14.235	98,873
Crime Victim Assistance	16.575	38,053

CITY OF ELKHART  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	yes

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.218	Community Development Block Grants/Entitlement Grants
20.205	Highway Planning and Construction

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

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

Section III – Federal Award Findings and Questioned Costs

FINDING 2007-1, INTERNAL CONTROLS - CASH MANAGEMENT

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

Controls over the reconciling of City Controller records and the CDBG grant records have been insufficient. On December 31, 2007, the City Controller's cash balance of the Community Development Fund (231) is a negative \$108,347 and the cash balance of the CDBG bookkeeper's control fund ledger was a negative \$37,139, resulting in a difference of \$70,208. Differences noted during the audit that contributed to the variance between City Fund 231 Balance and the CDBG Control ledger balance included the following:

- (a) A timing difference between the drawn down amount and the posting of payments to the City Controller's record.
- (b) Postings of payroll related items to the CDBG control ledger without a drawdown request.
- (c) Posting of vendor checks to CDBG control ledger without a draw down request.
- (d) Postings of the City's share of fringe benefits to CDBG Control ledger without a reimbursement request from the City.
- (e) Duplicate posting of program income to CDBG Control ledgers.
- (f) Duplicate draw down amounts.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, and compliance with laws and regulations. Among other things, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

At all times, the manual and/or computerized records, subsidiary ledgers, and control ledger should agree. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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

In accordance with 24 CFR 85.20(b)(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."

Failure to identify and correct differences in the cash balance of the Community Development Fund, per the City Controller's records, and the cash control ledger of the CDBG bookkeeper will result in the under or over stating of the Community Development Fund cash balance throughout the year.

We recommended that City officials initiate procedures to establish internal controls over the cash fund balance of the Community Development Fund and the cash balance of the CDBG grant control ledger. Such procedures should include, on a monthly basis, reconciling the Community Development fund cash balance per the City Controller's records with the cash balance of the CDBG bookkeeper's control ledger for the grant.



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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2006-1

Original SBA Audit Report Number: B30443  
Fiscal Year: 2006  
Auditee Contact Person: Stephen J. Malone  
Title of Contact Person: City Controller  
Phone Number: 574-294-5471  
Status of Finding: Internal Controls – Cash Management –  
Community Development and CDBG Federal Grant

Finding Number 2006-1 has been partially corrected. The Controller's Office initiated an audit in 2006 of the fund and records of each component for the years 2003, 2004, 2005, and 2006 to identify where discrepancies occurred. The audit was expanded into 2007 to identify factors contributing to the difference. The audit was completed, and a plan will be developed to coordinate corrective adjustments with the granting agency to resolve the discrepancy. The corrective action plan also included strengthening internal controls by developing a procedure to complete a monthly reconciliation of the records, which is in process.

*Stephen J. Malone*  
*8/22/08*



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## **CORRECTIVE ACTION PLAN**

### **FINDING 2007-1 INTERNAL CONTROLS – CASH MANAGEMENT – COMMUNITY DEVELOPMENT FUND AND CDBG FEDERAL GRANT**

Controls over the reconciling of City Controller records and the CDBG grant records have been insufficient, resulting in a discrepancy in the records. The corrective action plan contemplated a thorough audit to determine where discrepancies occurred, development of a monthly reconciling process, and a plan to coordinate corrective adjustments with the granting agency. These measures are partially complete. The audit has been concluded, and development of the reconciling process is nearing completion. Development of all components of the reconciling process will be completed to facilitate uniform administration on a monthly basis. In addition, corrective adjustments will be coordinated with the granting agency to resolve the finding.

Stephen J. Malone, Controller  
City of Elkhart, Indiana

August 22, 2008

Date Signed

CITY OF ELKHART  
EXIT CONFERENCE

The contents of this report were discussed on August 22, 2008, with Dick Moore, Mayor; Stephen J. Malone, Controller; and Christy Holman, Deputy Controller.