

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF ELKHART
ELKHART COUNTY, INDIANA

January 1, 2014 to December 31, 2014



FILED
12/29/2016

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	10-12
Notes to Financial Statement	13-18
Other Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	20-43
Schedule of Leases and Debt	44
Schedule of Capital Assets.....	45
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance	48-49
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	52
Notes to Schedule of Expenditures of Federal Awards	53
Schedule of Findings and Questioned Costs	54-59
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	62
Corrective Action Plan	63-66
Other Reports.....	67

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Stephen J. Malone Jeffrey L. Spalding	01-01-14 to 12-31-15 01-01-16 to 12-31-16
Mayor	Dick Moore Timothy Neese	01-01-12 to 12-31-15 01-01-16 to 12-31-19
President of the Board of Public Works	Michael C. Machlan Carol McDowell	01-01-14 to 12-31-15 01-01-16 to 12-31-16
President of the Common Council	Ronald D. Troyer Brian A. Thomas	01-01-14 to 12-31-14 01-01-15 to 12-31-16



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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

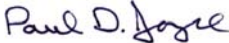
Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 1, 2016, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

December 1, 2016



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the City of Elkhart (City), which comprises the financial position and results of operations for the year ended December 31, 2014, and the related notes to the financial statement, and have issued our report thereon dated December 1, 2016, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001 and 2014-002 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the

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


determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-002.

City of Elkhart's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

December 1, 2016

(This page intentionally left blank.)

FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
General	\$ 26,760,866	\$ 34,640,719	\$ 33,705,882	\$ 27,695,703
Motor Vehicle Highway	1,666,070	3,878,282	3,742,157	1,802,195
Local Road And Street	175,133	480,631	538,748	117,016
Aviation	803,299	668,275	737,487	734,087
Park Program	499,786	287,555	224,405	562,936
Parking Enforcement	106,444	11,607	-	118,051
Community Development	10,354	874,421	851,081	33,694
Law Enforcement Continuing Ed	213,158	69,882	60,905	222,135
Unsafe Building	141,733	123,432	126,637	138,528
Riverboat Gaming	551,248	301,818	298,173	554,893
E-911	74,717	79,432	118,504	35,645
Park And Recreation	675,448	830,059	763,583	741,924
Rainy Day	5,321,460	1,456,270	13,061	6,764,669
Levy Excess	-	2,155	-	2,155
TIF Consolidated S Allocation	2,280,034	933,040	589,725	2,623,349
Major Moves Construction	7,008,985	679,970	1,500,000	6,188,955
Cum Cap Development	475,977	548,473	642,538	381,912
Cum Cap Fire	259,530	180,117	-	439,647
Cum Cap Sewer	611,305	134,232	234,203	511,334
Cum Cap Improvement	242,355	144,159	79,217	307,297
TIF Allocation S Main Gateway	92,032	-	92,032	-
Police Pension	1,725,030	1,862,953	2,031,042	1,556,941
Fire Pension	2,864,143	2,627,146	2,801,622	2,689,667
BCCE Seat Belt Grant	1,084	27,357	27,357	1,084
Park Bond 09 Reserve	283,277	107,986	215,971	175,292
TIF Bayer/Tech Park Allocation	262,817	90,538	7,388	345,967
Lerner Ticket Account	163,010	1,318,508	1,402,323	79,195
City Clerk State Shares Sweep Account	49,198	299,654	345,851	3,001
Elkhart City Court-Regular Account	149,103	1,833,864	1,803,911	179,056
City Clerk-Probation User Fees	11,257	215,655	213,127	13,785
NYCRR CONCESSIONS	9,894	9,557	4,194	15,257
Tolson Youth Donation	19,718	41,255	45,047	15,926
IHCDA IN Housing Comm Dev Assoc.	(2,525)	3,133	-	608
Aviation Donation	1,210	30,120	25,254	6,076
Fish Passage Grant	1,800	20,144	21,944	-
DUI/Operating Under Influence	-	11,860	10,143	1,717
FACT (Fatal Accident Crash Team)	-	1,375	1,375	-
Urban Wood Program	-	5,923	1,546	4,377
Cemetery	440,006	384,606	428,199	396,413
Probation User Fees	313,620	214,255	341,273	186,602
Federal Grant Human Relations	73,707	36,920	25,550	85,077
State Grant IDEM Small Mentor	61,013	-	-	61,013
Central Garage	910,620	1,551,665	1,336,716	1,125,569
Park Grants	4,425	-	-	4,425
Theft Program	126,762	12,160	8,066	130,856
Stu Statler Crime Fund	24,857	30,117	33,852	21,122
Record Perpetuation	109,815	33,843	54,342	89,316
High Dive Park Grant	19,644	-	-	19,644
Tax Abatement	231,567	42,451	750	273,268
Environmental Center	35,172	105,177	109,275	31,074
Greater Elkhart	1,582,245	1,726,594	1,361,798	1,947,041
License Examination	27,877	5,980	6,340	27,517
Mausoleum Operating	41,638	9,015	6,947	43,706
NYCRR Museum	93,039	110,526	119,893	83,672
Washington Gardens	5,821	3,328	2,567	6,582
Elco/Lerner Theatre	517,736	887,287	789,855	615,168
Redevelopment	98,672	98,872	83,711	113,833
UMPTA	12,767	102,000	95,100	19,667
Tolson Drug Elimination	35	-	-	35
IDEM Grant St Joe River	17,292	-	-	17,292
Wheel Tax	205,839	1,051,848	1,049,905	207,782
CD Rehab	67,331	23,029	46,921	43,439
CD Business Loan Grant	575,071	48,643	120,789	502,925

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

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

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
DEA Asset Sharing	31,472	5,196	33,085	3,583
Noise Ordinance	45,530	105,648	95,821	55,357
Curb And Gutter Construction	42,161	12,200	10,100	44,261
Elco Capital	115,446	265	-	115,711
TIF Downtown Reserve	745,063	-	-	745,063
TIF Southwest Allocation	165,804	-	165,804	-
TIF Aeroplex Allocation	782,966	171,780	440,389	514,357
TIF Sterling Allocation	29,561	-	29,561	-
TIF Cassopolis Allocation	2,745,239	2,827,083	2,545,267	3,027,055
Aviation Insurance Settlement	61,184	164	41,732	19,616
Insurance Fire Department	32,368	-	-	32,368
Insurance Police Dept	29,771	5,974	-	35,745
Insurance Public Works	23,782	4,250	8,328	19,704
Insurance Street Dept	6,295	1,274	6,877	692
Insurance Cemetery	100	-	-	100
Insurance Park And Recreation	53,157	266	-	53,423
Insurance Buildings and Grounds	2,299	715	-	3,014
Insurance Oak Hills	490	-	490	-
Insurance Central Garage	12,141	72,141	48,778	35,504
Insurance Sewer	14,677	-	-	14,677
Donation Mayors Office	2,656	1,525	1,824	2,357
Donation Mayors Food Drive	850	788	895	743
Donation Safety Champions	142	-	-	142
Animal Control Ordinance	219,169	60,758	4,006	275,921
Donation Bayer Corp	1,127	-	-	1,127
Donation Civil Rights	692	-	-	692
Donation Community Violence	176	-	-	176
Donation Fire Education	1,488	-	-	1,488
Donation Smoke Detectors	526	-	-	526
Donation Ambulance Escrow	10,035	-	-	10,035
Donation Survive Alive	2,252	9,713	9,006	2,959
Donation Historical Preservation	10,582	-	-	10,582
Donation Building	251	-	-	251
Donation Downtown Improvements	1,253	-	-	1,253
Donation Riverwalk	115,655	-	-	115,655
Donation Police Misc	27,413	47,339	10,619	64,133
Donation Intersection Improvements	650	-	-	650
Donation Beardsley Memorial	4,537	-	-	4,537
Lerner Concessions	1,098	-	-	1,098
Donation Comm Center	10	-	-	10
Donation EMS	1,783	-	-	1,783
Donation Tree Planting	354	325	-	679
Donation NYCRR Museum	4,575	901	-	5,476
Donation Cemetery	42,517	-	-	42,517
Donation Park And Recreation	53,376	3,047	766	55,657
Donation Elco/Lerner Theatre	36,086	450	384	36,152
Donation Agenda 2010	171	-	-	171
Tolson Scholarship	2,179	-	-	2,179
Donation Enviro Education	32,754	5,850	8,944	29,660
Donation DESS	697	-	323	374
Donation Botanical Gardens	119	-	-	119
Donation Public Works	4,036	-	-	4,036
Neighborhood Stabilization Program	1,644	80,905	48,131	34,418
NSP-3/CDBG-R	(15,225)	345,514	289,551	40,738
Park Bond 09 Allocation	126,847	829,532	813,576	142,803
TIF Downtown Allocation	2,389,439	1,848,189	1,754,776	2,482,852
EDIT	5,904,980	3,418,692	4,130,702	5,192,970
Riverwalk Commons	1,760	-	-	1,760
Horizon	312,546	-	-	312,546
Aviation Federal	49,217	176,962	185,296	40,883
Downtown Development	8,177	-	-	8,177
Highway Improvement	94,864	-	-	94,864
Park Capital	6,524	-	-	6,524
TIF Downtown Capital	62,913	107	-	63,020

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

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

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
P/W Homeland Security Grant	58	-	-	58
Fire Department FEMA Grant	22,351	-	22,351	-
Bureau Of Justice Police Grant	16,014	-	-	16,014
RR Underpass	2,161,485	851,425	2,643,573	369,337
Cassopolis Interlocal	4,015	-	-	4,015
Build Indiana - RR Safety	76,830	-	-	76,830
Build Indiana- Elco/Lerner Theatre	17,395	-	-	17,395
CR 17 Corridor	4,446	-	-	4,446
Cemetery Perpetual	51,012	4,118	-	55,130
Mausoleum Perpetual	386,389	1,838	-	388,227
Prairie Street Cemetery	75,657	-	-	75,657
Pension Trust	1,878,287	4,876,947	5,183,856	1,571,378
Sales Tax	1,593	13,306	13,618	1,281
County Court Fees	10,328	114,884	125,211	1
Flex Benefit	81,084	210,920	207,933	84,071
Group Insurance	921,077	8,172,503	7,668,579	1,425,001
HRA Group Insurance	431,453	962,072	472,391	921,134
Liability Insurance Trust	4,613,616	1,019,204	1,569,357	4,063,463
Fuel Hedge Fund	53	14,553	14,553	53
Stormwater Capital	121,804	165,000	10,904	275,900
Stormwater	733,683	823,672	681,290	876,065
CSO LTCP	1,150,975	-	-	1,150,975
Wastewater Utility Operating	1,800,934	8,800,506	8,102,084	2,499,356
Wastewater Util-Bond And Interest	1,046,736	1,139,140	845,963	1,339,913
Sewer Replacement	1,150,748	6,083,413	5,998,464	1,235,697
Sewer Bond Sinking Fund	826,251	155,953	-	982,204
Sewer Insurance 655 #2	181,445	205,832	258,717	128,560
WWTP Trunk Line Ext 656 #3	1,223,109	136,038	176,754	1,182,393
WWTP Revenue Fund #4	1,459,982	13,948,238	14,343,109	1,065,111
Sewer Guarantee Deposits	186,241	14,400	-	200,641
Water Utility Operating	2,422,800	7,951,777	9,469,403	905,174
Water Utility Depreciation	5,477,967	-	3,087,118	2,390,849
Water Utility Tank	1,705,313	-	482,310	1,223,003
Water Revenue #4	3,258,497	7,921,005	8,409,016	2,770,486
Water Main Extension 630	400,900	5,514,188	2,613,422	3,301,666
WTR Guarantee Deposit	197,797	17,376	-	215,173
Organic Recycling	-	205,000	149,365	55,635
Aquatic Fisheries	213,002	100,000	115,614	197,388
Totals	<u>\$ 107,879,249</u>	<u>\$ 140,770,734</u>	<u>\$ 142,648,268</u>	<u>\$ 106,001,715</u>

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

CITY OF ELKHART
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

CITY OF ELKHART
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

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

Penalties, which include fees received for late payments.

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

E. Disbursements

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

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

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

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

CITY OF ELKHART
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

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

F. Interfund Transfers

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to

CITY OF ELKHART
NOTES TO FINANCIAL STATEMENT
(Continued)

establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

CITY OF ELKHART
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

Funding Policy and Annual Pension Cost

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

B. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

C. 1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy

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

CITY OF ELKHART
NOTES TO FINANCIAL STATEMENT
(Continued)

On Behalf Payments

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

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

Plan Description

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

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

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

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

Funding Policy

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

Note 7. Other Postemployment Benefits

The City provides to eligible retirees and their spouses the following benefit: health insurance. Certain former City employees, under age 65, may remain participants in the City's group health insurance plan if they pay the full premium cost. That benefit poses no direct cash liability to the City for this year and in future years because the participant is required to pay the full cost of the insurance coverage. Additional information regarding that benefit can be obtained by contacting the City.

OTHER INFORMATION - UNAUDITED

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

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

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

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

	General	Motor Vehicle Highway	Local Road And Street	Aviation	Park Program	Parking Enforcement	Community Development
Cash and investments - beginning	\$ 26,760,866	\$ 1,666,070	\$ 175,133	\$ 803,299	\$ 499,786	\$ 106,444	\$ 10,354
Receipts:							
Taxes	19,534,826	1,887,111	-	443,155	-	-	-
Licenses and permits	443,040	-	-	-	-	-	-
Intergovernmental receipts	13,089,403	1,981,695	480,631	31,384	-	-	866,607
Charges for services	1,034,732	4,968	-	193,736	287,555	-	-
Fines and forfeits	398,202	-	-	-	-	11,607	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	140,516	4,508	-	-	-	-	7,814
Total receipts	34,640,719	3,878,282	480,631	668,275	287,555	11,607	874,421
Disbursements:							
Personal services	28,474,362	2,983,492	-	572,793	65,509	-	387,631
Supplies	1,229,808	423,998	-	59,392	74,884	-	-
Other services and charges	2,622,341	329,787	398,748	105,302	84,012	-	463,450
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	63,897	4,880	140,000	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	1,315,474	-	-	-	-	-	-
Total disbursements	33,705,882	3,742,157	538,748	737,487	224,405	-	851,081
Excess (deficiency) of receipts over disbursements	934,837	136,125	(58,117)	(69,212)	63,150	11,607	23,340
Cash and investments - ending	<u>\$ 27,695,703</u>	<u>\$ 1,802,195</u>	<u>\$ 117,016</u>	<u>\$ 734,087</u>	<u>\$ 562,936</u>	<u>\$ 118,051</u>	<u>\$ 33,694</u>

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

	Law Enforcement Continuing Ed	Unsafe Building	Riverboat Gaming	E-911	Park And Recreation	Rainy Day	Levy Excess
Cash and investments - beginning	\$ 213,158	\$ 141,733	\$ 551,248	\$ 74,717	\$ 675,448	\$ 5,321,460	\$ -
Receipts:							
Taxes	-	-	-	59,432	617,758	-	2,155
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	301,818	-	43,186	-	-
Charges for services	-	123,432	-	-	169,115	140,162	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	69,882	-	-	20,000	-	1,316,108	-
Total receipts	<u>69,882</u>	<u>123,432</u>	<u>301,818</u>	<u>79,432</u>	<u>830,059</u>	<u>1,456,270</u>	<u>2,155</u>
Disbursements:							
Personal services	-	12,588	-	-	396,893	-	-
Supplies	-	-	-	-	19,093	-	-
Other services and charges	58,693	114,049	165,705	118,504	341,332	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	112,468	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	2,212	-	20,000	-	6,265	13,061	-
Total disbursements	<u>60,905</u>	<u>126,637</u>	<u>298,173</u>	<u>118,504</u>	<u>763,583</u>	<u>13,061</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>8,977</u>	<u>(3,205)</u>	<u>3,645</u>	<u>(39,072)</u>	<u>66,476</u>	<u>1,443,209</u>	<u>2,155</u>
Cash and investments - ending	<u>\$ 222,135</u>	<u>\$ 138,528</u>	<u>\$ 554,893</u>	<u>\$ 35,645</u>	<u>\$ 741,924</u>	<u>\$ 6,764,669</u>	<u>\$ 2,155</u>

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

	TIF Consolidated S Allocation	Major Moves Construction	Cum Cap Development	Cum Cap Fire	Cum Cap Sewer	Cum Cap Improvement	TIF Allocation S Main Gateway
Cash and investments - beginning	\$ 2,280,034	\$ 7,008,985	\$ 475,977	\$ 259,530	\$ 611,305	\$ 242,355	\$ 92,032
Receipts:							
Taxes	646,677	-	512,672	37,374	125,472	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	35,801	2,581	8,760	134,767	-
Charges for services	-	-	-	140,162	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	286,363	679,970	-	-	-	9,392	-
Total receipts	<u>933,040</u>	<u>679,970</u>	<u>548,473</u>	<u>180,117</u>	<u>134,232</u>	<u>144,159</u>	<u>-</u>
Disbursements:							
Personal services	-	-	216,470	-	-	14,741	-
Supplies	-	-	188	-	-	64,476	-
Other services and charges	89,725	-	425,880	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	234,203	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	500,000	1,500,000	-	-	-	-	92,032
Total disbursements	<u>589,725</u>	<u>1,500,000</u>	<u>642,538</u>	<u>-</u>	<u>234,203</u>	<u>79,217</u>	<u>92,032</u>
Excess (deficiency) of receipts over disbursements	<u>343,315</u>	<u>(820,030)</u>	<u>(94,065)</u>	<u>180,117</u>	<u>(99,971)</u>	<u>64,942</u>	<u>(92,032)</u>
Cash and investments - ending	<u>\$ 2,623,349</u>	<u>\$ 6,188,955</u>	<u>\$ 381,912</u>	<u>\$ 439,647</u>	<u>\$ 511,334</u>	<u>\$ 307,297</u>	<u>\$ -</u>

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

	Police Pension	Fire Pension	BCCE Seat Belt Grant	Park Bond 09 Reserve	TIF Bayer/Tech Park Allocation	Lerner Ticket Account	City Clerk State Shares Sweep Account
Cash and investments - beginning	\$ 1,725,030	\$ 2,864,143	\$ 1,084	\$ 283,277	\$ 262,817	\$ 163,010	\$ 49,198
Receipts:							
Taxes	-	-	-	-	90,538	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	1,862,953	2,626,031	27,357	-	-	-	-
Charges for services	-	-	-	-	-	1,318,508	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	1,115	-	107,986	-	-	299,654
Total receipts	1,862,953	2,627,146	27,357	107,986	90,538	1,318,508	299,654
Disbursements:							
Personal services	7,842	7,142	27,357	-	-	-	-
Supplies	10,060	6,854	-	-	-	-	-
Other services and charges	2,013,140	2,787,626	-	215,971	7,388	1,402,323	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	345,851
Total disbursements	2,031,042	2,801,622	27,357	215,971	7,388	1,402,323	345,851
Excess (deficiency) of receipts over disbursements	(168,089)	(174,476)	-	(107,985)	83,150	(83,815)	(46,197)
Cash and investments - ending	<u>\$ 1,556,941</u>	<u>\$ 2,689,667</u>	<u>\$ 1,084</u>	<u>\$ 175,292</u>	<u>\$ 345,967</u>	<u>\$ 79,195</u>	<u>\$ 3,001</u>

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

	Elkhart City Court-Regular Account	City Clerk-Probation User Fees	NYCRR CONCESSIONS	Tolson Youth Donation	IHCDA IN Housing Comm Dev Assoc.	Aviation Donation	Fish Passage Grant
Cash and investments - beginning	\$ 149,103	\$ 11,257	\$ 9,894	\$ 19,718	\$ (2,525)	\$ 1,210	\$ 1,800
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	3,133	-	20,144
Charges for services	-	-	9,557	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	<u>1,833,864</u>	<u>215,655</u>	<u>-</u>	<u>41,255</u>	<u>-</u>	<u>30,120</u>	<u>-</u>
Total receipts	<u>1,833,864</u>	<u>215,655</u>	<u>9,557</u>	<u>41,255</u>	<u>3,133</u>	<u>30,120</u>	<u>20,144</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	4,194	11,324	-	12,271	-
Other services and charges	-	-	-	33,723	-	12,983	21,944
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	<u>1,803,911</u>	<u>213,127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>1,803,911</u>	<u>213,127</u>	<u>4,194</u>	<u>45,047</u>	<u>-</u>	<u>25,254</u>	<u>21,944</u>
Excess (deficiency) of receipts over disbursements	<u>29,953</u>	<u>2,528</u>	<u>5,363</u>	<u>(3,792)</u>	<u>3,133</u>	<u>4,866</u>	<u>(1,800)</u>
Cash and investments - ending	<u>\$ 179,056</u>	<u>\$ 13,785</u>	<u>\$ 15,257</u>	<u>\$ 15,926</u>	<u>\$ 608</u>	<u>\$ 6,076</u>	<u>\$ -</u>

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

	DUI/Operating Under Influence	FACT (Fatal Accident Crash Team)	Urban Wood Program	Cemetery	Probation User Fees	Federal Grant Human Relations	State Grant IDEM Small Mentor
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 440,006	\$ 313,620	\$ 73,707	\$ 61,013
Receipts:							
Taxes	-	-	-	106,784	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	11,860	1,375	-	8,009	-	36,920	-
Charges for services	-	-	-	269,813	214,255	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	5,923	-	-	-	-
Total receipts	11,860	1,375	5,923	384,606	214,255	36,920	-
Disbursements:							
Personal services	10,143	1,375	-	377,211	264,716	18,742	-
Supplies	-	-	1,546	21,178	3,677	283	-
Other services and charges	-	-	-	29,810	72,080	6,525	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	800	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	10,143	1,375	1,546	428,199	341,273	25,550	-
Excess (deficiency) of receipts over disbursements	1,717	-	4,377	(43,593)	(127,018)	11,370	-
Cash and investments - ending	\$ 1,717	\$ -	\$ 4,377	\$ 396,413	\$ 186,602	\$ 85,077	\$ 61,013

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

	Central Garage	Park Grants	Theft Program	Stu Statler Crime Fund	Record Perpetuation	High Dive Park Grant	Tax Abatement
Cash and investments - beginning	\$ 910,620	\$ 4,425	\$ 126,762	\$ 24,857	\$ 109,815	\$ 19,644	\$ 231,567
Receipts:							
Taxes	1,448,113	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	100,411	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	12,160	40	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	3,141	-	-	30,077	33,843	-	42,451
Total receipts	<u>1,551,665</u>	<u>-</u>	<u>12,160</u>	<u>30,117</u>	<u>33,843</u>	<u>-</u>	<u>42,451</u>
Disbursements:							
Personal services	689,177	-	-	-	42,957	-	-
Supplies	536,207	-	-	-	10,959	-	-
Other services and charges	111,332	-	8,066	215	282	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	32,487	144	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	1,150	-	-	750
Total disbursements	<u>1,336,716</u>	<u>-</u>	<u>8,066</u>	<u>33,852</u>	<u>54,342</u>	<u>-</u>	<u>750</u>
Excess (deficiency) of receipts over disbursements	<u>214,949</u>	<u>-</u>	<u>4,094</u>	<u>(3,735)</u>	<u>(20,499)</u>	<u>-</u>	<u>41,701</u>
Cash and investments - ending	<u>\$ 1,125,569</u>	<u>\$ 4,425</u>	<u>\$ 130,856</u>	<u>\$ 21,122</u>	<u>\$ 89,316</u>	<u>\$ 19,644</u>	<u>\$ 273,268</u>

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

	Environmental Center	Greater Elkhart	License Examination	Mausoleum Operating	NYCRR Museum	Washington Gardens	Elco/Lerner Theatre
Cash and investments - beginning	\$ 35,172	\$ 1,582,245	\$ 27,877	\$ 41,638	\$ 93,039	\$ 5,821	\$ 517,736
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	5,980	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	3,328	-
Charges for services	-	1,698,804	-	9,015	47,831	-	405,614
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	105,177	27,790	-	-	62,695	-	481,673
Total receipts	<u>105,177</u>	<u>1,726,594</u>	<u>5,980</u>	<u>9,015</u>	<u>110,526</u>	<u>3,328</u>	<u>887,287</u>
Disbursements:							
Personal services	98,388	-	-	-	87,174	2,567	564,236
Supplies	4,142	-	-	1,293	1,473	-	31,044
Other services and charges	6,745	653,303	6,340	5,654	31,246	-	194,575
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	708,495	-	-	-	-	-
Total disbursements	<u>109,275</u>	<u>1,361,798</u>	<u>6,340</u>	<u>6,947</u>	<u>119,893</u>	<u>2,567</u>	<u>789,855</u>
Excess (deficiency) of receipts over disbursements	<u>(4,098)</u>	<u>364,796</u>	<u>(360)</u>	<u>2,068</u>	<u>(9,367)</u>	<u>761</u>	<u>97,432</u>
Cash and investments - ending	<u>\$ 31,074</u>	<u>\$ 1,947,041</u>	<u>\$ 27,517</u>	<u>\$ 43,706</u>	<u>\$ 83,672</u>	<u>\$ 6,582</u>	<u>\$ 615,168</u>

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

	Redevelopment	UMPTA	Tolson Drug Elimination	IDEM Grant St Joe River	Wheel Tax	CD Rehab	CD Business Loan Grant
Cash and investments - beginning	\$ 98,672	\$ 12,767	\$ 35	\$ 17,292	\$ 205,839	\$ 67,331	\$ 575,071
Receipts:							
Taxes	-	-	-	-	1,051,848	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	78,061	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	20,811	102,000	-	-	-	23,029	48,643
Total receipts	98,872	102,000	-	-	1,051,848	23,029	48,643
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	1,049,905	-	-
Other services and charges	83,053	95,100	-	-	-	46,921	120,789
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	658	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	83,711	95,100	-	-	1,049,905	46,921	120,789
Excess (deficiency) of receipts over disbursements	15,161	6,900	-	-	1,943	(23,892)	(72,146)
Cash and investments - ending	\$ 113,833	\$ 19,667	\$ 35	\$ 17,292	\$ 207,782	\$ 43,439	\$ 502,925

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

	DEA Asset Sharing	Noise Ordinance	Curb And Gutter Construction	Elco Capital	TIF Downtown Reserve	TIF Southwest Allocation	TIF Aeroplex Allocation
Cash and investments - beginning	\$ 31,472	\$ 45,530	\$ 42,161	\$ 115,446	\$ 745,063	\$ 165,804	\$ 782,966
Receipts:							
Taxes	-	-	-	-	-	-	171,780
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	5,196	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	105,648	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	12,200	265	-	-	-
Total receipts	<u>5,196</u>	<u>105,648</u>	<u>12,200</u>	<u>265</u>	<u>-</u>	<u>-</u>	<u>171,780</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	33,085	-	-	-	-	1,035	440,389
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	95,821	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	10,100	-	-	164,769	-
Total disbursements	<u>33,085</u>	<u>95,821</u>	<u>10,100</u>	<u>-</u>	<u>-</u>	<u>165,804</u>	<u>440,389</u>
Excess (deficiency) of receipts over disbursements	<u>(27,889)</u>	<u>9,827</u>	<u>2,100</u>	<u>265</u>	<u>-</u>	<u>(165,804)</u>	<u>(268,609)</u>
Cash and investments - ending	<u>\$ 3,583</u>	<u>\$ 55,357</u>	<u>\$ 44,261</u>	<u>\$ 115,711</u>	<u>\$ 745,063</u>	<u>\$ -</u>	<u>\$ 514,357</u>

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

	TIF Sterling Allocation	TIF Cassopolis Allocation	Aviation Insurance Settlement	Insurance Fire Department	Insurance Police Dept	Insurance Public Works	Insurance Street Dept
Cash and investments - beginning	\$ 29,561	\$ 2,745,239	\$ 61,184	\$ 32,368	\$ 29,771	\$ 23,782	\$ 6,295
Receipts:							
Taxes	-	1,327,083	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	1,500,000	164	-	5,974	4,250	1,274
Total receipts	-	2,827,083	164	-	5,974	4,250	1,274
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	1,669,601	41,732	-	-	8,328	5,879
Debt service - principal and interest	-	700,000	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	29,561	175,666	-	-	-	-	998
Total disbursements	29,561	2,545,267	41,732	-	-	8,328	6,877
Excess (deficiency) of receipts over disbursements	(29,561)	281,816	(41,568)	-	5,974	(4,078)	(5,603)
Cash and investments - ending	\$ -	\$ 3,027,055	\$ 19,616	\$ 32,368	\$ 35,745	\$ 19,704	\$ 692

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

	Insurance Cemetery	Insurance Park And Recreation	Insurance Buildings and Grounds	Insurance Oak Hills	Insurance Central Garage	Insurance Sewer	Donation Mayors Office
Cash and investments - beginning	\$ 100	\$ 53,157	\$ 2,299	\$ 490	\$ 12,141	\$ 14,677	\$ 2,656
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	266	715	-	72,141	-	1,525
Total receipts	-	266	715	-	72,141	-	1,525
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	48,778	-	1,824
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	490	-	-	-
Total disbursements	-	-	-	490	48,778	-	1,824
Excess (deficiency) of receipts over disbursements	-	266	715	(490)	23,363	-	(299)
Cash and investments - ending	\$ 100	\$ 53,423	\$ 3,014	\$ -	\$ 35,504	\$ 14,677	\$ 2,357

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

	Donation Mayors Food Drive	Donation Safety Champions	Animal Control Ordinance	Donation Bayer Corp	Donation Civil Rights	Donation Community Violence	Donation Fire Education
Cash and investments - beginning	\$ 850	\$ 142	\$ 219,169	\$ 1,127	\$ 692	\$ 176	\$ 1,488
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	26,977	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	33,781	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	788	-	-	-	-	-	-
Total receipts	788	-	60,758	-	-	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	1,589	-	-	-	-
Other services and charges	895	-	2,417	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	895	-	4,006	-	-	-	-
Excess (deficiency) of receipts over disbursements	(107)	-	56,752	-	-	-	-
Cash and investments - ending	\$ 743	\$ 142	\$ 275,921	\$ 1,127	\$ 692	\$ 176	\$ 1,488

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

	Donation Smoke Detectors	Donation Ambulance Escrow	Donation Survive Alive	Donation Historical Preservation	Donation Building	Donation Downtown Improvements	Donation Riverwalk
Cash and investments - beginning	\$ 526	\$ 10,035	\$ 2,252	\$ 10,582	\$ 251	\$ 1,253	\$ 115,655
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	9,713	-	-	-	-
Total receipts	-	-	9,713	-	-	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	4,210	-	-	-	-
Other services and charges	-	-	4,796	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	-	9,006	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	707	-	-	-	-
Cash and investments - ending	\$ 526	\$ 10,035	\$ 2,959	\$ 10,582	\$ 251	\$ 1,253	\$ 115,655

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

	Donation Police Misc	Donation Intersection Improvements	Donation Beardsley Memorial	Lerner Concessions	Donation Comm Center	Donation EMS	Donation Tree Planting
Cash and investments - beginning	\$ 27,413	\$ 650	\$ 4,537	\$ 1,098	\$ 10	\$ 1,783	\$ 354
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	47,339	-	-	-	-	-	325
Total receipts	47,339	-	-	-	-	-	325
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	10,619	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	10,619	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	36,720	-	-	-	-	-	325
Cash and investments - ending	\$ 64,133	\$ 650	\$ 4,537	\$ 1,098	\$ 10	\$ 1,783	\$ 679

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

	Donation NYCRR Museum	Donation Cemetery	Donation Park And Recreation	Donation Elco/Lerner Theatre	Donation Agenda 2010	Tolson Scholarship	Donation Enviro Education
Cash and investments - beginning	\$ 4,575	\$ 42,517	\$ 53,376	\$ 36,086	\$ 171	\$ 2,179	\$ 32,754
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	901	-	3,047	450	-	-	5,850
Total receipts	901	-	3,047	450	-	-	5,850
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	431	-	-	-	-
Other services and charges	-	-	335	384	-	-	8,944
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	-	766	384	-	-	8,944
Excess (deficiency) of receipts over disbursements	901	-	2,281	66	-	-	(3,094)
Cash and investments - ending	\$ 5,476	\$ 42,517	\$ 55,657	\$ 36,152	\$ 171	\$ 2,179	\$ 29,660

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

	Donation DESS	Donation Botanical Gardens	Donation Public Works	Neighborhood Stabilization Program	NSP-3/CDBG-R	Park Bond 09 Allocation	TIF Downtown Allocation
Cash and investments - beginning	\$ 697	\$ 119	\$ 4,036	\$ 1,644	\$ (15,225)	\$ 126,847	\$ 2,389,439
Receipts:							
Taxes	-	-	-	-	-	790,381	1,848,189
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	80,452	345,514	39,151	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	453	-	-	-
Total receipts	-	-	-	80,905	345,514	829,532	1,848,189
Disbursements:							
Personal services	-	-	-	1,191	22,742	-	7,013
Supplies	-	-	-	-	-	-	-
Other services and charges	323	-	-	46,940	266,809	1,750	1,003,489
Debt service - principal and interest	-	-	-	-	-	811,826	744,274
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	323	-	-	48,131	289,551	813,576	1,754,776
Excess (deficiency) of receipts over disbursements	(323)	-	-	32,774	55,963	15,956	93,413
Cash and investments - ending	\$ 374	\$ 119	\$ 4,036	\$ 34,418	\$ 40,738	\$ 142,803	\$ 2,482,852

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

	EDIT	Riverwalk Commons	Horizon	Aviation Federal	Downtown Development	Highway Improvement	Park Capital
Cash and investments - beginning	\$ 5,904,980	\$ 1,760	\$ 312,546	\$ 49,217	\$ 8,177	\$ 94,864	\$ 6,524
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	3,418,692	-	-	176,962	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>3,418,692</u>	<u>-</u>	<u>-</u>	<u>176,962</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	3,731,944	-	-	185,296	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	398,758	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>4,130,702</u>	<u>-</u>	<u>-</u>	<u>185,296</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(712,010)</u>	<u>-</u>	<u>-</u>	<u>(8,334)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 5,192,970</u>	<u>\$ 1,760</u>	<u>\$ 312,546</u>	<u>\$ 40,883</u>	<u>\$ 8,177</u>	<u>\$ 94,864</u>	<u>\$ 6,524</u>

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

	TIF Downtown Capital	P/W Homeland Security Grant	Fire Department FEMA Grant	Bureau Of Justice Police Grant	RR Underpass	Cassopolis Interlocal	Build Indiana - RR Safety
Cash and investments - beginning	\$ 62,913	\$ 58	\$ 22,351	\$ 16,014	\$ 2,161,485	\$ 4,015	\$ 76,830
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	351,425	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	107	-	-	-	500,000	-	-
Total receipts	107	-	-	-	851,425	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	22,351	-	2,643,573	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	-	22,351	-	2,643,573	-	-
Excess (deficiency) of receipts over disbursements	107	-	(22,351)	-	(1,792,148)	-	-
Cash and investments - ending	\$ 63,020	\$ 58	\$ -	\$ 16,014	\$ 369,337	\$ 4,015	\$ 76,830

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

	Build Indiana- Elco/Lerner Theatre	CR 17 Corridor	Cemetery Perpetual	Mausoleum Perpetual	Prairie Street Cemetery	Pension Trust	Sales Tax
Cash and investments - beginning	\$ 17,395	\$ 4,446	\$ 51,012	\$ 386,389	\$ 75,657	\$ 1,878,287	\$ 1,593
Receipts:							
Taxes	-	-	-	-	-	-	13,306
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	4,118	1,838	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	4,876,947	-
Total receipts	-	-	4,118	1,838	-	4,876,947	13,306
Disbursements:							
Personal services	-	-	-	-	-	5,183,856	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	13,618
Total disbursements	-	-	-	-	-	5,183,856	13,618
Excess (deficiency) of receipts over disbursements	-	-	4,118	1,838	-	(306,909)	(312)
Cash and investments - ending	\$ 17,395	\$ 4,446	\$ 55,130	\$ 388,227	\$ 75,657	\$ 1,571,378	\$ 1,281

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

	County Court Fees	Flex Benefit	Group Insurance	HRA Group Insurance	Liability Insurance Trust	Fuel Hedge Fund	Stormwater Capital
Cash and investments - beginning	\$ 10,328	\$ 81,084	\$ 921,077	\$ 431,453	\$ 4,613,616	\$ 53	\$ 121,804
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	114,884	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	210,920	8,172,503	962,072	1,019,204	14,553	165,000
Total receipts	<u>114,884</u>	<u>210,920</u>	<u>8,172,503</u>	<u>962,072</u>	<u>1,019,204</u>	<u>14,553</u>	<u>165,000</u>
Disbursements:							
Personal services	-	-	7,668,579	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	207,933	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	10,904
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	125,211	-	-	472,391	1,569,357	14,553	-
Total disbursements	<u>125,211</u>	<u>207,933</u>	<u>7,668,579</u>	<u>472,391</u>	<u>1,569,357</u>	<u>14,553</u>	<u>10,904</u>
Excess (deficiency) of receipts over disbursements	<u>(10,327)</u>	<u>2,987</u>	<u>503,924</u>	<u>489,681</u>	<u>(550,153)</u>	<u>-</u>	<u>154,096</u>
Cash and investments - ending	<u>\$ 1</u>	<u>\$ 84,071</u>	<u>\$ 1,425,001</u>	<u>\$ 921,134</u>	<u>\$ 4,063,463</u>	<u>\$ 53</u>	<u>\$ 275,900</u>

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

	Stormwater	CSO LTCP	Wastewater Utility Operating	Wastewater Util-Bond And Interest	Sewer Replacement	Sewer Bond Sinking Fund	Sewer Insurance 655 #2
Cash and investments - beginning	\$ 733,683	\$ 1,150,975	\$ 1,800,934	\$ 1,046,736	\$ 1,150,748	\$ 826,251	\$ 181,445
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	822,302	-	-	-	-	-	205,832
Penalties	-	-	-	-	-	-	-
Other receipts	1,370	-	8,800,506	1,139,140	6,083,413	155,953	-
Total receipts	<u>823,672</u>	<u>-</u>	<u>8,800,506</u>	<u>1,139,140</u>	<u>6,083,413</u>	<u>155,953</u>	<u>205,832</u>
Disbursements:							
Personal services	251,400	-	2,201,417	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	291,824	-	-	-	-
Debt service - principal and interest	-	-	-	845,963	-	-	-
Capital outlay	-	-	-	-	5,998,464	-	-
Utility operating expenses	264,890	-	2,809,243	-	-	-	256,477
Other disbursements	165,000	-	2,799,600	-	-	-	2,240
Total disbursements	<u>681,290</u>	<u>-</u>	<u>8,102,084</u>	<u>845,963</u>	<u>5,998,464</u>	<u>-</u>	<u>258,717</u>
Excess (deficiency) of receipts over disbursements	<u>142,382</u>	<u>-</u>	<u>698,422</u>	<u>293,177</u>	<u>84,949</u>	<u>155,953</u>	<u>(52,885)</u>
Cash and investments - ending	<u>\$ 876,065</u>	<u>\$ 1,150,975</u>	<u>\$ 2,499,356</u>	<u>\$ 1,339,913</u>	<u>\$ 1,235,697</u>	<u>\$ 982,204</u>	<u>\$ 128,560</u>

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

	WWTP Trunk Line Ext 656 #3	WWTP Revenue Fund #4	Sewer Guarantee Deposits	Water Utility Operating	Water Utility Depreciation	Water Utility Tank
Cash and investments - beginning	\$ 1,223,109	\$ 1,459,982	\$ 186,241	\$ 2,422,800	\$ 5,477,967	\$ 1,705,313
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	130,588	11,130,437	14,400	-	-	-
Penalties	-	57,400	-	-	-	-
Other receipts	5,450	2,760,401	-	7,951,777	-	-
Total receipts	136,038	13,948,238	14,400	7,951,777	-	-
Disbursements:						
Personal services	-	-	-	1,641,390	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	163,000	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	162,414	-	-	24,632	3,087,118	-
Utility operating expenses	-	-	-	1,730,102	-	-
Other disbursements	14,340	14,343,109	-	5,910,279	-	482,310
Total disbursements	176,754	14,343,109	-	9,469,403	3,087,118	482,310
Excess (deficiency) of receipts over disbursements	(40,716)	(394,871)	14,400	(1,517,626)	(3,087,118)	(482,310)
Cash and investments - ending	\$ 1,182,393	\$ 1,065,111	\$ 200,641	\$ 905,174	\$ 2,390,849	\$ 1,223,003

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

	Water Revenue #4	Water Main Extension 630	WTR Guarantee Deposit	Organic Recycling	Aquatic Fisheries	Totals
Cash and investments - beginning	\$ 3,258,497	\$ 400,900	\$ 197,797	\$ -	\$ 213,002	\$ 107,879,249
Receipts:						
Taxes	332,451	-	-	-	-	31,047,105
Licenses and permits	-	-	-	-	-	475,997
Intergovernmental receipts	-	-	-	-	50,000	26,223,607
Charges for services	-	-	-	-	-	6,073,215
Fines and forfeits	-	-	-	-	-	676,322
Utility fees	7,570,428	30,188	17,376	-	-	19,921,551
Penalties	-	-	-	-	-	57,400
Other receipts	18,126	5,484,000	-	205,000	50,000	56,295,537
Total receipts	<u>7,921,005</u>	<u>5,514,188</u>	<u>17,376</u>	<u>205,000</u>	<u>100,000</u>	<u>140,770,734</u>
Disbursements:						
Personal services	-	-	-	97,717	81,291	52,480,102
Supplies	-	-	-	25,648	12,632	3,633,378
Other services and charges	-	-	-	26,000	14,991	24,159,307
Debt service - principal and interest	-	-	-	-	-	3,102,063
Capital outlay	-	2,610,124	-	-	6,700	12,984,472
Utility operating expenses	-	3,298	-	-	-	5,064,010
Other disbursements	8,409,016	-	-	-	-	41,224,936
Total disbursements	<u>8,409,016</u>	<u>2,613,422</u>	<u>-</u>	<u>149,365</u>	<u>115,614</u>	<u>142,648,268</u>
Excess (deficiency) of receipts over disbursements	<u>(488,011)</u>	<u>2,900,766</u>	<u>17,376</u>	<u>55,635</u>	<u>(15,614)</u>	<u>(1,877,534)</u>
Cash and investments - ending	<u>\$ 2,770,486</u>	<u>\$ 3,301,666</u>	<u>\$ 215,173</u>	<u>\$ 55,635</u>	<u>\$ 197,388</u>	<u>\$ 106,001,715</u>

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

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Taxable Park District Bonds Series 2009B	\$ 8,900,000	\$ 810,888
Revenue bonds	Special Taxing District Bonds of 2006	1,930,000	187,988
Revenue bonds	Special Taxing District Bonds of 2004	625,000	196,590
Revenue bonds	Special Taxing District Refunding Bonds of 2012	<u>2,405,000</u>	<u>370,238</u>
Total governmental activities		<u>13,860,000</u>	<u>1,565,704</u>
Wastewater:			
Revenue bonds	2014 Revenue Bonds State Revolving Fund Loan	3,751,874	1,326,010
Revenue bonds	Sewage Works Revenue Bonds of 2009 Series A	1,775,613	150,691
Revenue bonds	Sewage Works Revenue Bonds of 2009 Series B	6,858,686	566,886
Revenue bonds	Sewage Works Revenue Bonds of 2009 Series D	692,033	56,158
Revenue bonds	2009 Revenue Forgivable BAN	181,636	-
Revenue bonds	2010 Revenue Bonds Series A EPA Brownfield	469,650	30,300
Revenue bonds	2010 Revenue Bonds Series B EPA Brownfield	<u>690,587</u>	<u>45,450</u>
Total Wastewater		<u>14,420,079</u>	<u>2,175,495</u>
Totals		<u>\$ 28,280,079</u>	<u>\$ 3,741,199</u>

CITY OF ELKHART
SCHEDULE OF CAPITAL ASSETS
December 31, 2014

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

	Ending Balance
Governmental activities:	
Land	\$ 11,274,429
Infrastructure	148,072,455
Buildings	16,606,597
Improvements other than buildings	56,342,037
Machinery, equipment, and vehicles	30,161,776
Total governmental activities	262,457,294
Storm Water:	
Land	247,800
Improvements other than buildings	55,893
Machinery, equipment, and vehicles	56,900
Total Storm Water	360,593
Wastewater:	
Land	3,020,281
Infrastructure	58,796,749
Buildings	19,440,467
Improvements other than buildings	6,986,511
Machinery, equipment, and vehicles	27,471,155
Total Wastewater	115,715,163
Water:	
Land	744,682
Infrastructure	31,947,218
Buildings	1,405,669
Improvements other than buildings	4,006,917
Machinery, equipment, and vehicles	5,345,018
Total Water	43,449,504
Total capital assets	\$ 421,982,554

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Elkhart's (City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

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

Report on Internal Control over Compliance


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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2014-003 to be a material weakness.

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

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


Paul D. Joyce, CPA
State Examiner

December 1, 2016

(This page intentionally left blank.)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>					
CDBG - Entitlement Grants Cluster					
Community Development Block Grants/Entitlement Grants	Direct Grant	14.218			
Neighborhood Stabilization Program 3			B-11-MN-18-0002	\$ -	\$ 203,725
CD Block Grant			B-12-MC-18-0015	42,690	232,743
CD Block Grant			B-13-MC-18-0015	-	617,116
Total - Community Development Block Grants/Entitlement Grants				42,690	1,053,584
Total - CDBG - Entitlement Grants Cluster				42,690	1,053,584
CDBG - State-Administered CDBG Cluster					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	Indiana Office of Community and Rural Affairs	14.228			
Disaster Recovery 2 Grant			B*13*DC180001DR2-09-237	-	78,061
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	Indiana Housing and Community Development Authority				
Community Development Block Grant #DR20r-011-002			DR20r-011-002	-	3,133
Total - CDBG - State-Administered CDBG Cluster				-	81,194
Fair Housing Assistance Program _ State and Local	Direct Grant	14.401			
Fair Housing Assistance Program FF205K115036			FF205K135036	-	5,460
Fair Housing Assistance Program FF205K115036			FF205K145036	-	20,090
Total - Fair Housing Assistance Program _ State and Local				-	25,550
Total - Department of Housing and Urban Development				42,690	1,160,328
<u>Department of the Interior</u>					
Fish and Wildlife Management Assistance	Direct Grant	15.608			
Engineering & Feasibility Study for 5 Barriers on Christiana Creek (St. Joe) in Elkhart County IN			F13AC00458	-	20,144
Total - Department of the Interior				-	20,144
<u>Department of Justice</u>					
Equitable Sharing Program	Direct Grant	16.922			
			FY 2014	-	33,085
Total - Department of Justice				-	33,085
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster					
Highway Planning and Construction	Indiana Department of Transportation	20.205			
Prairie Street Grade Separation			DES 0600463	-	351,425
Total - Highway Planning and Construction Cluster				-	351,425
Airport Improvement Program	Direct Grant	20.106			
AIP Project 3-18-0018-26			3-18-0018-026	-	35,452
AIP Project 3-18-0018-27			3-18-0018-027	-	10,262
AIP Project 3-18-0018-28			3-18-0018-028	-	130,782
Total - Airport Improvement Program				-	176,496
Total - Department of Transportation				-	527,921
<u>Environmental Protection Agency</u>					
Clean Water State Revolving Fund Cluster					
Capitalization Grants for Clean Water State Revolving Funds	Indiana Finance Authority	66.458			
Capitalization Grants for Clean Water State Revolving Funds - SRF 14			WW14162003	-	1,345,417
Total - Clean Water State Revolving Fund Cluster				-	1,345,417
Total - Environmental Protection Agency				-	1,345,417
Total federal awards expended				\$ 42,690	\$ 3,086,895

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

CITY OF ELKHART
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. *Basis of Presentation*

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

Note 2. *Summary of Significant Accounting Policies*

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

CITY OF ELKHART
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

Identification of Major Programs:

CDBG - Entitlement Grants Cluster
Clean Water State Revolving Fund Cluster

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2014-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Condition

There were multiple deficiencies in the internal control system of the City related to financial transactions and reporting.

1. *Lack of Segregation of Duties:* The City had not separated incompatible activities related to cash reconcilements or the preparation of the Annual Financial Report (AFR).
 - a. Cash reconcilements were prepared by employees in the Controller and Clerk's offices. There was no evidence that the completed reconcilements were reviewed by a second employee of those offices.

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

- b. Disbursements made from City funds by electronic funds transfer (EFT), journal entry, or other means, were created and recorded in the ledger by the Controller's Office personnel. Claims were not prepared for these disbursements nor were they included within a schedule or docket presented to the Board of Public Works for their approval.
 - c. The City established a bank account for the Lerner Theatre. Transactions within this bank account were not being recorded on the City Funds Ledger or any Ledger, a reconciliation was not being prepared for this bank account during the year, and complete financial transactions were not being properly reported on the AFR. There was no review by management of the activity in this account.
 - d. One person was responsible for preparing and submitting the AFR without oversight, review, or approval. There was no documented evidence that the AFR was actually reviewed by a second person prior to submission.
2. *Monitoring of Controls:* The City had not developed a process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting required the City to monitor and assess the quality of the system of internal control.
- a. The AFR was not reviewed; therefore, the omission of \$2,743,413 State Revolving Fund transactions in the WWTP Revenue Fund #4 was not detected. This resulted in the understatement of receipts and disbursements.
 - b. The Controller's office did not complete a reconciliation of all funds of the City to all bank accounts and investments of the City. The bank reconciliation that was completed included numerous adjusting entries dating back to May 2014 that remain uncorrected as of August 2016. The December 31, 2014, reconciliation included unidentified immaterial differences.

Criteria

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

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

Cause

Management of the City had not established a proper system of internal control that would have ensured proper reporting on the AFR. An evaluation of the City's system of internal control had not been conducted and management had not conducted a risk assessment related to the City's financial reporting and transactions.

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

Effect

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the City at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, material misstatements in a timely manner.

Views of Responsible Officials

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

FINDING 2014-002 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Condition

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

During the audit of the SEFA, there were the following errors:

1. Expenditures reported for Clean Water State Revolving Fund Cluster were overstated by \$2,406,457.
2. Vendor transactions were erroneously included in the SEFA.
3. Equitable Sharing Program was omitted from the SEFA.
4. Ten grants listed either an incorrect pass-through agency or were listed as direct grants from the federal government when they actually were received from a pass-through.

Audit adjustments were proposed, accepted by the City, and made to the SEFA.

Criteria

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

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

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

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

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

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

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

Cause

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

Effect

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

Views of Responsible Officials

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

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-003 - INTERNAL CONTROLS OVER CDBG - ENTITLEMENT GRANTS CLUSTER

Federal Agency: Department of Housing and Urban Development

Federal Program: CDBG - Entitlement Grants Cluster

CFDA Number: 14.218

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

Pass-Through Entity: Direct grant

Condition

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Program Income and Reporting.

Program Income

The City had not designed or implemented internal control procedures to ensure compliance with the requirements for Program Income. The City did not have controls in place to ensure that program income was properly reported to the grantor agency or subsequently deducted from future reimbursement requests.

Reporting

The City had not designed or implemented internal control procedures to ensure compliance with the requirements for Reporting. There were no procedures in place to verify the information being submitted on required reports was complete and adequate. The City had indicated that a monthly reconciliation between the ledger and the Community Development department's grant records took place; however, there was a lack of evidence that process had occurred.

Context

This applies to all the program income received by the City during 2014, and to each of the financial and performance reports required by the Department of Housing and Urban Development.

Criteria

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

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

Cause

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

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

(This page intentionally left blank.)

AUDITEE-PREPARED DOCUMENTS

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



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-002

Fiscal year in which the finding initially occurred: 2013

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department Of Housing and Urban Development

Contact Person Responsible for Corrective Action: Crystal Welsh

Contact Phone Number: 574-294-5471 x 124

Status of Audit Finding: This finding has been resolved. To ensure compliance with program income rules, the City of Elkhart Controller's Office established Program Income (PI) Accounts for CDBG, NSP-1 and NSP-3.

The revenue accounts for each program are as follows:

Program	US Treasury Drawn Funds	Program Income
CDBG	231-4-000-331.9000	231-4-000-392.5000 (Principal) 213-4-000-392.5100 (Interest)
NSP-1	858-4-000-331.9100	858-4-000-392.5000
NSP-3	859-4-000-331-9100	859-4-000-392.5000

FINDING 2013-003

Fiscal year in which the finding initially occurred: 2013

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department Of Housing and Urban Development

Contact Person Responsible for Corrective Action: Crystal Welsh

Contact Phone Number: 574-294-5471 x 124

Status of Audit Finding: This finding was resolved in June 2015. The Community Development Staff provides a copy of the drawn down disbursement form, IDIS or DRGR voucher approval sheet and the draw summary form to the Deputy Treasurer. The Deputy Treasurer then compares these reports with the bank statements and the check registry for the period. If there are any discrepancies the Deputy Treasurer will contract either the NSP Specialist or Office Manager to request additional information or a review meeting.

(Signature)

Head of the Community and Redevelopment Department
(Title)

July 28, 2016
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

The Honorable
Timothy Neese
Mayor

Jeffrey L. Spalding
City Controller



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

574.294.5471
Fax: 574.294.8491

CORRECTIVE ACTION PLAN

FINDING 2014-001

Contact Person Responsible for Corrective Action: Jeff Spalding, Controller or Jamie Arce, Deputy Controller
Contact Phone Number: 574-294-5471 x2014 or (574) 294-5471 x202

Views of Responsible Official: The City concurs with the finding.

Description of Corrective Action Plan:

1a.) The City will create a bank reconciliation summary report, to be prepared and signed by the Deputy Controller. That summary report, along with detailed support documents, will then be presented to the Controller for review and approval. Once approved, the Controller will sign and date the report.

1b.) The City will end the practice of posting electronic funds transfer (EFT) payments as journal entries. Instead, all EFT payments will be posted through the City's accounts payable system. By doing so, all EFT payments will be included on the accounts payable summary reviewed and approved by the Board of Public Works.

1c.) Initially the City will create a sub-fund (within the Lerner Theatre Fund) to account for the transactions of the Lerner Theatre Show Clearing bank account. The City will also begin exploring the legal requirements associated with the handling of those monies to determine whether or not a separate agency fund must be established for this purpose or alternatively, if the City may legally disavow any obligation to accounting for these transactions.

1d.) For 2014, the Controller both entered and submitted the City's Annual Financial Report (AFR) into the Gateway system. Going forward, the Deputy Controller will be responsible for entering AFR data into Gateway. The Controller will then review that data and submit it to the State Board of Accounts (SBOA) via Gateway.

2a.) For 2014, gaps in accounting processes resulted in a failure to post all State Revolving Fund (SRF) transactions in the City's accounting system. To avoid this problem in the future, the City's Utility Finance Manager will be required to submit transactions for all revenues and disbursements of SRF monies throughout the year. If that is done properly then no discrepancies with the SRF bank accounts will exist at the time of entry data for the City's Annual Financial Report (AFR). Since the Utility Finance Manager must have accurate data to manage the City's SRF funds, that position is highly motivated to account for these transactions accurately.

2b.) The City will begin to include the following monies in the bank reconciliation process: a) Lerner Theater Show Clearing Account; b) Clerk's Court Fees Account; c) Clerk's Bail Bond Account; and d) Clerk's Trust Account. For the Lerner Show Clearing Account, the Controller's Office will include it in its regular bank reconciliation process. For the three (3) Clerk's bank accounts, the Deputy Controller will verify that those bank reconciliations have been completed and report the status on the bank reconciliation summary report submitted to the Controller.

For the numerous unrectified adjusting entries which have been carried as reconciling items, the City will identify the accuracy of as many as possible. For those that are determined to be inaccurate, they will be reversed in a single or a few reconciling journal entries.

The Honorable
Timothy Neese
Mayor

Jeffrey L. Spalding
City Controller



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

574.294.5471
Fax: 574.294.8491

CORRECTIVE ACTION PLAN

FINDING 2014-002

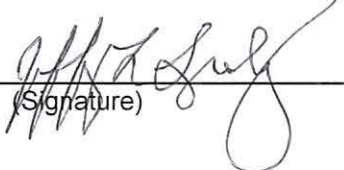
Contact Person Responsible for Corrective Action: Jeff Spalding, Controller or Jamie Arce, Deputy Controller
Contact Phone Number: 574-294-5471 x2014 or (574) 294-5471 x202

Views of Responsible Official: The City concurs with the finding.

Description of Corrective Action Plan:

The City has had a Grant Writer position for a number of years. We will begin leveraging that position to also collect and organize all data associated with grants received by the City that must be reported on the Schedule of Expenditures of Federal Awards (SEFA). That individual is quite familiar with grant accounting and reporting requirements established by Federal agencies. He will use that knowledge to ensure that the SEFA is prepared accurately going forward.

Anticipated Completion Date: December 2016 and January 2017.



(Signature)

Controller
(Title)

November 28, 2016
(Date)



CORRECTIVE ACTION PLAN

FINDING 2014-003

Contact Person Responsible for Corrective Action: Crystal Welsh, Director of Development Services
Contact Phone Number: 574-294-5471 x 124

Views of Responsible Official: The City agrees with the finding related to internal controls over program income for programs under the US Department of Housing and Urban Development.

Description of Corrective Action Plan:

The Community, Economic and Redevelopment Department as of July 1, 2016 has instituted the following internal controls regarding to program income related to programs under the US Department of Housing and Urban Development.

All program income received for CDBG, NSP-1 and NSP-3 is forwarded to Laura Miller, CD Specialist for Housing to be receipted into the City's INCODE.

Laura Miller provides Joe Halter, CD Specialist for Compliance, with the receipt that is produced from INCODE so that he can report that Program Income into either IDIS for CDBG or DRGR for NSP-1 or NSP-3.

Joe Halter is responsible for all draws of funds for the CDBG, NSP-1 and NSP-3 programs.

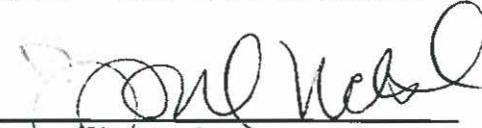
When he is creating a draw request in the IDIS system – it identifies if Program Income is available for use at that time. If there is Program Income available Joe Halter uses those funds first and then funds the remaining request from the oldest Grant funds first. The draw request is approved by either Laura Miller or Crystal Welsh. When staff is completing the Consolidate Annual Performance and Evaluation Report (CAPER) a Program Income report from INCODE and IDIS are created and compared for consistency.

When he is creating a draw request in DRGR – the system required the use of any Program Income prior to requesting Grant funds. The draw request is approved by either Laura Miller or Crystal Welsh. When staff is completed the Quarterly Program Reports (QPR) in DRGR) a Program Income report from INCODE and DRGR are created and compared for consistency.

The CDBG program submits a FS425 quarterly cash report to HUD. This report is prepared by Joe Halter, approved and signed by Crystal Welsh and then submitted by Joe Halter to US HUD.

The NSP program submits Quarterly Progress Reports through the DRGR system. These reports are prepared by Joe Halter and reviewed by Crystal Welsh before submittal.

Anticipated Completion Date: July 1, 2016



(Signature)
Director

(Title)
11/14/16

(Date)

The Honorable
Timothy Neese
Mayor

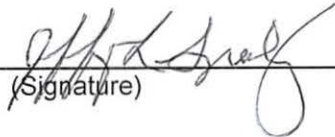
Jeffrey L. Spalding
City Controller



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

574.294.5471
Fax: 574.294.8491

Anticipated Completion Date: December 2016 and January 2017.



(Signature)

Controller
(Title)

November 28, 2016
(Date)

OTHER REPORTS

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