

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, 2015 to December 31, 2015



FILED
12/29/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Stephen J. Malone Jeffrey L. Spalding	01-01-15 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	01-01-15 to 12-31-15 01-01-16 to 12-31-16
President of the Common Council	Brian A. Thomas	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, 2015, 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 (Indiana Code 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, 2015.

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, 2015, 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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.

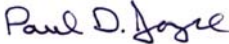
Other Information

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



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, 2015, 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.

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. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001 and 2015-002 that we consider to be material weaknesses.

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2015-002.

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

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

CITY OF ELKHART
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2015

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
General	\$ 27,695,704	\$ 38,158,822	\$ 32,878,937	\$ 32,975,589
Motor Vehicle Highway	1,802,195	4,477,758	3,948,967	2,330,986
Local Road And Street	117,016	495,478	430,000	182,494
Aviation	734,087	738,509	765,401	707,195
Park Program	562,937	302,998	220,454	645,481
Parking Enforcement	118,052	19,072	-	137,124
Community Development	33,693	825,709	782,299	77,103
Law Enforcement Continuing Ed	222,135	80,705	66,719	236,121
Unsafe Building	138,528	521,532	508,486	151,574
Riverboat Gaming	554,892	326,521	233,179	648,234
E-911	35,644	122,449	120,267	37,826
Park And Recreation	741,923	899,347	766,410	874,860
Rainy Day	6,764,670	290,008	392,350	6,662,328
Levy Excess	2,155	-	2,155	-
TIF Consolidated S Allocation	2,623,349	817,469	638,883	2,801,935
Major Moves Construction	6,188,955	375,792	-	6,564,747
Cum Cap Development	381,911	617,834	557,921	441,824
Cum Cap Fire	439,646	334,093	635,792	137,947
Cum Cap Sewer	511,334	150,710	232,000	430,044
Cum Cap Improvement	307,297	129,423	58,959	377,761
TIF Allocation S Main Gateway	-	146,447	146,447	-
Police Pension	1,556,941	1,857,338	2,097,913	1,316,366
Fire Pension	2,689,667	2,762,456	2,776,328	2,675,795
LOIT Public Safety	-	3,425,542	609,373	2,816,169
BCCE Seat Belt Grant	1,084	19,067	19,733	418
Park Bond 09 Reserve	175,292	108,004	-	283,296
TIF Bayer/Tech Park Allocation	345,967	82,123	27,378	400,712
Lerner Ticket Account	79,195	1,517,356	1,474,207	122,344
City Clerk State Shares Sweep Account	3,000	-	3,000	-
Elkhart City Court-Regular Account	179,055	2,002,568	2,013,161	168,462
City Clerk-Probation User Fees	13,785	212,461	214,661	11,585
NYCRR CONCESSIONS	15,257	9,554	3,725	21,086
Tolson Youth Donation	15,926	21,142	33,021	4,047
IHCDA IN Housing Comm Dev Assoc.	608	-	-	608
Aviation Donation	6,077	164,569	154,398	16,248
Fish Passage Grant	-	2,921	2,921	-
DUI/Operating Under Influence	1,718	17,657	7,058	12,317
FACT (Fatal Accident Crash Team)	-	518	481	37
Urban Wood Program	4,377	523	2,040	2,860
TIF Allocation Sterling	-	88,943	88,943	-
Tolson Ctr Improvements	-	4,635	-	4,635
TIF Allocation Pierre	-	81,043	81,043	-
Cemetery	396,415	372,466	461,665	307,216
Probation User Fees	186,602	214,685	254,636	146,651
Federal Grant Human Relations	85,077	38,550	36,507	87,120
State Grant IDEM Small Mentor	61,013	-	-	61,013
Central Garage	1,125,568	1,745,919	1,354,024	1,517,463
Park Grants	4,425	-	-	4,425
Theft Program	130,857	14,630	5,709	139,778
Stu Statler Crime Fund	21,122	27,541	5,798	42,865
Record Perpetuation	89,316	36,150	43,152	82,314
High Dive Park Grant	19,644	-	-	19,644
Tax Abatement	273,268	43,592	-	316,860
Environmental Center	31,074	124,343	84,189	71,228
Greater Elkhart	1,947,041	96,843	1,561,894	481,990
License Examination	27,517	4,700	6,065	26,152
Mausoleum Operating	43,707	6,181	5,874	44,014
NYCRR Museum	83,671	105,163	120,753	68,081
Washington Gardens	6,581	-	6,581	-
Elco/Lerner Theatre	615,167	730,034	840,487	504,714
Redevelopment	113,832	20,000	16,900	116,932
UMPTA	19,667	102,000	110,500	11,167
Tolson Drug Elimination	35	-	-	35

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, 2015
(Continued)

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
IDEM Grant St Joe River	17,292	-	-	17,292
Wheel Tax	207,782	1,083,796	1,049,998	241,580
CD Rehab	43,440	91,587	81,218	53,809
CD Business Loan Grant	502,925	123,177	6,261	619,841
DEA Asset Sharing	3,583	59,448	15,517	47,514
Noise Ordinance	55,357	59,337	6,382	108,312
Curb And Gutter Construction	44,261	18,100	19,000	43,361
Elco Capital	115,711	-	-	115,711
TIF Downtown Reserve	745,063	669,500	371,000	1,043,563
TIF Southwest Allocation	-	407,056	407,056	-
TIF Aeroplex Allocation	514,357	205,193	266,120	453,430
TIF Cassopolis Allocation	3,027,055	1,560,821	961,947	3,625,929
Aviation Insurance Settlement	19,617	873	20,337	153
Insurance Fire Department	32,368	10,069	18,057	24,380
Insurance Police Dept	35,746	2,599	-	38,345
Insurance Public Works	19,704	3,098	-	22,802
Insurance Street Dept	692	35,949	23,827	12,814
Insurance Cemetery	100	-	-	100
Insurance Park And Recreation	53,423	154	-	53,577
Insurance Buildings and Grounds	3,013	5,754	-	8,767
Insurance Central Garage	35,505	31,207	38,440	28,272
Insurance Sewer	14,677	-	-	14,677
Donation Mayors Office	2,358	540	615	2,283
Donation Mayors Food Drive	743	250	-	993
Donation Safety Champions	142	-	-	142
Animal Control Ordinance	275,920	56,524	3,909	328,535
Donation Bayer Corp	1,127	-	-	1,127
Donation Civil Rights	692	-	-	692
Donation Community Violence	176	-	-	176
Donation Fire Education	1,488	150	-	1,638
Donation Smoke Detectors	526	-	-	526
Donation Ambulance Escrow	10,035	-	-	10,035
Donation Survive Alive	2,959	9,140	8,763	3,336
Donation Historical Preservation	10,582	-	122	10,460
Donation Building	251	-	-	251
Donation Downtown Improvements	1,253	-	-	1,253
Donation Riverwalk	115,655	2,220	115,000	2,875
Donation Police Misc	64,133	3,054	28,532	38,655
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	679	-	-	679
Donation NYCRR Museum	5,475	1,560	-	7,035
Donation Cemetery	42,517	-	-	42,517
Donation Park And Recreation	55,657	11,840	3,564	63,933
Donation Elco/Lerner Theatre	36,152	8,141	5,284	39,009
Donation Agenda 2010	171	-	171	-
Tolson Scholarship	2,179	-	-	2,179
Donation Enviro Education	29,660	12,474	8,800	33,334
Donation DESS	374	-	-	374
Donation Botanical Gardens	119	-	119	-
Donation Public Works	4,036	-	213	3,823
Neighborhood Stabilization Program	34,417	37,763	65,704	6,476
NSP-3/CDBG-R	40,738	21,936	55,428	7,246
Park Bond 09 Allocation	142,803	930,226	780,021	293,008
TIF Downtown Allocation	2,482,852	2,003,577	3,348,706	1,137,723
EDIT	5,192,970	3,623,241	3,548,029	5,268,182
Riverwalk Commons	1,760	-	-	1,760
Horizon	312,546	-	-	312,546
Aviation Federal	40,883	680,871	712,601	9,153
Downtown Development	8,177	-	-	8,177
Highway Improvement	94,864	-	-	94,864

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, 2015
(Continued)

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
Park Capital	6,524	-	-	6,524
TIF Downtown Capital	63,020	6,801,946	788,664	6,076,302
P/W Homeland Security Grant	58	-	-	58
Bureau Of Justice Police Grant	16,014	13,118	-	29,132
RR Underpass	369,337	678,180	767,542	279,975
Cassopolis Interlocal	4,015	-	4,015	-
Build Indiana - RR Safety	76,830	-	-	76,830
Build Indiana- Elco/Lerner Theatre	17,395	-	121	17,274
CR 17 Corridor	4,446	-	4,446	-
Cemetery Perpetual	55,130	5,798	-	60,928
Mausoleum Perpetual	388,227	1,039	-	389,266
Prairie Street Cemetery	75,657	-	-	75,657
Pension Trust	1,571,378	5,037,243	5,018,827	1,589,794
Sales Tax	1,281	17,470	23,113	(4,362)
County Court Fees	-	106,173	106,173	-
Flex Benefit	84,072	203,822	211,504	76,390
Group Insurance	1,425,001	7,595,490	7,697,115	1,323,376
HRA Group Insurance	921,134	508,835	464,978	964,991
Liability Insurance Trust	4,063,463	1,735,570	1,337,269	4,461,764
Fuel Hedge Fund	53	27,900	27,953	-
Stormwater Capital	275,900	-	220,000	55,900
Stormwater	876,064	866,817	562,504	1,180,377
CSO LTCP	1,150,975	-	1,150,000	975
Wastewater Utility Operating	2,499,356	6,759,600	7,347,699	1,911,257
Wastewater Util-Bond And Interest	1,339,913	2,141,515	1,888,409	1,593,019
Sewer Replacement	1,235,697	19,599,386	19,759,119	1,075,964
Sewer Bond Sinking Fund	982,204	559,838	-	1,542,042
Sewer Insurance 655 #2	128,560	182,995	224,883	86,672
WWTP Trunk Line Ext 656 #3	1,182,393	71,757	112,693	1,141,457
WWTP Revenue Fund #4	1,065,112	26,128,236	26,766,190	427,158
Sewer Guarantee Deposits	200,641	20,477	-	221,118
Water Utility Operating	905,173	6,936,278	6,213,178	1,628,273
Water Utility Depreciation	2,390,849	3,500,000	2,896,718	2,994,131
Water Utility Tank	1,223,003	132,000	-	1,355,003
Water Revenue #4	2,770,486	7,675,487	9,439,673	1,006,300
Water Main Extension 630	3,301,666	149,656	1,305,873	2,145,449
WTR Guarantee Deposit	215,173	43,699	-	258,872
Organic Recycling	55,635	192,000	206,057	41,578
Aquatic Fisheries	197,388	100,127	161,665	135,850
Totals	<u>\$ 106,001,712</u>	<u>\$ 175,455,570</u>	<u>\$ 164,586,866</u>	<u>\$ 116,870,416</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. Cash Balance Deficits

The financial statement contains the Sales Tax fund with a deficit in cash. This is a result of an overpayment to the Indiana Department of Revenue that was refunded in January 2016.

Note 8. 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, 2015

	General	Motor Vehicle Highway	Local Road And Street	Aviation	Park Program	Parking Enforcement	Community Development
Cash and investments - beginning	\$ 27,695,704	\$ 1,802,195	\$ 117,016	\$ 734,087	\$ 562,937	\$ 118,052	\$ 33,693
Receipts:							
Taxes	22,639,612	2,470,923	-	484,786	-	-	-
Licenses and permits	475,014	-	-	-	-	-	-
Intergovernmental receipts	13,726,298	1,999,580	449,426	29,745	-	-	787,736
Charges for services	537,283	4,968	-	214,255	302,998	-	-
Fines and forfeits	373,270	-	-	-	-	19,072	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	407,345	2,287	46,052	9,723	-	-	37,973
Total receipts	<u>38,158,822</u>	<u>4,477,758</u>	<u>495,478</u>	<u>738,509</u>	<u>302,998</u>	<u>19,072</u>	<u>825,709</u>
Disbursements:							
Personal services	28,983,891	2,982,838	-	582,586	76,902	-	241,615
Supplies	1,225,416	363,523	-	45,425	74,444	-	-
Other services and charges	2,540,908	559,139	400,000	134,415	69,108	-	540,420
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	53,131	4,400	30,000	2,975	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	75,591	39,067	-	-	-	-	264
Total disbursements	<u>32,878,937</u>	<u>3,948,967</u>	<u>430,000</u>	<u>765,401</u>	<u>220,454</u>	<u>-</u>	<u>782,299</u>
Excess (deficiency) of receipts over disbursements	<u>5,279,885</u>	<u>528,791</u>	<u>65,478</u>	<u>(26,892)</u>	<u>82,544</u>	<u>19,072</u>	<u>43,410</u>
Cash and investments - ending	<u>\$ 32,975,589</u>	<u>\$ 2,330,986</u>	<u>\$ 182,494</u>	<u>\$ 707,195</u>	<u>\$ 645,481</u>	<u>\$ 137,124</u>	<u>\$ 77,103</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Law Enforcement Continuing Ed	Unsafe Building	Riverboat Gaming	E-911	Park And Recreation	Rainy Day	Levy Excess
Cash and investments - beginning	\$ 222,135	\$ 138,528	\$ 554,892	\$ 35,644	\$ 741,923	\$ 6,764,670	\$ 2,155
Receipts:							
Taxes	-	-	-	-	686,970	-	-
Licenses and permits	14,750	-	-	-	-	-	-
Intergovernmental receipts	-	-	326,521	92,449	42,175	-	-
Charges for services	64,532	521,532	-	-	168,707	289,227	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	1,423	-	-	30,000	1,495	781	-
Total receipts	<u>80,705</u>	<u>521,532</u>	<u>326,521</u>	<u>122,449</u>	<u>899,347</u>	<u>290,008</u>	<u>-</u>
Disbursements:							
Personal services	-	1,271	-	-	429,250	-	-
Supplies	-	-	-	-	22,875	-	-
Other services and charges	64,655	99,861	188,319	120,267	307,383	296,201	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	14,860	-	-	96,149	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	2,064	407,354	30,000	-	6,902	-	2,155
Total disbursements	<u>66,719</u>	<u>508,486</u>	<u>233,179</u>	<u>120,267</u>	<u>766,410</u>	<u>392,350</u>	<u>2,155</u>
Excess (deficiency) of receipts over disbursements	<u>13,986</u>	<u>13,046</u>	<u>93,342</u>	<u>2,182</u>	<u>132,937</u>	<u>(102,342)</u>	<u>(2,155)</u>
Cash and investments - ending	<u>\$ 236,121</u>	<u>\$ 151,574</u>	<u>\$ 648,234</u>	<u>\$ 37,826</u>	<u>\$ 874,860</u>	<u>\$ 6,662,328</u>	<u>\$ -</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (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	\$ 2,623,349	\$ 6,188,955	\$ 381,911	\$ 439,646	\$ 511,334	\$ 307,297	\$ -
Receipts:							
Taxes	4,390	-	582,105	42,287	141,962	-	146,447
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	35,729	2,579	8,748	127,970	-
Charges for services	-	-	-	289,227	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	813,079	375,792	-	-	-	1,453	-
Total receipts	<u>817,469</u>	<u>375,792</u>	<u>617,834</u>	<u>334,093</u>	<u>150,710</u>	<u>129,423</u>	<u>146,447</u>
Disbursements:							
Personal services	-	-	220,337	-	-	2,520	-
Supplies	-	-	423	-	-	56,439	-
Other services and charges	631,467	-	337,161	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	635,792	232,000	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	7,416	-	-	-	-	-	146,447
Total disbursements	<u>638,883</u>	<u>-</u>	<u>557,921</u>	<u>635,792</u>	<u>232,000</u>	<u>58,959</u>	<u>146,447</u>
Excess (deficiency) of receipts over disbursements	<u>178,586</u>	<u>375,792</u>	<u>59,913</u>	<u>(301,699)</u>	<u>(81,290)</u>	<u>70,464</u>	<u>-</u>
Cash and investments - ending	<u>\$ 2,801,935</u>	<u>\$ 6,564,747</u>	<u>\$ 441,824</u>	<u>\$ 137,947</u>	<u>\$ 430,044</u>	<u>\$ 377,761</u>	<u>\$ -</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Police Pension	Fire Pension	LOIT Public Safety	BCCE Seat Belt Grant	Park Bond 09 Reserve	TIF Bayer/Tech Park Allocation	Lerner Ticket Account
Cash and investments - beginning	\$ 1,556,941	\$ 2,689,667	\$ -	\$ 1,084	\$ 175,292	\$ 345,967	\$ 79,195
Receipts:							
Taxes	1,857,338	2,762,456	-	-	-	82,123	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	3,425,542	19,067	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	-	108,004	-	1,517,356
Total receipts	1,857,338	2,762,456	3,425,542	19,067	108,004	82,123	1,517,356
Disbursements:							
Personal services	8,062	7,462	609,373	19,733	-	-	-
Supplies	7,156	5,304	-	-	-	-	-
Other services and charges	1,208	349	-	-	-	25,836	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	2,081,487	2,763,213	-	-	-	1,542	1,474,207
Total disbursements	2,097,913	2,776,328	609,373	19,733	-	27,378	1,474,207
Excess (deficiency) of receipts over disbursements	(240,575)	(13,872)	2,816,169	(666)	108,004	54,745	43,149
Cash and investments - ending	<u>\$ 1,316,366</u>	<u>\$ 2,675,795</u>	<u>\$ 2,816,169</u>	<u>\$ 418</u>	<u>\$ 283,296</u>	<u>\$ 400,712</u>	<u>\$ 122,344</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	City Clerk State Shares Sweep Account	Elkhart City Court-Regular Account	City Clerk-Probation User Fees	NYCRR CONCESSIONS	Tolson Youth Donation	IHCDA IN Housing Comm Dev Assoc.	Aviation Donation
Cash and investments - beginning	\$ 3,000	\$ 179,055	\$ 13,785	\$ 15,257	\$ 15,926	\$ 608	\$ 6,077
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	9,554	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	2,002,568	212,461	-	21,142	-	164,569
Total receipts	-	2,002,568	212,461	9,554	21,142	-	164,569
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	3,725	7,491	-	49,246
Other services and charges	-	-	-	-	25,530	-	105,152
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	3,000	2,013,161	214,661	-	-	-	-
Total disbursements	3,000	2,013,161	214,661	3,725	33,021	-	154,398
Excess (deficiency) of receipts over disbursements	(3,000)	(10,593)	(2,200)	5,829	(11,879)	-	10,171
Cash and investments - ending	\$ -	\$ 168,462	\$ 11,585	\$ 21,086	\$ 4,047	\$ 608	\$ 16,248

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Fish Passage Grant	DUI/Operating Under Influence	FACT (Fatal Accident Crash Team)	Urban Wood Program	TIF Allocation Sterling	Tolson Ctr Improvements	TIF Allocation Pierre
Cash and investments - beginning	\$ -	\$ 1,718	\$ -	\$ 4,377	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	88,943	-	81,043
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	2,921	17,657	518	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	523	-	4,635	-
Total receipts	<u>2,921</u>	<u>17,657</u>	<u>518</u>	<u>523</u>	<u>88,943</u>	<u>4,635</u>	<u>81,043</u>
Disbursements:							
Personal services	-	7,058	481	-	-	-	-
Supplies	-	-	-	2,040	-	-	-
Other services and charges	2,921	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	88,943	-	81,043
Total disbursements	<u>2,921</u>	<u>7,058</u>	<u>481</u>	<u>2,040</u>	<u>88,943</u>	<u>-</u>	<u>81,043</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>10,599</u>	<u>37</u>	<u>(1,517)</u>	<u>-</u>	<u>4,635</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 12,317</u>	<u>\$ 37</u>	<u>\$ 2,860</u>	<u>\$ -</u>	<u>\$ 4,635</u>	<u>\$ -</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Cemetery	Probation User Fees	Federal Grant Human Relations	State Grant IDEM Small Mentor	Central Garage	Park Grants	Theft Program
Cash and investments - beginning	\$ 396,415	\$ 186,602	\$ 85,077	\$ 61,013	\$ 1,125,568	\$ 4,425	\$ 130,857
Receipts:							
Taxes	87,945	-	-	-	1,641,440	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	3,387	-	38,550	-	100,743	-	-
Charges for services	281,134	214,661	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	14,430
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	24	-	-	3,736	-	200
Total receipts	<u>372,466</u>	<u>214,685</u>	<u>38,550</u>	<u>-</u>	<u>1,745,919</u>	<u>-</u>	<u>14,630</u>
Disbursements:							
Personal services	415,009	178,556	18,585	-	760,241	-	-
Supplies	17,026	3,569	220	-	489,901	-	-
Other services and charges	29,630	71,412	16,448	-	103,882	-	5,709
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	1,099	1,254	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>461,665</u>	<u>254,636</u>	<u>36,507</u>	<u>-</u>	<u>1,354,024</u>	<u>-</u>	<u>5,709</u>
Excess (deficiency) of receipts over disbursements	<u>(89,199)</u>	<u>(39,951)</u>	<u>2,043</u>	<u>-</u>	<u>391,895</u>	<u>-</u>	<u>8,921</u>
Cash and investments - ending	<u>\$ 307,216</u>	<u>\$ 146,651</u>	<u>\$ 87,120</u>	<u>\$ 61,013</u>	<u>\$ 1,517,463</u>	<u>\$ 4,425</u>	<u>\$ 139,778</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Stu Statler Crime Fund	Record Perpetuation	High Dive Park Grant	Tax Abatement	Environmental Center	Greater Elkhart	License Examination
Cash and investments - beginning	\$ 21,122	\$ 89,316	\$ 19,644	\$ 273,268	\$ 31,074	\$ 1,947,041	\$ 27,517
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	14,550	-	-	-	-	-	4,700
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	36,150	-	-	-	96,789	-
Fines and forfeits	10	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	12,981	-	-	43,592	124,343	54	-
Total receipts	<u>27,541</u>	<u>36,150</u>	<u>-</u>	<u>43,592</u>	<u>124,343</u>	<u>96,843</u>	<u>4,700</u>
Disbursements:							
Personal services	-	36,143	-	-	74,006	-	-
Supplies	-	5,158	-	-	3,609	-	-
Other services and charges	78	-	-	-	2,574	880,053	6,065
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	5,720	1,851	-	-	4,000	56,852	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	624,989	-
Total disbursements	<u>5,798</u>	<u>43,152</u>	<u>-</u>	<u>-</u>	<u>84,189</u>	<u>1,561,894</u>	<u>6,065</u>
Excess (deficiency) of receipts over disbursements	<u>21,743</u>	<u>(7,002)</u>	<u>-</u>	<u>43,592</u>	<u>40,154</u>	<u>(1,465,051)</u>	<u>(1,365)</u>
Cash and investments - ending	<u>\$ 42,865</u>	<u>\$ 82,314</u>	<u>\$ 19,644</u>	<u>\$ 316,860</u>	<u>\$ 71,228</u>	<u>\$ 481,990</u>	<u>\$ 26,152</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Mausoleum Operating	NYCRR Museum	Washington Gardens	Elco/Lerner Theatre	Redevelopment	UMPTA	Tolson Drug Elimination
Cash and investments - beginning	\$ 43,707	\$ 83,671	\$ 6,581	\$ 615,167	\$ 113,832	\$ 19,667	\$ 35
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	45,032	-	314,291	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	6,181	60,131	-	415,743	20,000	102,000	-
Total receipts	6,181	105,163	-	730,034	20,000	102,000	-
Disbursements:							
Personal services	-	91,604	-	612,595	-	-	-
Supplies	1,282	1,255	-	27,966	-	-	-
Other services and charges	4,592	27,894	-	191,040	415	110,500	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	439	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	6,581	8,886	16,046	-	-
Total disbursements	5,874	120,753	6,581	840,487	16,900	110,500	-
Excess (deficiency) of receipts over disbursements	307	(15,590)	(6,581)	(110,453)	3,100	(8,500)	-
Cash and investments - ending	\$ 44,014	\$ 68,081	\$ -	\$ 504,714	\$ 116,932	\$ 11,167	\$ 35

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	IDEM Grant St Joe River	Wheel Tax	CD Rehab	CD Business Loan Grant	DEA Asset Sharing	Noise Ordinance	Curb And Gutter Construction
Cash and investments - beginning	\$ 17,292	\$ 207,782	\$ 43,440	\$ 502,925	\$ 3,583	\$ 55,357	\$ 44,261
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	1,083,796	-	-	49,728	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	58,052	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	91,587	123,177	9,720	1,285	18,100
Total receipts	-	1,083,796	91,587	123,177	59,448	59,337	18,100
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	1,049,998	-	-	-	-	-
Other services and charges	-	-	76,615	6,150	15,517	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	6,382	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	4,603	111	-	-	19,000
Total disbursements	-	1,049,998	81,218	6,261	15,517	6,382	19,000
Excess (deficiency) of receipts over disbursements	-	33,798	10,369	116,916	43,931	52,955	(900)
Cash and investments - ending	\$ 17,292	\$ 241,580	\$ 53,809	\$ 619,841	\$ 47,514	\$ 108,312	\$ 43,361

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Elco Capital	TIF Downtown Reserve	TIF Southwest Allocation	TIF Aeroplex Allocation	TIF Cassopolis Allocation	Aviation Insurance Settlement	Insurance Fire Department
Cash and investments - beginning	\$ 115,711	\$ 745,063	\$ -	\$ 514,357	\$ 3,027,055	\$ 19,617	\$ 32,368
Receipts:							
Taxes	-	-	407,056	180,656	1,540,135	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	669,500	-	24,537	20,686	873	10,069
Total receipts	-	669,500	407,056	205,193	1,560,821	873	10,069
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	262,907	581,863	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	371,000	407,056	3,213	380,084	20,337	18,057
Total disbursements	-	371,000	407,056	266,120	961,947	20,337	18,057
Excess (deficiency) of receipts over disbursements	-	298,500	-	(60,927)	598,874	(19,464)	(7,988)
Cash and investments - ending	\$ 115,711	\$ 1,043,563	\$ -	\$ 453,430	\$ 3,625,929	\$ 153	\$ 24,380

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Insurance Police Dept	Insurance Public Works	Insurance Street Dept	Insurance Cemetery	Insurance Park And Recreation	Insurance Buildings and Grounds	Insurance Central Garage
Cash and investments - beginning	\$ 35,746	\$ 19,704	\$ 692	\$ 100	\$ 53,423	\$ 3,013	\$ 35,505
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	2,599	3,098	35,949	-	154	5,754	31,207
Total receipts	2,599	3,098	35,949	-	154	5,754	31,207
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	23,827	-	-	-	38,440
Total disbursements	-	-	23,827	-	-	-	38,440
Excess (deficiency) of receipts over disbursements	2,599	3,098	12,122	-	154	5,754	(7,233)
Cash and investments - ending	\$ 38,345	\$ 22,802	\$ 12,814	\$ 100	\$ 53,577	\$ 8,767	\$ 28,272

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Insurance Sewer	Donation Mayors Office	Donation Mayors Food Drive	Donation Safety Champions	Animal Control Ordinance	Donation Bayer Corp	Donation Civil Rights
Cash and investments - beginning	\$ 14,677	\$ 2,358	\$ 743	\$ 142	\$ 275,920	\$ 1,127	\$ 692
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	26,265	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	30,259	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	540	250	-	-	-	-
Total receipts	-	540	250	-	56,524	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	3,909	-	-
Other services and charges	-	615	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	615	-	-	3,909	-	-
Excess (deficiency) of receipts over disbursements	-	(75)	250	-	52,615	-	-
Cash and investments - ending	\$ 14,677	\$ 2,283	\$ 993	\$ 142	\$ 328,535	\$ 1,127	\$ 692

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Donation Community Violence	Donation Fire Education	Donation Smoke Detectors	Donation Ambulance Escrow	Donation Survive Alive	Donation Historical Preservation	Donation Building
Cash and investments - beginning	\$ 176	\$ 1,488	\$ 526	\$ 10,035	\$ 2,959	\$ 10,582	\$ 251
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	150	-	-	9,140	-	-
Total receipts	-	150	-	-	9,140	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	7,426	-	-
Other services and charges	-	-	-	-	1,337	122	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	8,763	122	-
Excess (deficiency) of receipts over disbursements	-	150	-	-	377	(122)	-
Cash and investments - ending	\$ 176	\$ 1,638	\$ 526	\$ 10,035	\$ 3,336	\$ 10,460	\$ 251

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Donation Downtown Improvements	Donation Riverwalk	Donation Police Misc	Donation Intersection Improvements	Donation Beardsley Memorial	Lerner Concessions	Donation Comm Center
Cash and investments - beginning	\$ 1,253	\$ 115,655	\$ 64,133	\$ 650	\$ 4,537	\$ 1,098	\$ 10
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	2,220	3,054	-	-	-	-
Total receipts	-	2,220	3,054	-	-	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	28,532	-	-	-	-
Other services and charges	-	115,000	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	115,000	28,532	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	(112,780)	(25,478)	-	-	-	-
Cash and investments - ending	\$ 1,253	\$ 2,875	\$ 38,655	\$ 650	\$ 4,537	\$ 1,098	\$ 10

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Donation EMS	Donation Tree Planting	Donation NYCRR Museum	Donation Cemetery	Donation Park And Recreation	Donation Elco/Lerner Theatre	Donation Agenda 2010
Cash and investments - beginning	\$ 1,783	\$ 679	\$ 5,475	\$ 42,517	\$ 55,657	\$ 36,152	\$ 171
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	1,560	-	11,840	8,141	-
Total receipts	-	-	1,560	-	11,840	8,141	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	3,564	5,284	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	171
Total disbursements	-	-	-	-	3,564	5,284	171
Excess (deficiency) of receipts over disbursements	-	-	1,560	-	8,276	2,857	(171)
Cash and investments - ending	\$ 1,783	\$ 679	\$ 7,035	\$ 42,517	\$ 63,933	\$ 39,009	\$ -

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Tolson Scholarship	Donation Enviro Education	Donation DESS	Donation Botanical Gardens	Donation Public Works	Neighborhood Stabilization Program	NSP-3/CDBG-R
Cash and investments - beginning	\$ 2,179	\$ 29,660	\$ 374	\$ 119	\$ 4,036	\$ 34,417	\$ 40,738
Receipts:							
Taxes	-	-	-	-	-	-	1,292
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	17,368	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	12,474	-	-	-	20,395	20,644
Total receipts	-	12,474	-	-	-	37,763	21,936
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	8,800	-	-	213	65,704	55,428
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	119	-	-	-
Total disbursements	-	8,800	-	119	213	65,704	55,428
Excess (deficiency) of receipts over disbursements	-	3,674	-	(119)	(213)	(27,941)	(33,492)
Cash and investments - ending	\$ 2,179	\$ 33,334	\$ 374	\$ -	\$ 3,823	\$ 6,476	\$ 7,246

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Park Bond 09 Allocation	TIF Downtown Allocation	EDIT	Riverwalk Commons	Horizon	Aviation Federal	Downtown Development
Cash and investments - beginning	\$ 142,803	\$ 2,482,852	\$ 5,192,970	\$ 1,760	\$ 312,546	\$ 40,883	\$ 8,177
Receipts:							
Taxes	887,366	1,988,441	-	-	-	680,871	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	42,360	-	3,623,241	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	500	15,136	-	-	-	-	-
Total receipts	<u>930,226</u>	<u>2,003,577</u>	<u>3,623,241</u>	<u>-</u>	<u>-</u>	<u>680,871</u>	<u>-</u>
Disbursements:							
Personal services	-	15,504	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	2,000	2,574,555	3,026,717	-	-	712,601	-
Debt service - principal and interest	778,021	754,815	-	-	-	-	-
Capital outlay	-	-	521,312	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	3,832	-	-	-	-	-
Total disbursements	<u>780,021</u>	<u>3,348,706</u>	<u>3,548,029</u>	<u>-</u>	<u>-</u>	<u>712,601</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>150,205</u>	<u>(1,345,129)</u>	<u>75,212</u>	<u>-</u>	<u>-</u>	<u>(31,730)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 293,008</u>	<u>\$ 1,137,723</u>	<u>\$ 5,268,182</u>	<u>\$ 1,760</u>	<u>\$ 312,546</u>	<u>\$ 9,153</u>	<u>\$ 8,177</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Highway Improvement	Park Capital	TIF Downtown Capital	P/W Homeland Security Grant	Bureau Of Justice Police Grant	RR Underpass	Cassopolis Interlocal
Cash and investments - beginning	\$ 94,864	\$ 6,524	\$ 63,020	\$ 58	\$ 16,014	\$ 369,337	\$ 4,015
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	13,118	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	6,801,946	-	-	678,180	-
Total receipts	-	-	6,801,946	-	13,118	678,180	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	119,164	-	-	767,542	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	669,500	-	-	-	4,015
Total disbursements	-	-	788,664	-	-	767,542	4,015
Excess (deficiency) of receipts over disbursements	-	-	6,013,282	-	13,118	(89,362)	(4,015)
Cash and investments - ending	\$ 94,864	\$ 6,524	\$ 6,076,302	\$ 58	\$ 29,132	\$ 279,975	\$ -

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Build Indiana - RR Safety	Build Indiana- Elco/Lerner Theatre	CR 17 Corridor	Cemetery Perpetual	Mausoleum Perpetual	Prairie Street Cemetery	Pension Trust
Cash and investments - beginning	\$ 76,830	\$ 17,395	\$ 4,446	\$ 55,130	\$ 388,227	\$ 75,657	\$ 1,571,378
Receipts:							
Taxes	-	-	-	-	-	-	5,037,243
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	5,798	1,039	-	-
Total receipts	-	-	-	5,798	1,039	-	5,037,243
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	121	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	4,446	-	-	-	5,018,827
Total disbursements	-	121	4,446	-	-	-	5,018,827
Excess (deficiency) of receipts over disbursements	-	(121)	(4,446)	5,798	1,039	-	18,416
Cash and investments - ending	\$ 76,830	\$ 17,274	\$ -	\$ 60,928	\$ 389,266	\$ 75,657	\$ 1,589,794

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Sales Tax	County Court Fees	Flex Benefit	Group Insurance	HRA Group Insurance	Liability Insurance Trust	Fuel Hedge Fund
Cash and investments - beginning	\$ 1,281	\$ -	\$ 84,072	\$ 1,425,001	\$ 921,134	\$ 4,063,463	\$ 53
Receipts:							
Taxes	17,470	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	27,900
Fines and forfeits	-	106,173	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	203,822	7,595,490	508,835	1,735,570	-
Total receipts	<u>17,470</u>	<u>106,173</u>	<u>203,822</u>	<u>7,595,490</u>	<u>508,835</u>	<u>1,735,570</u>	<u>27,900</u>
Disbursements:							
Personal services	-	-	-	-	-	1,337,269	-
Supplies	-	-	-	-	-	-	-
Other services and charges	23,113	106,173	211,504	-	-	-	18,585
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	7,697,115	464,978	-	9,368
Total disbursements	<u>23,113</u>	<u>106,173</u>	<u>211,504</u>	<u>7,697,115</u>	<u>464,978</u>	<u>1,337,269</u>	<u>27,953</u>
Excess (deficiency) of receipts over disbursements	<u>(5,643)</u>	<u>-</u>	<u>(7,682)</u>	<u>(101,625)</u>	<u>43,857</u>	<u>398,301</u>	<u>(53)</u>
Cash and investments - ending	<u>\$ (4,362)</u>	<u>\$ -</u>	<u>\$ 76,390</u>	<u>\$ 1,323,376</u>	<u>\$ 964,991</u>	<u>\$ 4,461,764</u>	<u>\$ -</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Stormwater Capital	Stormwater	CSO LTCP	Wastewater Utility Operating	Wastewater Util-Bond And Interest	Sewer Replacement	Sewer Bond Sinking Fund
Cash and investments - beginning	\$ 275,900	\$ 876,064	\$ 1,150,975	\$ 2,499,356	\$ 1,339,913	\$ 1,235,697	\$ 982,204
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	865,255	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	1,562	-	6,759,600	2,141,515	19,599,386	559,838
Total receipts	-	866,817	-	6,759,600	2,141,515	19,599,386	559,838
Disbursements:							
Personal services	-	339,651	-	3,161,818	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	290,819	-	-	-
Debt service - principal and interest	-	-	-	-	1,888,409	-	-
Capital outlay	220,000	27,500	-	27,500	-	19,759,119	-
Utility operating expenses	-	195,353	-	2,006,754	-	-	-
Other disbursements	-	-	1,150,000	1,860,808	-	-	-
Total disbursements	220,000	562,504	1,150,000	7,347,699	1,888,409	19,759,119	-
Excess (deficiency) of receipts over disbursements	(220,000)	304,313	(1,150,000)	(588,099)	253,106	(159,733)	559,838
Cash and investments - ending	\$ 55,900	\$ 1,180,377	\$ 975	\$ 1,911,257	\$ 1,593,019	\$ 1,075,964	\$ 1,542,042

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Sewer Insurance 655 #2	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	\$ 128,560	\$ 1,182,393	\$ 1,065,112	\$ 200,641	\$ 905,173	\$ 2,390,849	\$ 1,223,003
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	10,550,983	-	-	-	-
Penalties	-	-	8,050	-	-	-	-
Other receipts	182,995	71,757	15,569,203	20,477	6,936,278	3,500,000	132,000
Total receipts	182,995	71,757	26,128,236	20,477	6,936,278	3,500,000	132,000
Disbursements:							
Personal services	-	-	-	-	2,503,454	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	163,000	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	112,693	-	-	368,741	2,896,718	-
Utility operating expenses	223,843	-	-	-	1,133,566	-	-
Other disbursements	1,040	-	26,766,190	-	2,044,417	-	-
Total disbursements	224,883	112,693	26,766,190	-	6,213,178	2,896,718	-
Excess (deficiency) of receipts over disbursements	(41,888)	(40,936)	(637,954)	20,477	723,100	603,282	132,000
Cash and investments - ending	\$ 86,672	\$ 1,141,457	\$ 427,158	\$ 221,118	\$ 1,628,273	\$ 2,994,131	\$ 1,355,003

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Water Revenue #4	Water Main Extension 630	WTR Guarantee Deposit	Organic Recycling	Aquatic Fisheries	Totals
Cash and investments - beginning	\$ 2,770,486	\$ 3,301,666	\$ 215,173	\$ 55,635	\$ 197,388	\$ 106,001,712
Receipts:						
Taxes	-	-	-	-	-	44,541,300
Licenses and permits	-	-	-	-	-	535,279
Intergovernmental receipts	-	-	-	-	-	26,066,952
Charges for services	-	-	-	-	-	3,418,240
Fines and forfeits	-	-	-	-	-	601,266
Utility fees	7,143,745	29,656	43,699	-	-	18,633,338
Penalties	-	-	-	-	-	8,050
Other receipts	531,742	120,000	-	192,000	100,127	81,651,145
Total receipts	7,675,487	149,656	43,699	192,000	100,127	175,455,570
Disbursements:						
Personal services	-	-	-	98,686	88,971	43,905,471
Supplies	-	-	-	23,569	11,899	3,538,826
Other services and charges	-	-	-	83,802	17,404	17,216,811
Debt service - principal and interest	-	-	-	-	-	3,421,245
Capital outlay	-	1,041,741	-	-	43,391	26,165,619
Utility operating expenses	-	-	-	-	-	3,559,516
Other disbursements	9,439,673	264,132	-	-	-	66,779,378
Total disbursements	9,439,673	1,305,873	-	206,057	161,665	164,586,866
Excess (deficiency) of receipts over disbursements	(1,764,186)	(1,156,217)	43,699	(14,057)	(61,538)	10,868,704
Cash and investments - ending	\$ 1,006,300	\$ 2,145,449	\$ 258,872	\$ 41,578	\$ 135,850	\$ 116,870,416

CITY OF ELKHART
SCHEDULE OF LEASES AND DEBT
December 31, 2015

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	\$ 8,420,000	\$ 991,485
Revenue bonds	Special Taxing District Refunding Bonds of 2012	2,075,000	368,175
Revenue bonds	Special Taxing District Refunding 2015 A	1,670,000	12,820
Revenue bonds	TIF 2015	6,695,000	168,547
Revenue bonds	Special Taxing District 2015B	<u>325,000</u>	<u>326,284</u>
Total governmental activities		<u>19,185,000</u>	<u>1,867,311</u>
Wastewater:			
Loan payable	Sewage Works Revenue Bonds of 2009 Series A	1,688,417	150,691
Loan payable	Sewage Works Revenue Bonds of 2009 Series B	6,484,569	566,886
Revenue bonds	Sewage Works Revenue Bonds of 2009 Series D	656,371	56,158
Revenue bonds	2009 Revenue Forgivable BAN	181,636	-
Loan payable	2010 Revenue Bonds Series A EPA Brownfield	439,350	30,300
Loan payable	2010 Revenue Bonds Series B EPA Brownfield	645,137	45,450
Loan payable	2014 Revenue Bonds State Revolving Fund Loan	<u>17,405,010</u>	<u>1,326,010</u>
Total Wastewater		<u>27,500,490</u>	<u>2,175,495</u>
Totals		<u>\$ 46,685,490</u>	<u>\$ 4,042,806</u>

CITY OF ELKHART
SCHEDULE OF CAPITAL ASSETS
December 31, 2015

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	\$ 11,657,642
Infrastructure	147,562,253
Buildings	17,081,409
Improvements other than buildings	58,380,601
Machinery, equipment, and vehicles	31,611,026
Total governmental activities	266,292,931
Storm Water:	
Land	253,050
Improvements other than buildings	14,434,399
Machinery, equipment, and vehicles	83,833
Total Storm Water	14,771,282
Wastewater:	
Land	3,023,581
Infrastructure	61,359,341
Buildings	19,440,467
Improvements other than buildings	6,986,511
Machinery, equipment, and vehicles	27,613,954
Total Wastewater	118,423,854
Water:	
Land	744,682
Infrastructure	30,791,541
Buildings	1,405,669
Improvements other than buildings	5,382,264
Machinery, equipment, and vehicles	5,429,401
Total Water	43,753,557
Public Works And Utilities:	
Machinery, equipment, and vehicles	19,944
Total capital assets	\$ 443,261,568

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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 *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015. 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 Federal statutes, regulations, and the terms and conditions of its Federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2015.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2015-004. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

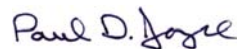
Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of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

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. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section 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. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2015-003 and 2015-004 that we consider to be material weaknesses.

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

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


Paul D. Joyce, CPA
State Examiner

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

CITY OF ELKHART
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2015

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>					
Fair Housing Assistance Program_State and Local	Direct Grant	14.401			
Fair Housing Assistance Program			FF205K135036	\$ -	\$ 14,141
Fair Housing Assistance Program			FF205K155036	-	22,366
Total - Fair Housing Assistance Program_State and Local				-	36,507
Community Development Block Grants/Entitlement Grants	Direct Grant	14.218			
Neighborhood Stabilization Program 1			B-08-MN-18-0002	-	12,992
Neighborhood Stabilization Program 3			B-11-MN-18-0002	-	1,292
CD Block Grant			B-13-MC-18-0015	-	114,153
CD Block Grant			B-14-MC-18-0015	67,238	440,879
CD Block Grant			B-15-MC-18-0015	-	181,447
Total - Community Development Block Grants/Entitlement Grants				67,238	750,763
Total - Department of Housing and Urban Development				67,238	750,763
<u>Department of the Interior</u>					
Fish and Wildlife Management Assistance	Direct Grant	15.608			
Engineering & Feasibility Study Christiana Creek			F13AC00458	-	2,921
Total - Department of the Interior				-	2,921
<u>Department of Justice</u>					
Bulletproof Vest Partnership Program	Direct Grant	16.607	FY 2013	-	21,518
Equitable Sharing Program	Direct Grant	16.922	FY 2015	-	15,517
Total - Department of Justice				-	37,035
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster					
Highway Planning and Construction	Indiana Department of Transportation	20.205			
Bike Pedestrian Facilities			A249-15L140032	-	20,686
Prairie Street Grade Separation			DES 0600463	-	678,180
Total - Highway Planning and Construction Cluster				-	698,866
Airport Improvement Program	Direct Grant	20.106			
AIP Project 3-18-0018-27			3-18-0018-027	-	4,866
AIP Project 3-18-0018-28			3-18-0018-028	-	568,110
AIP Project 3-18-0018-29			3-18-0018-029	-	67,535
Total - Airport Improvement Program				-	640,511
Total - Department of Transportation				-	1,339,377
<u>National Endowment for the Arts</u>					
Promotion of the Arts_Partnership Agreements	Indiana Arts Commission	45.025			
Rhapsody in the Green			FY2015-APS-4	-	2,219
Total - National Endowment for the Arts				-	2,219
Total federal awards expended				\$ 67,238	\$ 2,168,822

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, 2015. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 the Uniform Guidance, 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. The City has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

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
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
14.218	Community Development Block Grants/Entitlement Grants	Unmodified
	Highway Planning and Construction Cluster	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2015-001 - 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.
 - 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 Annual Financial Report (AFR). There was no review by management of the activity in this account.
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 \$2,624,409 in Bank of New York transactions in the Sewer Replacement and WWTP Revenue Fund #4 funds occurred. 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, 2015, reconciliation included unidentified differences that leave the bank \$149,018 greater than the funds ledger cash and investment balance.

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.

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.

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

Views of Responsible Officials

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

FINDING 2015-002 - 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).

The City should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. We noted the following errors:

1. Expenditures reported for Community Development Block Grants/Entitlement Grants were overstated by \$45,362.
2. Vendor transactions were erroneously included in the SEFA.
3. Equitable Sharing Program was omitted from the SEFA.
4. Four 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.
5. Two grants listed an incorrect CFDA number.
6. Subrecipient awards were overstated for the Community Development Block Grants/Entitlement Grants by \$14,992.

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)

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 financial statements. . . ."

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

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. 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 Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal 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 must 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. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe the significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

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 2015-003 - INTERNAL CONTROL OVER COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS

Federal Agency: Department of Housing and Urban Development

Federal Program: CDBG - Entitlement Grants

CFDA Number: 14.218

Federal Award Numbers and Years (or Other Identifying Numbers): B-08-MN-18-0002,
B-11-MN-18-0002,
B-13-MC-18-0015,
B-14-MC-18-0015,
B-15-MC-18-0015

Pass-Through Entity: Direct Grant

This is a repeat finding from the immediate prior year. The prior year finding number was 2014-003.

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 has 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 has occurred.

Context

This applies to all the program income received by the City during 2015, and to each of the financial and performance reports required by the Department of Housing and Urban Development.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

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

Effect

The failure to establish an effective internal control system placed the City at risk of noncompliance with the grant agreement and the compliance 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.

FINDING 2015-004 - SPECIAL TESTS AND PROVISIONS - WAGE RATE DETERMINATION

Federal Agency: Department of Housing and Urban Development

Federal Program: CDBG - Entitlement Grants

CFDA Number: 14.218

Federal Award Number and Year (or Other Identifying Number): B-08-MN-18-002,
B-11-MN-18-002,
B-13-MC-18-0015,
B-14-MC-18-0015,
B-15-MC-18-0015

Pass-Through Entity: Direct Grant

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

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 requirement: Special Tests and Provisions - Wage Rate Requirements.

The City did not include language and documentation specific to Wage Rate Requirements in applicable contracts.

Context

This applied to six construction contracts in excess of \$2,000. All six applicable contracts were tested; three of these contracts did not include a prevailing wage rate clause, thus those contracts were not in compliance with the wage rate requirements.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

40 USC 3142(a) states:

"APPLICATION-The advertised specifications for every contract in excess of \$2,000, to which the Federal Government or the District of Columbia is a party, for construction, alteration, or repair, including painting and decorating, of public buildings or public works of the Government or the District of Columbia that are located in a State or the District of Columbia and which requires or involves the employment of mechanics or laborers shall contain a provision stating the minimum wages to be paid various classes of laborers and mechanics."

Cause

Management had not developed a system of internal controls that segregated key functions. Management did not include the required clause within the applicable contracts.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected which could have resulted in the loss of federal funds to the City.

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENTS

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

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-001

Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: N/A

Contact Person Responsible for Corrective Action: Jeff Spalding, Controller or Jamie Arce, Deputy Controller

Contact Phone Number: (574) 294-5471 x201 or (574) 294-5471 x202

Status of Audit Finding: This finding has not been corrected. The finding was communicated to us during the most recent audit which was completed in November 2016. We did not have an opportunity to develop and implement new procedures to address this issue.



(Signature)

Controller
(Title)

November 28, 2016
(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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-002

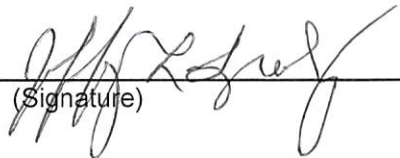
Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: N/A

Contact Person Responsible for Corrective Action: Jeff Spalding, Controller or Jamie Arce, Deputy Controller

Contact Phone Number: (574) 294-5471 x201 or (574) 294-5471 x202

Status of Audit Finding: This finding has not been corrected. The finding was communicated to us during the most recent audit which was completed in November 2016. We did not have an opportunity to develop and implement new procedures to address this issue.



(Signature)

Controller
(Title)

November 28, 2016
(Date)



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-003


Fiscal year in which the finding initially occurred: 2014

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, Director of Development Services

Contact Phone Number: (574) 294-5471 x124

Status of Audit Finding: This finding has not been corrected. The finding was communicated to us during the most recent audit which was completed in November 2016. We did not have an opportunity to develop and implement new procedures to address this issue.



(Signature)

Director of the Office of Development Services
(Title)

November 23, 2016
(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

CORRECTIVE ACTION PLAN

FINDING 2015-001

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.

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

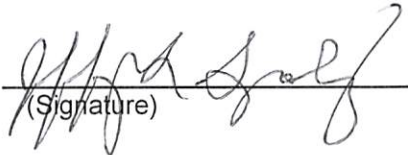
Jeffrey L. Spalding
City Controller



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

574.294.5471
Fax: 574.294.8491

Anticipated Completion Date: December 2016 and January 2017.



(Signature)

Controller
(Title)

November 28, 2016
(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

CORRECTIVE ACTION PLAN

FINDING 2015-002

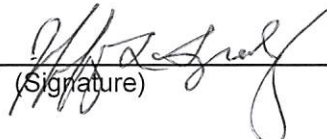
Contact Person Responsible for Corrective Action: Jeff Spalding, Controller or Jamie Arce, Deputy Controller
Contact Phone Number: 574-294-5471 x2014 or (574) 294-5471 x202

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 2015-003

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 and reporting 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.

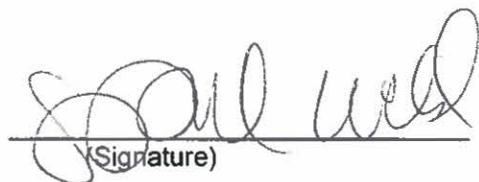
When he is creating a draw request in the IDIS system – it identifies if Program Income is available for use at that time. If there is Program Income available Joe Halter uses those funds first and then funds the remaining request from the oldest Grant funds first. The draw request is approved by either 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 of the Office of Development Services
(Title)

November 23, 2016
(Date)



CORRECTIVE ACTION PLAN

FINDING 2015-004

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 Special Tests and Provisions: Wage Rate Determination

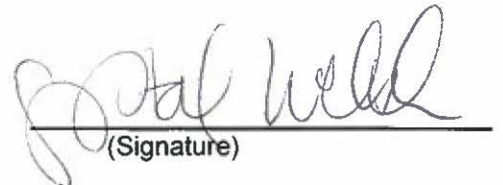
Description of Corrective Action Plan:

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

The City of Elkhart provides CDBG funds to local not-for-profit organizations known as Subrecipients to carry-out CDBG eligible activities. The Subrecipients are selected via an application process each calendar year. Subrecipient applications are reviewed and scored given an grant review sheet by Jenny Recinos. She and the Director meet to review the application score sheets and provide recommendations to the Redevelopment Commission for award of the funds. In the process of preparing a contract Jenny Recinos will work with the Director to identify any regulatory requirements triggered by the project. Starting in June 2017 when new agreements are signed, the agreement will also include a coversheet which indicates what regulatory requirements are triggered by the grant agreement. This will notify staff that additional review is required. When a construction project is part of a Subrecipient Agreement, Laura Miller, CD Specialist for Housing will be included in the review of the grant application and determining of appropriate regulatory requirements, specifically Wage Determination.

For any construction contract, once the Subrecipient Agreement is in place, Laura Miller will hold a meeting with the Subrecipient to ensure they understand the Wage Determination rules and responsibilities. She will work with the Subrecipient during the bidding process to ensure compliance with wage determination rules at that phase of the project. Once a contractor is selected by the Subrecipient a pre-contract meeting will be held to ensure contract compliance and discuss construction requirements under the Davis-Bacon and Related Acts program including payroll and interview. Any claim for CDBG funds related to a construction project will be reviewed for compliance by Laura Miller and approved by Crystal Welsh. A copy of the Subrecipient contract with the construction contractors will be required prior to payment for the project to ensure compliance with the Wage Determination language in that contract.

Anticipated Completion Date: July 1, 2017


(Signature)

Director of the Office of Development Services
(Title)

November 23, 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/>.