

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, 2016 to December 31, 2016



FILED
10/31/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
City Controller	Jeffrey L. Spalding	01-01-16 to 02-24-17
	Carlos J. Arce (interim)	02-25-17 to 05-07-17
	Rita Huffman	05-08-17 to 12-31-18
Mayor	Timothy Neese	01-01-16 to 12-31-19
President of the Board of Public Works	Carol McDowell	01-01-16 to 12-31-16
	Michael C. Machlan	01-01-17 to 12-31-18
President of the Common Council	Brian A. Thomas	01-01-16 to 12-31-16
	Brian Dickerson	01-01-17 to 12-31-18



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, 2016, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from 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 to 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, 2016.

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, 2016, 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 September 20, 2018, 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 solely 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 effectiveness of the City's 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

September 20, 2018



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the City of Elkhart (City), which comprises the financial position and results of operations for the year ended December 31, 2016, and the related notes to the financial statement, and have issued our report thereon dated September 20, 2018, 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 City'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 2016-001 and 2016-002, 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 2016-002.

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

September 20, 2018

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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, 2016

Fund	Cash and Investments		Cash and Investments	
	01-01-16	Receipts	Disbursements	12-31-16
General	\$ 32,975,589	\$ 40,962,741	\$ 36,581,436	\$ 37,356,894
Motor Vehicle Highway	2,330,986	6,032,360	5,112,772	3,250,574
Local Road And Street	182,494	671,552	753,374	100,672
Aviation	707,196	909,495	828,395	788,296
PARKING ENFORCEMENT	137,124	34,131	-	171,255
LERNER CONCESSIONS	1,098	-	-	1,098
Community Development	77,102	731,739	808,653	188
Law Enforcement Continuing Ed	236,121	83,851	118,479	201,493
RECORD PERPETUATION	82,314	40,891	49,856	73,349
Unsafe Building	151,573	77,557	74,676	154,454
E-911	37,826	104,242	89,844	52,224
Park And Recreation	874,860	859,292	900,046	834,106
Rainy Day	6,662,328	2,558,999	946,575	8,274,752
Major Moves Construction	6,564,747	33,052	-	6,597,799
Cum Cap Development	441,824	609,027	739,226	311,625
Cum Cap Sewer	430,044	163,423	171,028	422,439
CUM FIRE EQUIP & POLICE	137,947	499,854	71,306	566,495
EDIT	5,268,182	3,957,145	4,005,498	5,219,829
Cum Cap Improvement	377,761	134,019	65,130	446,650
CENTRAL GARAGE	1,517,463	2,052,658	1,520,762	2,049,359
Police Pension	1,316,366	2,385,892	2,072,218	1,630,040
Fire Pension	2,675,794	2,849,484	2,778,738	2,746,540
COUNTY COURT FEES	-	93,184	87,085	6,099
LOIT Public Safety	2,816,169	3,724,380	2,021,595	4,518,954
SALES TAX	(4,362)	21,555	15,518	1,675
AVIATION DONATION	16,248	1,029	12,301	4,976
SAFETY CHAMPIONS DONATION	142	-	-	142
BAYER CORP DONATION	1,127	-	-	1,127
CIVIL RIGHTS DONATION	692	-	-	692
COMM VIOLENCE PJT DONATIO	176	-	-	176
PARK GRANTS	4,425	-	-	4,425
PROBATION USERS FEE	146,651	192,720	276,882	62,489
THEFT PROGRAM	139,778	12,465	623	151,620
HUMAN RELATIONS GRANT	87,120	25,185	32,219	80,086
FLEX-SPENDING	76,390	208,041	211,565	72,866
CEMETERY	307,216	372,153	501,672	177,697
HIGH DIVE PARK GRANT	19,644	-	-	19,644
ST GRT IDEM SMALL MENTOR	61,013	-	-	61,013
NYCRR CONCESSIONS	21,086	9,585	4,420	26,251
TAX ABATEMENT	316,860	18,075	-	334,935
DUI/OPERATING UNDER INFLU	12,317	6,564	3,401	15,480
ENVIRONMENTAL CENTER	71,228	106,910	158,043	20,095
GREATER ELKHART FUND	481,991	102,370	374,770	209,591
LICENSE EXAMINATION	26,152	3,605	3,540	26,217
MAUSOLEUM OPERATIONS	44,014	12,564	6,780	49,798
NYC RR MUSEUM	68,080	117,681	124,149	61,612
LERNER THEATRE	627,058	758,940	928,428	457,570
REDEVELOPMENT	116,932	95,408	23,097	189,243
UMPTA	11,167	-	-	11,167
TOLSON DRUG ELIMINATION	35	-	-	35
FACT (Fatal Accident Cras	37	159	-	196
PARK PROGRAM	645,480	303,605	227,739	721,346
BCCE/SEAT BELT	418	16,084	15,506	996
ST GRT ST JOE RIVER	17,292	-	-	17,292
CD REHAB/REVOLVING LOAN	53,809	89,964	67,663	76,110
CD BUSINESS LOAN GRANT	619,841	87,824	153,983	553,682
DEA ASSET SHARING	47,514	3,690	8,316	42,888
NOISE ORDINANCE	108,312	39,921	97,836	50,397
STU STATLER CRIME FUND	42,866	61,348	45,431	58,783
ANIMAL CONTROL ORDINANCE	328,534	46,270	130,422	244,382
RIVERBOAT FUND	648,234	301,807	240,146	709,895
LOIT Spec Distr - 2016	-	6,285,567	263,062	6,022,505
WHEEL TAX FUND	241,580	1,088,241	999,998	329,823
PARK BOND 2009 RESERVE	283,296	-	-	283,296
PARK BOND 09 ALLOCATION	293,008	963,981	982,615	274,374
RIVERWALK COMMONS	1,760	-	-	1,760
HORIZON FUND	312,546	-	-	312,546
URBAN WOOD PROGRAM	2,860	187	860	2,187
CURB & GUTTER/BOND DEPOSI	43,361	9,900	6,000	47,261
LERNER CAPITAL	115,711	-	-	115,711
AVIATION FEDERAL	9,153	475,924	551,896	(66,819)
DOWNTOWN DEVELOPMENT	8,177	-	-	8,177
HIGHWAY IMPROVEMENT	94,864	-	-	94,864
PARK CAPITAL	6,524	-	-	6,524
TIF RESERVE DWNTWN FUND	1,043,563	-	-	1,043,563
TIF DOWNTOWN ALLOCATION	1,137,723	2,468,303	2,013,967	1,592,059
TIF ALLOCATION PIERRE MOR	-	76,514	76,514	-
TIF DOWNTOWN CAPITAL	6,076,302	-	619,747	5,456,555
TIF SOUTHWEST ALLOCATION	-	220,462	220,462	-
TIF AEROPLEX ALLOCATION	453,430	181,045	300,777	333,698
TIF ALLOCATION STERLING E	-	77,903	77,903	-
TIF ALLOCATION CASS ST AR	3,625,929	1,879,011	325,714	5,179,226

CITY OF ELKHART
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2016

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16
TIF BAYER/TECH PARK ALLOC	400,712	85,496	32,002	454,206
TIF ALLOCATION S.MAIN GAT	-	76,390	76,390	-
TIF CONSOLIDATED S ALLOCA	2,801,934	888,782	972,133	2,718,583
GROUP INSURANCE	1,323,376	7,794,367	8,126,570	991,173
DEPT OF HOMELAND SECU	58	-	-	58
FIRE DEPT FEMA GRANT	-	1,841	16,243	(14,402)
POLICE GRANT FUND	29,132	9,653	21,468	17,317
INSURANCE AVIATION	153	2,799	-	2,952
INSURANCE FIRE DEPT	24,380	159	14,926	9,613
INSURANCE POLICE DEPT	38,344	670	2,116	36,898
INSURANCE P/W	22,802	-	126	22,676
INSURANCE MOTOR VEH	12,814	18,819	27,277	4,356
INSURANCE CEMETERY	100	-	-	100
INSURANCE PARK & REC	53,577	-	-	53,577
INSURANCE BLDG & GRNDS	8,767	8,051	-	16,818
INSURANCE CENT GARAGE	28,272	75,905	73,903	30,274
INSURANCE SEWER	14,677	-	-	14,677
PENSION TRUST FUND	1,589,794	5,345,990	5,057,357	1,878,427
HRA GROUP INSURANCE FUND	964,991	-	450,724	514,267
LIABILITY INSURANCE TRUST	4,461,764	1,708,274	1,397,545	4,772,493
CEMETERY PERPETUAL CARE	60,928	4,114	-	65,042
MAUSOLEUM PREP CARE	389,266	1,351	-	390,617
PRAIRIE ST CEMETERY PREP	75,657	-	-	75,657
MAYOR'S DONATION	2,283	70	330	2,023
FOOD DRIVE DONATION	993	1,700	-	2,693
FIRE EDUCATIONAL DONATION	1,638	-	-	1,638
Fire Donation Fund	526	-	-	526
AMBULANCE ESCROW DONATION	10,035	-	-	10,035
SURVIVE ALIVE DONATION	3,336	9,252	9,198	3,390
HISTORIC PRES DONATION	10,460	-	-	10,460
BUILDING DONATION	251	-	-	251
GEN DOWNTOWN DONATION	1,253	-	-	1,253
RIVERWALK COMMONS DONATIO	2,875	-	-	2,875
POLICE DONATION	38,655	5,149	9,779	34,025
INTERSECTION DONATION	650	-	-	650
BEARDSLEY MEM DONATION	4,537	-	-	4,537
TOLSON YOUTH	4,047	20,098	13,774	10,371
COMMUNICATION DONATION	10	-	-	10
EMS DONATION	1,783	-	-	1,783
TREE PLANTING DONATION	679	-	-	679
NYCRR MUSEUM DONATION	7,035	1,278	-	8,313
CEMETERY DONATION	42,517	-	-	42,517
PARKS DONATION	63,933	11,660	5,000	70,593
LERNER THEATER DONATION	39,009	3,480	2,931	39,558
RR OVERPASS	279,975	324,878	351,142	253,711
RR SAFETY BLD INDIANA	76,830	-	-	76,830
ELCO THEATRE BLD INDIANA	17,274	-	-	17,274
TOLSON CENTER IMPROVEMENT	4,635	46,344	-	50,979
TOLSON SCHOLARSHIP	2,179	-	-	2,179
ENVIRO CTR -EDUCATION	33,334	27,867	24,704	36,497
DESS DONATION FUND	374	-	-	374
PUBLIC WORKS DONATION	3,823	-	319	3,504
NEIGHBORHOOD STABILIZATIO	6,476	31,517	29,222	8,771
NSP 3	7,246	29,366	22,117	14,495
IHCDA IN HOUSING COMM DEV	608	-	-	608
STORM WATER	1,180,377	943,480	1,388,912	734,945
STORMWATER CAPITAL	55,900	700,000	236,586	519,314
WWTP OPERATING	1,911,257	9,318,774	8,771,012	2,459,019
WWTP BOND & INTEREST	1,593,019	1,768,041	2,795,072	565,988
SEWER REPLACEMENT	1,075,964	3,728,032	2,968,775	1,835,221
SEWER BOND SINKING FUND	1,542,042	19,070	5,290	1,555,822
CSO-LTCP FUND	975	-	-	975
SEWER INS FUND	86,672	324,847	370,445	41,074
WWTP TRUNK LINE EXT	1,141,457	497,473	187,298	1,451,632
SEWER GUARANTEE DEPOSITS	221,118	13,749	32,600	202,267
WWTP REVENUE FUND	427,158	13,906,613	12,850,236	1,483,535
WTR REVENUE	1,006,300	7,916,430	6,593,826	2,328,904
WTR OPERATING	1,628,273	6,564,523	6,948,979	1,243,817
WTR DEPRECIATION	2,994,131	1,800,000	1,676,942	3,117,189
WTR GUARANTEE DEPOSIT	258,872	13,173	1,800	270,245
WATER TANK MAINTENANCE	1,355,003	-	7,614	1,347,389
WTR MAIN EXTENSION	2,145,449	66,469	171,301	2,040,617
AQUATIC FISHERIES FUND	135,850	100,100	133,884	102,066
ORGANIC RECYCLING	41,578	94,875	136,452	1
ELKHART CITY COURT-REGULAR ACCOUNT	168,462	1,723,456	1,741,541	150,377
CITY CLERK-PROBATION USER FEES	11,585	195,240	192,667	14,158
Totals	\$ 116,870,411	\$ 152,541,193	\$ 133,849,185	\$ 135,562,419

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

CITY OF ELKHART
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

Taxes. Amounts received from 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. Amounts received from businesses, occupations, or non-businesses 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, animal 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. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental 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. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines 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. Amounts received 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. Amounts received from charges for current services.

Penalties. Amounts received from late payment fees.

Other receipts. 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. Amounts disbursed 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. Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

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

CITY OF ELKHART
NOTES TO FINANCIAL STATEMENT
(Continued)

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses. Amounts disbursed for operating the utilities.

Other disbursements. Amounts disbursed for various other purposes including, but 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, make transfers from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the City. Each fund is used to account for amounts 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 amounts accounted for in a specific fund may only be available for use for certain, legally-restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and, therefore, the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

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

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

CITY OF ELKHART
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

State statutes authorize the City to invest in securities including, but not limited to, 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.

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

CITY OF ELKHART
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

C. 1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

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.

CITY OF ELKHART
NOTES TO FINANCIAL STATEMENT
(Continued)

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 some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursements for expenditures made by the City were not received by December 31, 2016.

Note 8. Other Postemployment Benefits

The City provides to eligible retirees and their spouses paid at full premium the following benefits: health insurance and dental insurance. These benefits pose a liability to the City for this year and in future years. Information regarding the benefits can be obtained by contacting the City.

Note 9. Combined Funds

Funds related to the Lerner Ticket Account from 2015 were reported individually in the prior financial statements, but were merged into the Lerner Theatre (account) fund for 2016 current financial statement.

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OTHER INFORMATION - UNAUDITED

The City's Annual Financial Report information can be found on the Indiana Gateway for Government Units 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, 2016

	General	Motor Vehicle Highway	Local Road And Street	Aviation	PARKING ENFORCEMENT	LERNER CONCESSIONS	Community Development
Cash and investments - beginning	\$ 32,975,589	\$ 2,330,986	\$ 182,494	\$ 707,196	\$ 137,124	\$ 1,098	\$ 77,102
Receipts:							
Taxes	24,094,447	3,044,719	-	638,826	-	-	-
Licenses and permits	553,986	-	-	-	-	-	-
Intergovernmental receipts	14,287,595	1,973,198	517,473	37,820	-	-	720,963
Charges for services	965,210	4,968	-	246,209	-	-	-
Fines and forfeits	281,016	-	-	-	34,131	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	780,487	1,009,475	154,079	(13,360)	-	-	10,776
Total receipts	40,962,741	6,032,360	671,552	909,495	34,131	-	731,739
Disbursements:							
Personal services	30,973,877	3,205,280	-	650,918	-	-	45,728
Supplies	1,295,672	519,960	-	43,509	-	-	-
Other services and charges	2,808,185	924,336	-	133,968	-	-	762,925
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	229,339	463,196	753,374	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	1,274,363	-	-	-	-	-	-
Total disbursements	36,581,436	5,112,772	753,374	828,395	-	-	808,653
Excess (deficiency) of receipts over disbursements	4,381,305	919,588	(81,822)	81,100	34,131	-	(76,914)
Cash and investments - ending	\$ 37,356,894	\$ 3,250,574	\$ 100,672	\$ 788,296	\$ 171,255	\$ 1,098	\$ 188

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Law Enforcement Continuing Ed	RECORD PERPETUATION	Unsafe Building	E-911	Park And Recreation	Rainy Day	Major Moves Construction
Cash and investments - beginning	\$ 236,121	\$ 82,314	\$ 151,573	\$ 37,826	\$ 874,860	\$ 6,662,328	\$ 6,564,747
Receipts:							
Taxes	-	-	-	-	649,444	-	-
Licenses and permits	23,235	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	31,751	2,095,189	-
Charges for services	35,075	-	227,139	79,242	174,038	451,595	-
Fines and forfeits	-	40,891	(149,582)	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	25,541	-	-	25,000	4,059	12,215	33,052
Total receipts	83,851	40,891	77,557	104,242	859,292	2,558,999	33,052
Disbursements:							
Personal services	-	42,997	3,611	-	512,300	-	-
Supplies	-	6,830	-	-	51,714	-	-
Other services and charges	118,479	-	71,065	89,844	308,374	215,758	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	29	-	-	24,216	730,817	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	3,442	-	-
Total disbursements	118,479	49,856	74,676	89,844	900,046	946,575	-
Excess (deficiency) of receipts over disbursements	(34,628)	(8,965)	2,881	14,398	(40,754)	1,612,424	33,052
Cash and investments - ending	\$ 201,493	\$ 73,349	\$ 154,454	\$ 52,224	\$ 834,106	\$ 8,274,752	\$ 6,597,799

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Cum Cap Development	Cum Cap Sewer	CUM FIRE EQUIP & POLICE	EDIT	Cum Cap Improvement	CENTRAL GARAGE	Police Pension
Cash and investments - beginning	\$ 441,824	\$ 430,044	\$ 137,947	\$ 5,268,182	\$ 377,761	\$ 1,517,463	\$ 1,316,366
Receipts:							
Taxes	574,228	154,183	45,537	-	-	1,921,808	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	34,799	9,240	2,722	3,957,145	129,855	114,761	2,384,558
Charges for services	-	-	451,595	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	-	4,164	16,089	1,334
Total receipts	609,027	163,423	499,854	3,957,145	134,019	2,052,658	2,385,892
Disbursements:							
Personal services	244,435	-	-	-	9,994	812,514	9,004
Supplies	136	-	-	-	55,136	164,116	13,193
Other services and charges	416,690	-	27,435	3,022,638	-	520,132	2,050,021
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	77,965	171,028	43,871	531,550	-	24,000	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	451,310	-	-	-
Total disbursements	739,226	171,028	71,306	4,005,498	65,130	1,520,762	2,072,218
Excess (deficiency) of receipts over disbursements	(130,199)	(7,605)	428,548	(48,353)	68,889	531,896	313,674
Cash and investments - ending	\$ 311,625	\$ 422,439	\$ 566,495	\$ 5,219,829	\$ 446,650	\$ 2,049,359	\$ 1,630,040

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Fire Pension	COUNTY COURT FEES	LOIT Public Safety	SALES TAX	AVIATION DONATION	SAFETY CHAMPIONS DONATION	BAYER CORP DONATION
Cash and investments - beginning	\$ 2,675,794	\$ -	\$ 2,816,169	\$ (4,362)	\$ 16,248	\$ 142	\$ 1,127
Receipts:							
Taxes	-	-	-	15,936	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	2,849,484	-	3,724,380	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	93,184	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	5,619	1,029	-	-
Total receipts	<u>2,849,484</u>	<u>93,184</u>	<u>3,724,380</u>	<u>21,555</u>	<u>1,029</u>	<u>-</u>	<u>-</u>
Disbursements:							
Personal services	9,454	-	1,351,408	-	-	-	-
Supplies	1,342	-	-	-	1,201	-	-
Other services and charges	2,767,942	87,085	59,381	15,518	11,100	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	610,806	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>2,778,738</u>	<u>87,085</u>	<u>2,021,595</u>	<u>15,518</u>	<u>12,301</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>70,746</u>	<u>6,099</u>	<u>1,702,785</u>	<u>6,037</u>	<u>(11,272)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 2,746,540</u>	<u>\$ 6,099</u>	<u>\$ 4,518,954</u>	<u>\$ 1,675</u>	<u>\$ 4,976</u>	<u>\$ 142</u>	<u>\$ 1,127</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	CIVIL RIGHTS DONATION	COMM VIOLENCE PJT DONATIO	PARK GRANTS	PROBATION USERS FEE	THEFT PROGRAM	HUMAN RELATIONS GRANT	FLEX-SPENDING
Cash and investments - beginning	\$ 692	\$ 176	\$ 4,425	\$ 146,651	\$ 139,778	\$ 87,120	\$ 76,390
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	25,000	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	192,720	12,465	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	185	208,041
Total receipts	-	-	-	192,720	12,465	25,185	208,041
Disbursements:							
Personal services	-	-	-	197,778	-	17,650	-
Supplies	-	-	-	4,016	-	288	-
Other services and charges	-	-	-	74,838	623	14,281	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	250	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	211,565
Total disbursements	-	-	-	276,882	623	32,219	211,565
Excess (deficiency) of receipts over disbursements	-	-	-	(84,162)	11,842	(7,034)	(3,524)
Cash and investments - ending	\$ 692	\$ 176	\$ 4,425	\$ 62,489	\$ 151,620	\$ 80,086	\$ 72,866

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	CEMETERY	HIGH DIVE PARK GRANT	ST GRT IDEM SMALL MENTOR	NYCRR CONCESSIONS	TAX ABATEMENT	DUI/OPERATING UNDER INFLU
Cash and investments - beginning	\$ 307,216	\$ 19,644	\$ 61,013	\$ 21,086	\$ 316,860	\$ 12,317
Receipts:						
Taxes	92,699	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	5,542	-	-	-	-	6,564
Charges for services	273,912	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	9,585	18,075	-
Total receipts	372,153	-	-	9,585	18,075	6,564
Disbursements:						
Personal services	444,722	-	-	-	-	3,401
Supplies	21,499	-	-	4,420	-	-
Other services and charges	29,270	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	6,181	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	501,672	-	-	4,420	-	3,401
Excess (deficiency) of receipts over disbursements	(129,519)	-	-	5,165	18,075	3,163
Cash and investments - ending	\$ 177,697	\$ 19,644	\$ 61,013	\$ 26,251	\$ 334,935	\$ 15,480

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	ENVIRONMENTAL CENTER	GREATER ELKHART FUND	LICENSE EXAMINATION	MAUSOLEUM OPERATIONS	NYC RR MUSEUM	LERNER THEATRE
Cash and investments - beginning	\$ 71,228	\$ 481,991	\$ 26,152	\$ 44,014	\$ 68,080	\$ 627,058
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	102,370	3,605	12,564	40,713	394,323
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	106,910	-	-	-	76,968	364,617
Total receipts	106,910	102,370	3,605	12,564	117,681	758,940
Disbursements:						
Personal services	132,575	-	-	-	95,975	693,782
Supplies	3,355	-	-	1,302	1,415	32,985
Other services and charges	16,113	363,863	3,540	5,478	26,759	201,661
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	6,000	10,907	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	158,043	374,770	3,540	6,780	124,149	928,428
Excess (deficiency) of receipts over disbursements	(51,133)	(272,400)	65	5,784	(6,468)	(169,488)
Cash and investments - ending	\$ 20,095	\$ 209,591	\$ 26,217	\$ 49,798	\$ 61,612	\$ 457,570

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	REDEVELOPMENT	UMPTA	TOLSON DRUG ELIMINATION	FACT (Fatal Accident Cras	PARK PROGRAM	BCCE/SEAT BELT	ST GRT ST JOE RIVER
Cash and investments - beginning	\$ 116,932	\$ 11,167	\$ 35	\$ 37	\$ 645,480	\$ 418	\$ 17,292
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	159	-	16,084	-
Charges for services	-	-	-	-	304,516	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	95,408	-	-	-	(911)	-	-
Total receipts	95,408	-	-	159	303,605	16,084	-
Disbursements:							
Personal services	-	-	-	-	79,057	15,506	-
Supplies	-	-	-	-	65,291	-	-
Other services and charges	8,071	-	-	-	83,391	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	15,026	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	23,097	-	-	-	227,739	15,506	-
Excess (deficiency) of receipts over disbursements	72,311	-	-	159	75,866	578	-
Cash and investments - ending	\$ 189,243	\$ 11,167	\$ 35	\$ 196	\$ 721,346	\$ 996	\$ 17,292

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	CD REHAB/REVOLVING LOAN	CD BUSINESS LOAN GRANT	DEA ASSET SHARING	NOISE ORDINANCE	STU STATLER CRIME FUND	ANIMAL CONTROL ORDINANCE	RIVERBOAT FUND
Cash and investments - beginning	\$ 53,809	\$ 619,841	\$ 47,514	\$ 108,312	\$ 42,866	\$ 328,534	\$ 648,234
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	22,485	-
Intergovernmental receipts	-	-	3,690	-	-	-	301,807
Charges for services	-	-	-	-	13,090	-	-
Fines and forfeits	-	-	-	39,921	48,258	23,785	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	89,964	87,824	-	-	-	-	-
Total receipts	89,964	87,824	3,690	39,921	61,348	46,270	301,807
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	1,575	-
Other services and charges	67,663	153,983	467	-	-	126,500	215,146
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	97,836	-	2,347	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	7,849	-	45,431	-	25,000
Total disbursements	67,663	153,983	8,316	97,836	45,431	130,422	240,146
Excess (deficiency) of receipts over disbursements	22,301	(66,159)	(4,626)	(57,915)	15,917	(84,152)	61,661
Cash and investments - ending	\$ 76,110	\$ 553,682	\$ 42,888	\$ 50,397	\$ 58,783	\$ 244,382	\$ 709,895

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	LOIT Spec Distr - 2016	WHEEL TAX FUND	PARK BOND 2009 RESERVE	PARK BOND 09 ALLOCATION	RIVERWALK COMMONS	HORIZON FUND	URBAN WOOD PROGRAM
Cash and investments - beginning	\$ -	\$ 241,580	\$ 283,296	\$ 293,008	\$ 1,760	\$ 312,546	\$ 2,860
Receipts:							
Taxes	-	-	-	820,272	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	6,285,567	1,088,241	-	39,666	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	104,043	-	-	187
Total receipts	6,285,567	1,088,241	-	963,981	-	-	187
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	999,998	-	-	-	-	860
Other services and charges	263,062	-	-	2,100	-	-	-
Debt service - principal and interest	-	-	-	980,515	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	263,062	999,998	-	982,615	-	-	860
Excess (deficiency) of receipts over disbursements	6,022,505	88,243	-	(18,634)	-	-	(673)
Cash and investments - ending	\$ 6,022,505	\$ 329,823	\$ 283,296	\$ 274,374	\$ 1,760	\$ 312,546	\$ 2,187

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	CURB & GUTTER/BOND DEPOSI	LERNER CAPITAL	AVIATION FEDERAL	DOWNTOWN DEVELOPMENT	HIGHWAY IMPROVEMENT	PARK CAPITAL
Cash and investments - beginning	\$ 43,361	\$ 115,711	\$ 9,153	\$ 8,177	\$ 94,864	\$ 6,524
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	475,924	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	9,900	-	-	-	-	-
Total receipts	<u>9,900</u>	<u>-</u>	<u>475,924</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	551,896	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	6,000	-	-	-	-	-
Total disbursements	<u>6,000</u>	<u>-</u>	<u>551,896</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>3,900</u>	<u>-</u>	<u>(75,972)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 47,261</u>	<u>\$ 115,711</u>	<u>\$ (66,819)</u>	<u>\$ 8,177</u>	<u>\$ 94,864</u>	<u>\$ 6,524</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	TIF RESERVE DWTWN FUND	TIF DOWNTOWN ALLOCATION	TIF ALLOCATION PIERRE MOR	TIF DOWNTOWN CAPITAL	TIF SOUTHWEST ALLOCATION	TIF AEROPLEX ALLOCATION
Cash and investments - beginning	\$ 1,043,563	\$ 1,137,723	\$ -	\$ 6,076,302	\$ -	\$ 453,430
Receipts:						
Taxes	-	1,885,603	76,514	-	220,462	181,045
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	582,700	-	-	-	-
Total receipts	-	2,468,303	76,514	-	220,462	181,045
Disbursements:						
Personal services	-	15,210	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	972,933	-	37,047	-	300,777
Debt service - principal and interest	-	1,025,824	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	76,514	582,700	220,462	-
Total disbursements	-	2,013,967	76,514	619,747	220,462	300,777
Excess (deficiency) of receipts over disbursements	-	454,336	-	(619,747)	-	(119,732)
Cash and investments - ending	\$ 1,043,563	\$ 1,592,059	\$ -	\$ 5,456,555	\$ -	\$ 333,698

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	TIF ALLOCATION STERLING E	TIF ALLOCATION CASS ST AR	TIF BAYER/TECH PARK ALLOC	TIF ALLOCATION S.MAIN GAT	TIF CONSOLIDATED S ALLOCA	GROUP INSURANCE
Cash and investments - beginning	\$ -	\$ 3,625,929	\$ 400,712	\$ -	\$ 2,801,934	\$ 1,323,376
Receipts:						
Taxes	77,903	1,763,492	85,496	76,390	438,008	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	115,519	-	-	450,774	7,794,367
Total receipts	77,903	1,879,011	85,496	76,390	888,782	7,794,367
Disbursements:						
Personal services	-	-	-	-	2,088	8,126,570
Supplies	-	-	-	-	-	-
Other services and charges	-	325,714	32,002	-	970,045	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	77,903	-	-	76,390	-	-
Total disbursements	77,903	325,714	32,002	76,390	972,133	8,126,570
Excess (deficiency) of receipts over disbursements	-	1,553,297	53,494	-	(83,351)	(332,203)
Cash and investments - ending	\$ -	\$ 5,179,226	\$ 454,206	\$ -	\$ 2,718,583	\$ 991,173

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	DEPT OF HOMELAND SECU	FIRE DEPT FEMA GRANT	POLICE GRANT FUND	INSURANCE AVIATION	INSURANCE FIRE DEPT	INSURANCE POLICE DEPT	INSURANCE P/W
Cash and investments - beginning	\$ 58	\$ -	\$ 29,132	\$ 153	\$ 24,380	\$ 38,344	\$ 22,802
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	1,841	9,653	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	2,799	159	670	-
Total receipts	-	1,841	9,653	2,799	159	670	-
Disbursements:							
Personal services	-	134	-	-	-	-	-
Supplies	-	3,227	-	-	-	-	-
Other services and charges	-	12,882	9,653	-	14,926	2,116	126
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	11,815	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	16,243	21,468	-	14,926	2,116	126
Excess (deficiency) of receipts over disbursements	-	(14,402)	(11,815)	2,799	(14,767)	(1,446)	(126)
Cash and investments - ending	\$ 58	\$ (14,402)	\$ 17,317	\$ 2,952	\$ 9,613	\$ 36,898	\$ 22,676

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	INSURANCE MOTOR VEH	INSURANCE CEMETERY	INSURANCE PARK & REC	INSURANCE BLDG & GRNDS	INSURANCE CENT GARAGE	INSURANCE SEWER
Cash and investments - beginning	\$ 12,814	\$ 100	\$ 53,577	\$ 8,767	\$ 28,272	\$ 14,677
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	18,819	-	-	8,051	75,905	-
Total receipts	18,819	-	-	8,051	75,905	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	27,277	-	-	-	73,903	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	27,277	-	-	-	73,903	-
Excess (deficiency) of receipts over disbursements	(8,458)	-	-	8,051	2,002	-
Cash and investments - ending	\$ 4,356	\$ 100	\$ 53,577	\$ 16,818	\$ 30,274	\$ 14,677

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	PENSION TRUST FUND	HRA GROUP INSURANCE FUND	LIABILITY INSURANCE TRUST	CEMETERY PERPETUAL CARE	MAUSOLEUM PREP CARE	PRAIRIE ST CEMETERY PREP
Cash and investments - beginning	\$ 1,589,794	\$ 964,991	\$ 4,461,764	\$ 60,928	\$ 389,266	\$ 75,657
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	4,074	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	5,345,990	-	1,708,274	40	1,351	-
Total receipts	5,345,990	-	1,708,274	4,114	1,351	-
Disbursements:						
Personal services	5,057,357	450,724	1,397,545	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	5,057,357	450,724	1,397,545	-	-	-
Excess (deficiency) of receipts over disbursements	288,633	(450,724)	310,729	4,114	1,351	-
Cash and investments - ending	\$ 1,878,427	\$ 514,267	\$ 4,772,493	\$ 65,042	\$ 390,617	\$ 75,657

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	<u>MAYOR'S DONATION</u>	<u>FOOD DRIVE DONATION</u>	<u>FIRE EDUCATIONAL DONATION</u>	<u>Fire Donation Fund</u>	<u>AMBULANCE ESCROW DONATION</u>	<u>SURVIVE ALIVE DONATION</u>
Cash and investments - beginning	\$ 2,283	\$ 993	\$ 1,638	\$ 526	\$ 10,035	\$ 3,336
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	70	1,700	-	-	-	9,252
Total receipts	<u>70</u>	<u>1,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,252</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	6,216
Other services and charges	330	-	-	-	-	2,982
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>330</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,198</u>
Excess (deficiency) of receipts over disbursements	<u>(260)</u>	<u>1,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54</u>
Cash and investments - ending	<u>\$ 2,023</u>	<u>\$ 2,693</u>	<u>\$ 1,638</u>	<u>\$ 526</u>	<u>\$ 10,035</u>	<u>\$ 3,390</u>

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	HISTORIC PRES DONATION	BUILDING DONATION	GEN DOWNTOWN DONATION	RIVERWALK COMMONS DONATIO	POLICE DONATION	INTERSECTION DONATION
Cash and investments - beginning	\$ 10,460	\$ 251	\$ 1,253	\$ 2,875	\$ 38,655	\$ 650
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	-	5,149	-
Total receipts	-	-	-	-	5,149	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	9,779	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	-	-	-	9,779	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	(4,630)	-
Cash and investments - ending	\$ 10,460	\$ 251	\$ 1,253	\$ 2,875	\$ 34,025	\$ 650

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	BEARDSLEY MEM DONATION	TOLSON YOUTH	COMMUNICATION DONATION	EMS DONATION	TREE PLANTING DONATION	NYCRR MUSEUM DONATION
Cash and investments - beginning	\$ 4,537	\$ 4,047	\$ 10	\$ 1,783	\$ 679	\$ 7,035
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	20,098	-	-	-	1,278
Total receipts	-	20,098	-	-	-	1,278
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	5,488	-	-	-	-
Other services and charges	-	8,286	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	13,774	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	6,324	-	-	-	1,278
Cash and investments - ending	\$ 4,537	\$ 10,371	\$ 10	\$ 1,783	\$ 679	\$ 8,313

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	CEMETERY DONATION	PARKS DONATION	LERNER THEATER DONATION	RR OVERPASS	RR SAFETY BLD INDIANA	ELCO THEATRE BLD INDIANA
Cash and investments - beginning	\$ 42,517	\$ 63,933	\$ 39,009	\$ 279,975	\$ 76,830	\$ 17,274
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	11,660	3,480	324,878	-	-
Total receipts	-	11,660	3,480	324,878	-	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	5,000	-	-	-	-
Other services and charges	-	-	2,931	351,142	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	5,000	2,931	351,142	-	-
Excess (deficiency) of receipts over disbursements	-	6,660	549	(26,264)	-	-
Cash and investments - ending	\$ 42,517	\$ 70,593	\$ 39,558	\$ 253,711	\$ 76,830	\$ 17,274

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	TOLSON CENTER IMPROVEMENT	TOLSON SCHOLARSHIP	ENVIRO CTR -EDUCATION	DESS DONATION FUND	PUBLIC WORKS DONATION	NEIGHBORHOOD STABILIZATIO
Cash and investments - beginning	\$ 4,635	\$ 2,179	\$ 33,334	\$ 374	\$ 3,823	\$ 6,476
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	1,914
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	46,344	-	27,867	-	-	29,603
Total receipts	46,344	-	27,867	-	-	31,517
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	24,704	-	319	29,222
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	-	24,704	-	319	29,222
Excess (deficiency) of receipts over disbursements	46,344	-	3,163	-	(319)	2,295
Cash and investments - ending	\$ 50,979	\$ 2,179	\$ 36,497	\$ 374	\$ 3,504	\$ 8,771

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	NSP 3	IHCDA IN HOUSING COMM DEV	STORM WATER	STORMWATER CAPITAL	WWTP OPERATING	WWTP BOND & INTEREST
Cash and investments - beginning	\$ 7,246	\$ 608	\$ 1,180,377	\$ 55,900	\$ 1,911,257	\$ 1,593,019
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	6,733	-	50,000	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	889,504	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	22,633	-	3,976	700,000	9,318,774	1,768,041
Total receipts	29,366	-	943,480	700,000	9,318,774	1,768,041
Disbursements:						
Personal services	-	-	315,719	-	2,475,288	-
Supplies	-	-	-	-	-	-
Other services and charges	22,117	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	2,114,136
Capital outlay	-	-	-	236,586	100,883	-
Utility operating expenses	-	-	1,073,193	-	3,035,241	-
Other disbursements	-	-	-	-	3,159,600	680,936
Total disbursements	22,117	-	1,388,912	236,586	8,771,012	2,795,072
Excess (deficiency) of receipts over disbursements	7,249	-	(445,432)	463,414	547,762	(1,027,031)
Cash and investments - ending	\$ 14,495	\$ 608	\$ 734,945	\$ 519,314	\$ 2,459,019	\$ 565,988

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	SEWER REPLACEMENT	SEWER BOND SINKING FUND	CSO-LTCP FUND	SEWER INS FUND	WWTP TRUNK LINE EXT	SEWER GUARANTEE DEPOSITS
Cash and investments - beginning	\$ 1,075,964	\$ 1,542,042	\$ 975	\$ 86,672	\$ 1,141,457	\$ 221,118
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	174,847	235,720	13,749
Penalties	-	-	-	-	-	-
Other receipts	3,728,032	19,070	-	150,000	261,753	-
Total receipts	3,728,032	19,070	-	324,847	497,473	13,749
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	2,968,775	-	-	-	171,574	-
Utility operating expenses	-	-	-	368,775	-	-
Other disbursements	-	5,290	-	1,670	15,724	32,600
Total disbursements	2,968,775	5,290	-	370,445	187,298	32,600
Excess (deficiency) of receipts over disbursements	759,257	13,780	-	(45,598)	310,175	(18,851)
Cash and investments - ending	\$ 1,835,221	\$ 1,555,822	\$ 975	\$ 41,074	\$ 1,451,632	\$ 202,267

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	WWTP REVENUE FUND	WTR REVENUE	WTR OPERATING	WTR DEPRECIATION	WTR GUARANTEE DEPOSIT	WATER TANK MAINTENANCE
Cash and investments - beginning	\$ 427,158	\$ 1,006,300	\$ 1,628,273	\$ 2,994,131	\$ 258,872	\$ 1,355,003
Receipts:						
Taxes	-	329,916	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	11,353,230	7,276,165	-	-	13,173	-
Penalties	1,084	-	-	-	-	-
Other receipts	2,552,299	310,349	6,564,523	1,800,000	-	-
Total receipts	13,906,613	7,916,430	6,564,523	1,800,000	13,173	-
Disbursements:						
Personal services	-	-	2,083,040	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	560,517	1,676,549	-	-
Utility operating expenses	-	-	2,083,349	393	-	-
Other disbursements	12,850,236	6,593,826	2,222,073	-	1,800	7,614
Total disbursements	12,850,236	6,593,826	6,948,979	1,676,942	1,800	7,614
Excess (deficiency) of receipts over disbursements	1,056,377	1,322,604	(384,456)	123,058	11,373	(7,614)
Cash and investments - ending	\$ 1,483,535	\$ 2,328,904	\$ 1,243,817	\$ 3,117,189	\$ 270,245	\$ 1,347,389

CITY OF ELKHART
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	WTR MAIN EXTENSION	AQUATIC FISHERIES FUND	ORGANIC RECYCLING	ELKHART CITY COURT-REGULAR ACCOUNT	CITY CLERK- PROBATION USER FEES	Totals
Cash and investments - beginning	\$ 2,145,449	\$ 135,850	\$ 41,578	\$ 168,462	\$ 11,585	\$ 116,870,411
Receipts:						
Taxes	-	-	-	-	-	37,186,928
Licenses and permits	-	-	-	-	-	599,706
Intergovernmental receipts	-	50,000	-	-	-	41,239,318
Charges for services	-	-	-	-	-	3,784,238
Fines and forfeits	-	-	-	-	-	616,789
Utility fees	66,469	-	-	-	-	20,022,857
Penalties	-	-	-	-	-	1,084
Other receipts	-	50,100	94,875	1,723,456	195,240	49,090,273
Total receipts	66,469	100,100	94,875	1,723,456	195,240	152,541,193
Disbursements:						
Personal services	-	94,496	103,918	-	-	59,674,055
Supplies	-	10,759	21,934	-	-	3,352,216
Other services and charges	-	22,728	10,600	-	-	19,874,343
Debt service - principal and interest	-	-	-	-	-	4,120,475
Capital outlay	170,617	5,901	-	-	-	9,701,955
Utility operating expenses	-	-	-	-	-	6,560,951
Other disbursements	684	-	-	1,741,541	192,667	30,565,190
Total disbursements	171,301	133,884	136,452	1,741,541	192,667	133,849,185
Excess (deficiency) of receipts over disbursements	(104,832)	(33,784)	(41,577)	(18,085)	2,573	18,692,008
Cash and investments - ending	\$ 2,040,617	\$ 102,066	\$ 1	\$ 150,377	\$ 14,158	\$ 135,562,419

CITY OF ELKHART
SCHEDULE OF LEASES AND DEBT
December 31, 2016

Description of Debt		Ending	Principal and
Type	Purpose	Principal	Interest Due
		Balance	Within One
			Year
Governmental activities:			
General obligation bonds	Taxable Park District Bonds Series 2009B	\$ 7,930,000	\$ 996,565
Revenue bonds	TIF 2015	6,695,000	287,568
Revenue bonds	Special Taxing District Refunding 2015 A	1,670,000	320,009
Revenue bonds	Special Taxing District Refunding Bonds of 2012	<u>1,740,000</u>	<u>366,681</u>
Total governmental activities		<u>18,035,000</u>	<u>1,970,823</u>
Wastewater:			
Revenue bonds	2010 Revenue Bonds Series A EPA Brownfield	409,050	30,300
Revenue bonds	2010 Revenue Bonds Series B EPA Brownfield	613,575	45,450
Notes and loans payable	Sewage Works SRF Loan of 2009 Series A	1,598,036	57,008
Notes and loans payable	Sewage Works SRF Loan of 2009 Series B	6,436,160	162,192
Notes and loans payable	Sewage Works SRF Loan of 2009 Series D	619,631	18,307
Notes and loans payable	Sewage Works SRF Loan of 2014	<u>19,961,838</u>	<u>394,579</u>
Total Wastewater		<u>29,638,290</u>	<u>707,836</u>
Totals		<u>\$ 47,673,290</u>	<u>\$ 2,678,659</u>

CITY OF ELKHART
SCHEDULE OF CAPITAL ASSETS
December 31, 2016

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.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 11,846,967
Infrastructure	147,719,970
Buildings	17,081,409
Improvements other than buildings	58,380,601
Machinery, equipment, and vehicles	<u>31,347,882</u>
Total governmental activities	<u>266,376,829</u>
Storm Water:	
Land	253,050
Improvements other than buildings	14,434,399
Machinery, equipment, and vehicles	<u>83,833</u>
Total Storm Water	<u>14,771,282</u>
Wastewater:	
Land	146,318
Infrastructure	56,771,543
Buildings	19,440,467
Improvements other than buildings	6,986,511
Machinery, equipment, and vehicles	<u>26,781,505</u>
Total Wastewater	<u>110,126,344</u>
Water:	
Land	744,682
Infrastructure	33,408,644
Buildings	1,405,669
Improvements other than buildings	3,943,917
Machinery, equipment, and vehicles	<u>5,429,401</u>
Total Water	<u>44,932,313</u>
Public Works and Utilities:	
Land	2,877,263
Infrastructure	5,096,048
Machinery, equipment, and vehicles	<u>1,003,281</u>
Total Public Works and Utilities	<u>8,976,592</u>
Total capital assets	<u>\$ 445,183,360</u>

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance for the 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 its major federal program for the year ended December 31, 2016. The City's major federal program is 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 the City's major federal program 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 the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the 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 its major federal program for the year ended December 31, 2016.

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

Report on Internal Control over Compliance


Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the 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 a 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 a 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 item 2016-003, that we consider to be a material weakness.

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

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


Paul D. Joyce, CPA
State Examiner

September 20, 2018

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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, 2016

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	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>					
CDBG - Entitlement Grants Cluster					
Community Development Block Grants/Entitlement Grants	Direct Grant	14.218			
CD Block Grant			B-14-MC-18-0015	\$ -	\$ 264,131
CD Block Grant			B-15-MC-18-0015	35,087	356,038
CD Block Grant			B-16-MC-18-0015	17,466	147,280
CD Block Grant			B-08-MC-18-0002	-	4,956
Total - Community Development Block Grants/Entitlement Grants				52,553	772,405
Total - CDBG - Entitlement Grants Cluster				52,553	772,405
Fair Housing Assistance Program State and Local					
Fair Housing Assistance Program FF205K115036	Direct Grant	14.401			
Fair Housing Assistance Program			FF205K135036	-	13,980
Fair Housing Assistance Program			FF205K155036	-	18,239
Total - Fair Housing Assistance Program State and Local				-	32,219
Total - Department of Housing and Urban Development				52,553	804,624
<u>Department of Justice</u>					
Bulletproof Vest Partnership Program FY2009 BVP	Direct Grant	16.607	FY 2013	-	9,653
Equitable Sharing Program	Direct Grant	16.922	FY 2015	-	8,316
Total - Department of Justice				-	17,969
<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	-	115,519
Prairie Street Grade Separation			DES 0600463	-	324,878
Total - Highway Planning and Construction Cluster				-	440,397
Airport Improvement Program					
Airport Improvement Project 3-18-0018-28	Direct Grant	20.106			
Airport Improvement Project 3-18-0018-28			3-18-0018-28	-	396,100
Airport Improvement Project 3-18-0018-29			3-18-0018-29	-	51,294
Total - Airport Improvement Program				-	447,394
Total - Department of Transportation				-	887,791
<u>National Endowment for the Arts</u>					
Promotion of the Arts Partnership Agreements					
Indiana Arts Commission	Indiana Arts Commission	45.025			
Indiana Arts Commission			FY2015-APS-4	-	650
Indiana Arts Commission			FY2016-APS-8	-	2,690
Total - Promotion of the Arts Partnership Agreements				-	3,340
Total - National Endowment for the Arts				-	3,340
<u>Department of Homeland Security</u>					
Assistance to Firefighters Grant Firefighter Training	Direct Grant	97.044			
			EMW-2014-fo-05057	-	1,841
Total - Department of Homeland Security				-	1,841
Total federal awards expended				\$ 52,553	\$ 1,715,565

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, 2016. 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 minimis 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 deficiency identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major program:	
Material weakness identified?	yes
Significant deficiency 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 Program and type of auditor's report issued on compliance for it:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
CDBG - Entitlement Grants 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 2016-001

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit regarding cash and investments. The prior audit finding number was 2015-001.

Condition

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

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

Cash and Investments

While the month-end bank reconcilements were approved by the appropriate officials, the review was inadequate to ensure that the bank balances agreed to the ledger balances. There were immaterial differences on each of the monthly-reviewed reconcilements.

Receipts and Disbursements for the Tolson Center

The City had not designed or implemented proper segregation of duties related to transactions at the Tolson Center, a part of the City's Park Department. Some collections were receipted to the wrong funds. Funds belonging to an outside organization were remitted to the City Controller's office in error and receipted to a City fund. Donations were made to a nonprofit entity without appropriation or a written agreement.

Context

The lack of controls was a systemic problem throughout the audit period.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Cause

Management had not established an effective system of internal controls 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.

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

Recommendation

We recommended that the City establish a system of internal controls related to financial transactions and reporting.

Views of Responsible Officials

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

FINDING 2016-002

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-002.

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 failed to properly review the federal grant information prepared and submitted in the Indiana Gateway for Government Units financial reporting system, which was the source of the SEFA.

Context

Due to the lack of controls, the following errors occurred on the SEFA and were not detected or corrected:

1. The Community Development Block Grants/Entitlement Grants program included the incorrect amounts for several projects. Additionally, amounts passed through to sub-recipients of \$52,553 were not included on the schedule.
2. The Equitable Sharing program was omitted.
3. The Highway Planning and Construction Cluster was understated by \$4,831.
4. The Airport Improvement Program was overstated by \$51,294.
5. Five grants listed either an incorrect pass-through agency or were listed as direct grants from the Federal government when they were actually received from a pass-through.

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

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

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

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

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. . . ."

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.

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

- (6) Include notes that describe that 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 *Context*.

Recommendation

We recommended that the City's management establish controls to ensure that federal expenditures will be properly reported on the SEFA.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2016-003

Subject: CDBG/Entitlement Grants Cluster - Internal Controls
Federal Agency: Department of Housing and Urban Development
Federal Program: Community Development Block Grants/Entitlement Grants
CFDA Number: 14.218
Federal Award Numbers and Years (or Other Identifying Numbers): B-14-MC-18-0015, B-15-MC-18-0015,
B-16-MC-18-0015, B-08-MC-18-0002
Compliance Requirements: Cash Management, Period of Performance, Program Income, Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit regarding Program Income and Reporting. The prior audit finding number was 2015-003.

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: Cash Management, Period of Performance, Program Income, and Reporting.

Cash Management

The City had not designed or implemented adequate internal controls to ensure that all payments were made prior to requesting reimbursement.

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

Period of Performance

The City had not designed or implemented adequate internal controls to ensure that expenditures were incurred or paid within the period of performance.

Program Income

The City had not designed or implemented adequate internal controls to ensure the proper reporting of program income to the Department of Housing and Urban Development's portal websites based on receipts in the City's ledger.

Reporting

The City had not designed or implemented adequate internal controls to ensure the accurate completion of its quarterly Federal Financial Report (SF-425). Additionally, the HUD 60002, Section 3 Summary Report, Economic Opportunities for Low- and Very Low-Income Persons report was submitted without an oversight, review, or approval process.

Context

The issues with Cash Management, Period of Performance, and Program Income were isolated instances. The issue with Reporting was systemic.

Criteria

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

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

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). . . ."

Cause

Management had not developed a proper system of internal controls that would have ensured compliance with the compliance requirements listed above.

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 listed above. Noncompliance with the grant agreement and the compliance requirements could have resulted in the loss of federal funds.

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 related to the grant agreement and the 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.

AUDITEE-PREPARED DOCUMENTS

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



1. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-001

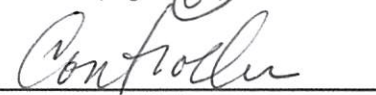
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: N/A
Contact Person Responsible for Corrective Action: Rita Huffman or Jamie Arce
Contact Phone Number: 574-294-5471 x1035 or 574-294-5471 x 1034

Status of Audit Finding: In Progress

1. City has implemented internal control procedures for segregation of duties related to cash reconciliation. Cash is received and verified and receipted into INCODE by Accounts Receivable. The Deputy Treasurer verifies the cash and approves the packet in INCODE prepares deposit and makes bank deposit.
2. EFT disbursements are no longer being recorded by journal entry and are now processed thru the Accounts Payable process.
3. Funds related to the Lerner ticket account were merged into the Lerner Theatre (account) fund for 2016 financial statement(s). A separate bank reconciliation is done monthly. These changes will benefit the AFR reporting.
4. The City Common Council passed the SBOA Internal Controls Policy in 2016 and HR has provided the required training for employees affected by this policy. All new employees affected by this policy are provided the training by HR during the onboarding process. Department Heads have received copies of the policy to discuss with their employees. Development of an Internal Controls manual is being developed.
5. The utilities Finance and Support Specialist would record all transactions that occur if additional transactions occur. AFR is now reviewed for accuracy before being submitted.
6. The Controller's office researched and made correcting entries for old outstanding entries. Monthly reconciliations are done for all accounts.



(Signature)



(Title)

9/13/18

(Date)

The Honorable
Timothy Neese
Mayor

Rita Huffman
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 2015-002

Fiscal year in which the finding initially occurred: 2015

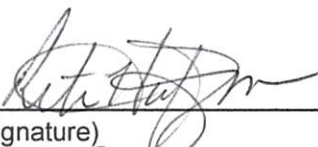
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: N/A

Contact Person Responsible for Corrective Action: Rita Huffman, Controller or Jamie Arce, Deputy Controller

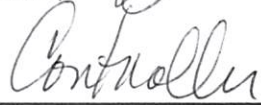
Contact Phone Number: (574)294-5471x 1035 or (574)294-5471x1026

Status of Audit Finding: In Progress


The City has been working with the Grant Writer to address and correct data to be reported on the Schedule of Expenditures of Federal Awards (SEFA). This individual is familiar with the grant accounting and reporting requirements. The Deputy Treasurer is now working with Grant Writer to collaborate and help oversee the information collected and reported follows the requirements established by Federal agencies. This will ensure that the SEFA is prepared accurately going forward.



(Signature)



(Title)



(Date)



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-003

Fiscal year in which the finding initially occurred:

2015

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

N/A

Contact Person Responsible for Corrective Action:

Crystal Welsh, Director of Development Services

Contact Phone Number:

574-294-5471 X1023

Status of Audit Finding:

From July 1, 2016 until June 2, 2017 the Community, Economic and Redevelopment Department operated using 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 creates a draw request in the IDIS system, it identifies if Program Income is available for use at that time. If Program Income is available, Joe Halter uses those funds first and then funds the remaining request from the oldest Grant funds. The draw request is approved by either Laura Miller or Crystal Welsh. When staff completes the Consolidate Annual Performance and Evaluation. Report (CAPER), a Program Income report from INCODE and IDIS are created and compared for consistency.

When Joe creates 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 completes 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 SF-425 quarterly cash report to HUD. This report is prepared by Joe Halter, approved and signed by Crystal Welsh, then submitted by Joe Halter to the US Department of 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.



On June 5, 2017, Joe Halter moved to another City Department, leaving a vacancy in the process. Katie Rhoades was hired on May 30, 2017 and worked until August 17, 2017 to provide bookkeeping assistance to the department.

NSP-1 and NSP-3 were closed in June 2017 and after that date, all program income is receipted into the CDBG program.

Residential Rehabilitation Program income was forwarded to Laura Miller, CD Specialist for Housing to be receipted into the City's INCODE.

Rental Housing Program Income was forwarded to Katie Rhoades to be totaled and identified which property it was for then forwarded to Laura Miller to receipt into the City's INCODE.

Laura Miller used the receipt that is produced from INCODE to report that Program Income into IDIS for CDBG.

Laura Miller is responsible for all draws of funds for the CDBG program.

The Community Development Specialist – CDBG (Laura Miller) creates a draw request in IDIS. IDIS identifies if program income is available for use at that time. If program income is available, the Community Development Specialist – CDBG (Laura Miller) first uses the program income funds. The remaining balance of the draw is funded from the applicable program year activity funds. The draw request is approved by the Assistant Director for Community & Redevelopment (Abby Wiles).

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.

The CDBG program submits a SF-425 quarterly cash report to HUD. This report is prepared by Jenny Recinos-Trejo, approved and signed by Abby Wiles, and then submitted by Jenny to the US Department of HUD.

As of August 18, 2017:

Residential Rehabilitation Program income was forwarded to Laura Miller, CD Specialist for Housing to be receipted into the City's INCODE.

Rental Housing Program Income was forwarded to Jenny Recinos-Trejo to be totaled and identified which property it was for then forwarded to Laura Miller to receipt into the City's INCODE.

Laura Miller used the receipt that is produced from INCODE to report that Program Income into IDIS for CDBG.

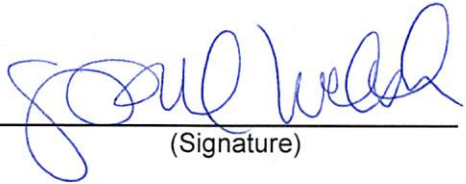
Laura Miller is responsible for all draws of funds for the CDBG program.

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.

The Community Development Specialist – CDBG (Laura Miller) creates a draw request in IDIS. IDIS identifies if program income is available for use at that time. If program income is available, the Community Development Specialist – CDBG (Laura Miller) first uses the program income funds. The



remaining balance of the draw is funded from the applicable program year activity funds. The draw request is approved by the Assistant Director for Community & Redevelopment (Abby Wiles).



(Signature)

Director Development Service

(Title)

7/27/18

(Date)

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



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-004

Fiscal year in which the finding initially occurred:
2015

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

Contact Person Responsible for Corrective Action:
Crystal Welsh, Director of Development Services

Contact Phone Number:
574-294-5471 X1023

Status of Audit Finding:

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 and has continued to operate under this process to date.

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 a 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.



John Welch
(Signature)

Director Development Service
(Title)

7/27/18
(Date)

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

The Honorable
Timothy Neese
Mayor

Rita Huffman
City Controller



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

574.294.5471
Fax: 574.294.8491

CORRECTIVE ACTION PLAN

FINDING 2016-001

Contact Person Responsible for Corrective Action: Rita Huffman, Controller or Jamie Arce, Deputy Controller.
Contact Phone Number: (574) 294-5471x1035 or (574) 294-5471x1026

Views of Responsible Official: City Concurs with the finding.

Description of Corrective Action Plan:

1. The City has identified that these differences resulted from journal entries being made by the Utility Manager in INCODE, that appeared correct in form when reviewed by the Controller's office but had not been processed correctly within the INCODE accounting system. The City is working with INCODE to determine the root cause and actions needed to correct this issue going forward.
2. The Tolson Center is no longer operating as a City department.

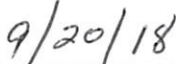
Anticipated Completion Date: December 2018



(Signature)



(Title)



(Date)

The Honorable
Timothy Neese
Mayor

Rita Huffman
City Controller



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

574.294.5471
Fax: 574.294.8491

CORRECTIVE ACTION PLAN

FINDING 2016-002

Contact Person Responsible for Corrective Action: Rita Huffman, Controller or Jamie Arce, Deputy Controller
Contact Phone Number: (574) 294-5471x1035 or (574) 294-5471x1026

Views of Responsible Official: City Concurs with the finding.

Description of Corrective Action Plan:

1. The City has worked with the Grant Writer to address and correct the data to be reported on the Schedule of Expenditures of Federal Awards (SEFA). This individual is familiar with the grant accounting and reporting requirements. The Deputy Treasurer will now be working with the Grant Writer to help oversee that the information collected and reported follows the requirements established by Federal agencies. This will ensure that the SEFA is prepared accurately.

Anticipated Completion Date: December 2018



(Signature)

Controller

(Title)

9/20/18

(Date)



CORRECTIVE ACTION PLAN

FINDING 2016-003

Contact Person Responsible for Corrective Action: Crystal Welsh, Director of Development Services
Contact Phone Number: 574-294-5471 x 1023

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:

Cash Management – The City had not designated or implemented adequate internal controls to ensure that all payments were made prior to requesting reimbursement.

To ensure all payments are made prior to requesting reimbursement, Laura Miller will review the INCODE detail listing accounts payable report for account 231 that provides a list of checks issued from the 231 account. She will compare this to the IDIS drawdown log and only include those items that a check has been issued for in the draw request. Any items on the drawdown log sheet that have not had a check issued will be included in the draw following the issuance of the check, as indicated in INCODE.

Period of Performance – The City had not designated or implemented adequate internal controls to ensure that expenditures were incurred or paid within the period of performance.

Each invoice submitted for payment from the CDBG program is reviewed by either Jenny Recinos-Trejo, Laura Miller or Abby Wiles so that it can be processed for payment by Aimee Lattimer (Office Services). Prior to approving payment of an invoice, the approving staff member will ensure the expense was incurred during the period of performance (grant year) from which the funds are drawn.

This will be accomplished by the staff member reviewing the invoice and then confirming that there is a valid contract for the service and that term is within the appropriate grant year prior to approving payment and submitting the invoice for processing.

Program Income – The City has not designed or implemented adequate internal controls to ensure the proper reporting of program income to the Department of Housing and Urban Development's portal website based on receipts to the City ledger.

The Community, Economic and Redevelopment Department has instituted the following internal controls for program income from programs under the US Department of Housing and Urban Development (HUD):

All program income for the Community Development Block Grant (CDBG) program is received by the Community Development Specialist – CDBG & Fair Housing (Jenny Recinos-Trejo). In the Community Development Specialist – CDBG & Fair Housing's absence, program income is received by the Assistant Director for Community & Redevelopment (Abby Wiles).

The Community Development Specialist – CDBG & Fair Housing (Jenny Recinos-Trejo) or the Assistant Director for Community & Redevelopment (Abby Wiles) log all cash and/or check payments received in a

spreadsheet. The spreadsheet is updated on a daily upon receipt of funds. Carbon copy receipts are provided for all cash payments.

After program income is entered into the spreadsheet, all cash and/or check(s) are forwarded to the Community Development Specialist – CDBG (Laura Miller). The Community Development Specialist – CDBG (Laura Miller) receipts program income into the City's INCODE system and prints a receipt. The Community Development Specialist – CDBG (Laura Miller) enters the program income into HUD's Integrated Disbursement and Information System (IDIS) within two business days of entering into INCODE.

The Community Development Specialist – CDBG (Laura Miller) creates a draw request in IDIS. IDIS identifies if program income is available for use at that time. If program income is available, the Community Development Specialist – CDBG (Laura Miller) first uses the program income funds. The remaining balance of the draw is funded from the applicable program year activity funds. The draw request is approved by the Assistant Director for Community & Redevelopment (Abby Wiles).

Reporting – The City had not designed or implemented adequate internal controls to ensure the accurate completion of the quarterly Federal Financial Reports (SF-425) or make available the HUD 60002, Section 3 report.

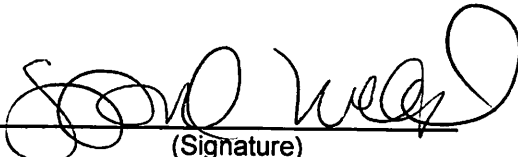
SF-425

Jenny Recinos-Trejo runs a PR-07 from the IDIS portal to show funds drawn from the federal system. She also runs the Program Income report PR-09 to show program income received for the reporting quarter. She also runs the 231 cash-on-hand and non-pooled reports from INCODE. These reports provide the information to be used to complete the report. The report is completed using the instructions from the PowerPoint presentation provided by HUD entitled SF-425 Federal Financial Report dated 11/2/2016.

HUD 60002 – Section 3 Report

This report is submitted using the Federal Secure Connection System portal. To ensure an auditable report in the future the staff will print and save the screens to show the submission of this report.

Anticipated Completion Date: September 20, 2018



(Signature)

Director of the Office of Development Services
(Title)

September 20, 2018
(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/>.