

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF ELKHART

ELKHART COUNTY, INDIANA

January 1, 2019 to December 31, 2019



FILED
09/24/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
City Controller	Rita Huffman Carlos J. Arce	01-01-19 to 12-31-19 01-01-20 to 12-31-20
Mayor	Timothy Neese Rod Roberson	01-01-19 to 12-31-19 01-01-20 to 12-31-20
President of the Board of Public Works	Michael C. Machlan	01-01-19 to 12-31-20
President of the Common Council	Brian Dickerson H. Brent Curry	01-01-19 to 12-31-19 01-01-20 to 12-31-20



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

This report is supplemental to our audit report of the City of Elkhart (City), for the period from January 1, 2019 to December 31, 2019. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the City. It should be read in conjunction with our Financial Statement Audit Report of the City, which provides our opinions on the City's financial statement. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

September 17, 2020

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CITY CONTROLLER
CITY OF ELKHART

CITY CONTROLLER
CITY OF ELKHART
AUDIT RESULTS AND COMMENTS

UTILITY BILLINGS

Condition and Context

The City's utility billing software pro-rated zero usage for customers instead of charging a minimum monthly amount in accordance with the rate ordinances approved by the Board of Public Works. During a review of billings, 19 of 26 billings for the Water and Wastewater Utilities could not be recalculated to the appropriate rate ordinance. Based on calculations performed by Elkhart Utility billing staff, the variances in the Water and Wastewater billings totaled \$484. The City is aware of the billing issue and is currently working with the software company on modifications to the billing software.

Criteria

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

MVH RESTRICTED FUND DISTRIBUTION

Condition and Context

The City posted the entire January 2019 MVH distribution to the MVH fund, instead of posting 50 percent of the distribution to that fund, as required. The remaining 50 percent was required to be posted to MVH Restricted fund.

Criteria

Starting on January 1, 2019, the political subdivision must post at the time of receipt of the distribution from the State Motor Vehicle Highway Account fifty percent (50%) of the distribution to MVH Restricted. (State Examiner Directive 2018-2)

CITY CONTROLLER
CITY OF ELKHART
EXIT CONFERENCE

The contents of this report were discussed on September 17, 2020, with Carlos J. Arce, City Controller; Erin Koons, Deputy City Controller; Nicolette Kershner, Utility Accountant; Tim Reecer, Executive Services Manager; and Michael C. Machlan, President of the Board of Public Works.