

B37248

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

ANNUAL FINANCIAL REPORT

2009

CITY OF GOSHEN

ELKHART COUNTY, INDIANA



FILED
07/22/2010

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	5-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis	7
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds	8
Proprietary Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Proprietary Funds	9
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds	10
Notes to Financial Statements	11-20
Required Supplementary Information:	
Schedule of Funding Progress	21
Schedule of Contributions From the Employer and Other Contributing Entities	22
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds	23-28
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Pension Trust Funds	29
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Private-Purpose Trust Funds	30
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Agency Funds	31
Schedule of Capital Assets	32
Schedule of Long-Term Debt	33
Audit Result and Comment:	
Deficit Cash Balance	34
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	36-37
Schedule of Expenditures of Federal Awards	38
Notes to Schedule of Expenditures of Federal Awards	39
Schedule of Findings and Questioned Costs	40
Auditee Prepared Schedule:	
Summary Schedule of Prior Audit Findings	41
Exit Conference	42

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Tina M. Bontrager	01-01-08 to 12-31-11
Mayor	Allan J. Kauffman	01-01-08 to 12-31-11
President of the Board of Public Works	Allan J. Kaufman	01-01-08 to 12-31-11
President of the Common Council	Thomas W. Stump	01-01-09 to 12-31-10
Superintendent of Utilities	Douglas Perry	01-01-09 to 12-31-10
Utility Office Manager	Tana Brooks	01-01-09 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Goshen (City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2009, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated June 24, 2010, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations,

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

and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

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

STATE BOARD OF ACCOUNTS

June 24, 2010



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the City of Goshen (City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 24, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

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

STATE BOARD OF ACCOUNTS

June 24, 2010

CITY OF GOSHEN
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2009

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 12,628,726	\$ 2,477,879	\$ -	\$ -	\$ (10,150,847)	\$ -	\$ (10,150,847)
Public safety	7,341,404	425,612	-	-	(6,915,792)	-	(6,915,792)
Highways and streets	2,584,785	-	1,263,050	268,220	(1,053,515)	-	(1,053,515)
Sanitation	240,111	-	-	-	(240,111)	-	(240,111)
Health and welfare	3,113	-	385,820	-	382,707	-	382,707
Economic development	2,027,378	-	-	351,308	(1,676,070)	-	(1,676,070)
Culture and recreation	1,427,160	39,164	53,293	-	(1,334,703)	-	(1,334,703)
Principal and interest on indebtedness	1,537,537	-	-	-	(1,537,537)	-	(1,537,537)
Total governmental activities	<u>27,790,214</u>	<u>2,942,655</u>	<u>1,702,163</u>	<u>619,528</u>	<u>(22,525,868)</u>	<u>-</u>	<u>(22,525,868)</u>
Business-type activities:							
Wastewater Utility	5,629,246	5,328,567	-	49,533	-	(251,146)	(251,146)
Water Utility	2,716,567	3,263,894	-	-	-	547,327	547,327
Total business-type activities	<u>8,345,813</u>	<u>8,592,461</u>	<u>-</u>	<u>49,533</u>	<u>-</u>	<u>296,181</u>	<u>296,181</u>
Total primary government	<u>\$ 36,136,027</u>	<u>\$ 11,535,116</u>	<u>\$ 1,702,163</u>	<u>\$ 669,061</u>	<u>(22,525,868)</u>	<u>296,181</u>	<u>(22,229,687)</u>
General receipts:							
Property taxes					20,421,185	-	20,421,185
Intergovernmental					5,480,577	-	5,480,577
Other local sources					2,395,198	53,084	2,448,282
Net proceeds from borrowings					-	1,555,543	1,555,543
Grants and contributions not restricted to specific programs					30,447	-	30,447
Investment earnings					278,162	25,332	303,494
Transfers					(138,141)	138,141	-
Total general receipts and transfers					<u>28,467,428</u>	<u>1,772,100</u>	<u>30,239,528</u>
Change in net assets					5,941,560	2,068,281	8,009,841
Net assets - beginning					<u>17,307,529</u>	<u>7,963,351</u>	<u>25,270,880</u>
Net assets - ending					<u>\$ 23,249,089</u>	<u>\$ 10,031,632</u>	<u>\$ 33,280,721</u>
<u>Assets</u>							
Cash and investments					\$ 18,115,579	\$ 1,581,363	\$ 19,696,942
Restricted assets:							
Cash and investments					<u>5,133,510</u>	<u>8,450,269</u>	<u>13,583,779</u>
Total assets					<u>\$ 23,249,089</u>	<u>\$ 10,031,632</u>	<u>\$ 33,280,721</u>
<u>Net Assets</u>							
Restricted for:							
Highways and streets					\$ 542,925	\$ -	\$ 542,925
Culture and Recreation					2,341,379	-	2,341,379
Debt service					456,869	4,219,698	4,676,567
Capital outlay					1,792,337	-	1,792,337
Other purposes					-	4,230,571	4,230,571
Unrestricted					<u>18,115,579</u>	<u>1,581,363</u>	<u>19,696,942</u>
Total net assets					<u>\$ 23,249,089</u>	<u>\$ 10,031,632</u>	<u>\$ 33,280,721</u>

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

CITY OF GOSHEN
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2009

	General	Other Governmental Funds	Totals
Receipts:			
Taxes	\$ 12,110,416	\$ 9,693,394	\$ 21,803,810
Licenses and permits	210,517	90	210,607
Intergovernmental	4,480,939	3,351,776	7,832,715
Charges for services	1,248,683	1,199,346	2,448,029
Fines and forfeits	142,282	141,737	284,019
Other	614,857	385,123	999,980
	<u>18,807,694</u>	<u>14,771,466</u>	<u>33,579,160</u>
Disbursements:			
General government	7,717,416	1,066,913	8,784,329
Public safety	6,957,739	227,082	7,184,821
Highways and streets	181,665	2,097,865	2,279,530
Sanitation	-	116,516	116,516
Health and welfare	-	3,113	3,113
Economic development	-	1,413,018	1,413,018
Culture and recreation	-	1,237,780	1,237,780
Debt service:			
Principal	-	680,000	680,000
Interest	-	857,537	857,537
Capital outlay:			
General government	40,566	3,803,831	3,844,397
Public safety	79,406	77,177	156,583
Highways and streets	-	305,255	305,255
Sanitation	-	123,595	123,595
Economic development	-	614,360	614,360
Culture and recreation	-	189,380	189,380
	<u>14,976,792</u>	<u>12,813,422</u>	<u>27,790,214</u>
Excess of receipts over disbursements	<u>3,830,902</u>	<u>1,958,044</u>	<u>5,788,946</u>
Other financing sources (uses):			
Transfers in	3,704,098	6,267,982	9,972,080
Transfers out	(4,397,300)	(5,712,921)	(10,110,221)
Other receipts	203,809	86,946	290,755
	<u>(489,393)</u>	<u>642,007</u>	<u>152,614</u>
Excess of receipts and other financing sources over disbursements and other financing uses	3,341,509	2,600,051	5,941,560
Cash and investment fund balance - beginning	<u>5,067,796</u>	<u>12,239,733</u>	<u>17,307,529</u>
Cash and investment fund balance - ending	<u>\$ 8,409,305</u>	<u>\$ 14,839,784</u>	<u>\$ 23,249,089</u>
<u>Cash and Investment Assets - Ending</u>			
Cash and investments	\$ 8,409,305	\$ 9,706,274	\$ 18,115,579
Restricted assets:			
Cash and investments	-	5,133,510	5,133,510
Total cash and investment assets - ending	<u>\$ 8,409,305</u>	<u>\$ 14,839,784</u>	<u>\$ 23,249,089</u>
<u>Cash and Investment Fund Balance - Ending</u>			
Restricted for:			
Highways and streets	\$ -	\$ 542,925	\$ 542,925
Culture and recreation	-	2,341,379	2,341,379
Debt service	-	456,869	456,869
Capital Outlay	-	1,792,337	1,792,337
Unrestricted	<u>8,409,305</u>	<u>9,706,274</u>	<u>18,115,579</u>
Total cash and investment fund balance - ending	<u>\$ 8,409,305</u>	<u>\$ 14,839,784</u>	<u>\$ 23,249,089</u>

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

CITY OF GOSHEN
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As Of And For The Year Ended December 31, 2009

	Wastewater Utility	Water Utility	Totals
Operating receipts:			
Metered/measured	\$ 5,218,438	\$ 3,154,324	\$ 8,372,762
Miscellaneous	110,129	109,570	219,699
	<u>5,328,567</u>	<u>3,263,894</u>	<u>8,592,461</u>
Total operating receipts			
Operating disbursements:			
Salaries and wages	2,350,966	1,433,238	3,784,204
Material and supplies	608,506	268,930	877,436
Contractual services	941,034	581,338	1,522,372
Equipment and capital improvements	1,331,772	285,440	1,617,212
Miscellaneous	43,415	-	43,415
	<u>5,275,693</u>	<u>2,568,946</u>	<u>7,844,639</u>
Total operating disbursements			
Excess of operating receipts over operating disbursements	<u>52,874</u>	<u>694,948</u>	<u>747,822</u>
Nonoperating receipts (disbursements):			
Rent	42,288	-	42,288
Investment income	17,153	8,179	25,332
Net proceeds from borrowings	1,434,184	121,359	1,555,543
Refunds	7,456	3,340	10,796
Debt service of principal and interest	<u>(353,553)</u>	<u>(147,621)</u>	<u>(501,174)</u>
Total nonoperating receipts (disbursements)	<u>1,147,528</u>	<u>(14,743)</u>	<u>1,132,785</u>
Excess of receipts over disbursements and nonoperating receipts (disbursements)	1,200,402	680,205	1,880,607
Capital contributions	49,533	-	49,533
Transfers in	<u>80,033</u>	<u>58,108</u>	<u>138,141</u>
Excess of receipts, contributions and transfers in over disbursements and transfers out	1,329,968	738,313	2,068,281
Cash and investment fund balance - beginning	<u>5,162,959</u>	<u>2,800,392</u>	<u>7,963,351</u>
Cash and investment fund balance - ending	<u>\$ 6,492,927</u>	<u>\$ 3,538,705</u>	<u>\$ 10,031,632</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 704,728	\$ 876,635	\$ 1,581,363
Restricted assets:			
Cash and investments	<u>5,788,199</u>	<u>2,662,070</u>	<u>8,450,269</u>
Total cash and investment assets - December 31	<u>\$ 6,492,927</u>	<u>\$ 3,538,705</u>	<u>\$ 10,031,632</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ 3,269,855	\$ 949,843	\$ 4,219,698
Other purposes	2,518,344	1,712,227	4,230,571
Unrestricted	<u>704,728</u>	<u>876,635</u>	<u>1,581,363</u>
Total cash and investment fund balance - December 31	<u>\$ 6,492,927</u>	<u>\$ 3,538,705</u>	<u>\$ 10,031,632</u>

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

CITY OF GOSHEN
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2009

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Plan members	\$ 1,633	\$ -	
State	1,238,936	-	
Other	-	151,099	
	1,240,569	151,099	
Total contributions	1,240,569	151,099	
Investment earnings:			
Interest	-	568	
Dividends	-	6,462	
	-	7,030	
Total investment earnings	-	7,030	
Total additions	1,240,569	158,129	
Deductions:			
Benefits	1,020,201	-	
Administrative and general	779	114,976	
	1,020,980	114,976	
Total deductions	1,020,980	114,976	
Excess of receipts over disbursements	219,589	43,153	
Other financing sources (uses):			
Transfers in	-	1,489,000	
Transfers out	-	(1,489,000)	
	-	-	
Total other financing uses	-	-	
Excess of receipts and other financing sources over disbursements and other financing uses	219,589	43,153	
Cash and investment fund balance - beginning	1,038,338	630,908	
Cash and investment fund balance - ending	\$ 1,257,927	\$ 674,061	\$ 160,964

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

CITY OF GOSHEN
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

Primary Government: City of Goshen

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

Related Organizations

The City's officials are also responsible for appointing the voting majority of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. The City appoints the voting majority of the Goshen Housing Authority, Goshen Redevelopment Commission and the Goshen Community Relations Commission.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

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

The City reports the following major governmental fund:

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

CITY OF GOSHEN
NOTES TO FINANCIAL STATEMENTS
(Continued)

The City reports the following major enterprise funds:

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

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

Additionally, the City reports the following fund types:

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

The private-purpose trust funds report trust arrangements under which principal and income benefit the private organizations.

Agency funds account for assets held by the City as an agent for federal and state revenue agencies and serve as control of accounts for cash transactions during the time they are a liability to the City.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services.

CITY OF GOSHEN
NOTES TO FINANCIAL STATEMENTS
(Continued)

Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government. The City does not have any internal service funds.

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. Cash and Investments

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

3. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the City in June and in December. 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. Taxable property is assessed at 100% 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 may become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the City on or prior to December 31 of the year collected.

4. Capital Assets

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

5. Long-Term Debt

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

6. Equity Classification

Government-Wide Statements

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

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

CITY OF GOSHEN
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

When both restricted and unrestricted resources are available for use, the City's policy is to use restricted resources first, then unrestricted resources as they are needed.

Fund Financial Statements

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

E. Receipts and Disbursements

1. Program Receipts

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

2. Operating Receipts and Disbursements

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

F. Internal and Interfund Activities

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

Fund Financial Statements

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

CITY OF GOSHEN
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Government-Wide Financial Statements

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

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

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

B. Cash and Investment Balance Deficits

At December 31, 2009, the following fund reported a deficit in cash and investments, which is a violation of the Uniform Compliance Guidelines as authorized by state statute:

Fund	2009
South Goshen Capital Project 2008	\$ 121,476

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

CITY OF GOSHEN
NOTES TO FINANCIAL STATEMENTS
(Continued)

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The City does not have a deposit policy for custodial credit risk. At December 31, 2009, the City had deposit balances in the amount of \$35,611,500.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2009, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2009</u>
General Fund	Private-Purpose Trust Funds	\$ 1,489,000
General Fund	Other governmental funds	2,908,300
Other governmental funds	General Fund	2,515,098
Private-Purpose Trust Funds	General Fund	1,189,000
Other governmental funds	Other governmental funds	3,059,682
Private-Purpose Trust Funds	Other governmental funds	300,000
Other governmental funds	Proprietary Funds	<u>138,141</u>
Total		<u>\$ 11,599,221</u>

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

IV. Other Information

A. Risk Management

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

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to and dependents; and natural disasters are covered by commercial insurance from independent third parties.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

CITY OF GOSHEN
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Subsequent Events

Refunding Bond Issues: The City issued Sewage Works Refunding Revenue Bonds of 2010, Series A in the amount of \$5,195,000 and Series B in the amount of \$525,000 with an issue date June 1, 2010. These bonds were issued for the purpose of refunding Sewage Works Revenue Bonds of 1993, 2002 and 2003.

New Revenue Bond Issues: The City issued Taxable Sewage Works Revenue Bonds of 2010, Series B, dated March 1, 2010, in the amount of \$500,000. The City issued Sewage Works Revenue Bonds of 2010, Series C, dated March 1, 2010, in the amount of \$1,000,000. These bonds were issued to fund the river-walk cleanup project.

Indiana Neighborhood Stabilization Program Grant: In early 2010, the City received an Indiana Neighborhood Stabilization Program grant in the amount of \$2,161,647. Project funds will be used to acquire and redevelop approximately 27 houses for sale or rent to income eligible individuals and families. The City will utilize Habitat for Humanity of Elkhart County for new construction and will utilize LACASA of Goshen, Inc., for acquisition, rehabilitation, demolition and disposition activities associated with the program.

C. Conduit Debt Obligation

The City has issued conduit debt (no commitment debt) to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying notes to the financial statements.

As of December 31, 2009, the outstanding aggregate principal amount payable was \$44,450,000.

D. Rate Structure – Enterprise Funds

Water Utility

On January 14, 2001, the City Council adopted Ordinance 3895 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on May 3, 2005.

Wastewater Utility

The current rate structure was approved by the City Council on September 28, 2009.

CITY OF GOSHEN
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Pension Plans

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

a. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the City during the period were \$573,467.

b. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy

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

CITY OF GOSHEN
NOTES TO FINANCIAL STATEMENTS
(Continued)

On-behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under IC 5-10.3-11. The State of Indiana has contributed \$411,973 on behalf of the City. On behalf contributions from the State of Indiana approximates the amount paid out for benefits.

c. 1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy

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 Public Employees' Retirement Fund as provided under IC 5-10.3-11. The State of Indiana has contributed \$593,650 on behalf of the City. On behalf contributions from the State of Indiana approximates the amount paid out for benefits.

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

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

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

CITY OF GOSHEN
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

Funding Policy

The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan during the period were \$904,499.

CITY OF GOSHEN
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Assets Over Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-07	\$ 5,612,680	\$ 6,654,486	\$ (1,041,806)	84%	\$ 5,155,488	(20%)
07-01-08	6,072,812	7,243,959	(1,171,147)	84%	5,239,548	(22%)
07-01-09	5,299,070	7,223,565	(1,924,495)	73%	5,247,990	(37%)

1925 Police Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Assets Over Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-04	\$ 464,472	\$ 6,237,300	\$ (5,772,828)	7%	\$ 223,600	(2,582%)
01-01-05	470,144	6,194,500	(5,724,356)	8%	230,600	(2,482%)
01-01-06	295,294	6,492,100	(6,196,806)	5%	238,000	(2,604%)
01-01-07	319,813	6,010,300	(5,690,487)	5%	204,600	(2,781%)
01-01-08	554,686	5,177,000	(4,622,314)	11%	123,700	(3,737%)
01-01-09	683,217	5,286,400	(4,603,183)	13%	*	*

1937 Firefighters' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Assets Over Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-04	\$ 515,333	\$ 8,908,100	\$ (8,392,767)	6%	\$ 257,900	(3,254%)
01-01-05	369,035	8,421,100	(8,052,065)	4%	228,000	(3,532%)
01-01-06	151,752	8,438,400	(8,286,648)	2%	196,100	(4,226%)
01-01-07	419,345	17,381,600	(16,962,255)	2%	161,900	(10,477%)
01-01-08	584,604	16,529,500	(15,944,896)	4%	84,100	(18,959%)
01-01-09	574,710	9,287,800	(8,713,090)	6%	*	*

*Information is not available.

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

<u>1925 Police Officers' Pension Plan</u>			
	<u>Year Ending</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>
1925 Police Officers' Pension Plan	12-31-04	\$ 767,300	46%
	12-31-05	505,500	34%
	12-31-06	534,100	90%
	12-31-07	493,300	159%
	12-31-08	414,600	112%
	12-31-09	395,000	130%
1937 Firefighters' Pension Plan	12-31-04	\$ 1,080,000	27%
	12-31-05	654,600	35%
	12-31-06	655,400	115%
	12-31-07	1,302,300	74%
	12-31-08	1,225,900	39%
	12-31-09	694,000	105%

CITY OF GOSHEN
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009

	Motor Vehicle Highway	Local Road and Street	Aviation	Probation	Economic Development Operating	Parking Lot	Federal and State Grant
Receipts:							
Taxes	\$ 1,369,485	\$ -	\$ -	\$ -	\$ 1,333,276	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	1,407,863	268,220	-	-	-	-	900,143
Charges for services	5,459	-	124,967	-	-	30	-
Fines and forfeits	1,643	-	-	132,048	-	-	-
Other	3,696	-	1,506	-	17,975	-	-
Total receipts	2,788,146	268,220	126,473	132,048	1,351,251	30	900,143
Disbursements:							
General government	-	-	88,733	-	-	-	895
Public safety	-	-	-	136,102	-	-	-
Highways and streets	2,058,585	39,280	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	605,471	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	250	-	-	-	997,274
Public safety	-	-	-	-	-	-	-
Highways and streets	164,030	141,225	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Economic development	-	-	-	-	338,301	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	2,222,615	180,505	88,983	136,102	943,772	-	998,169
Excess (deficiency) of receipts over disbursements	565,531	87,715	37,490	(4,054)	407,479	30	(98,026)
Other financing sources (uses):							
Transfers in	700,000	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	475	-	-	-	-	-	-
Total other financing sources (uses)	700,475	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,266,006	87,715	37,490	(4,054)	407,479	30	(98,026)
Cash and investment fund balance - beginning	52,679	171,859	67,193	78,665	902,672	15,330	391,547
Cash and investment fund balance - ending	\$ 1,318,685	\$ 259,574	\$ 104,683	\$ 74,611	\$ 1,310,151	\$ 15,360	\$ 293,521
Cash and Investment Assets - Ending							
Cash and investments	\$ 1,318,685	\$ -	\$ 104,683	\$ 74,611	\$ 1,310,151	\$ 15,360	\$ 293,521
Restricted assets:							
Cash and investments	-	259,574	-	-	-	-	-
Total cash and investment assets - ending	\$ 1,318,685	\$ 259,574	\$ 104,683	\$ 74,611	\$ 1,310,151	\$ 15,360	\$ 293,521
Cash and Investment Fund Balance - Ending							
Restricted for:							
Highways and streets	\$ -	\$ 259,574	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	1,318,685	-	104,683	74,611	1,310,151	15,360	293,521
Total cash and investment fund balance - ending	\$ 1,318,685	\$ 259,574	\$ 104,683	\$ 74,611	\$ 1,310,151	\$ 15,360	\$ 293,521

CITY OF GOSHEN
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Rainy Day	Law Enforcement Continuing Education	TIF Keystone I	TIF Keystone II	TIF Century Drive	Local Major Moves Construction	TIF North US 33
Receipts:							
Taxes	\$ 48,779	\$ -	\$ 1,094,634	\$ 160,709	\$ 256,748	\$ -	\$ 459,030
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	170,487	-	-	-	-	-	-
Charges for services	-	13,295	-	-	-	-	-
Fines and forfeits	-	8,046	-	-	-	-	-
Other	-	-	5,426	1,301	2,229	196,256	1,807
Total receipts	219,266	21,341	1,100,060	162,010	258,977	196,256	460,837
Disbursements:							
General government	-	-	-	-	-	150,000	-
Public safety	-	21,418	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	4,970	5,169	204,569	-	23,581
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	231,398
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	-	21,418	4,970	5,169	204,569	150,000	254,979
Excess (deficiency) of receipts over disbursements	219,266	(77)	1,095,090	156,841	54,408	46,256	205,858
Other financing sources (uses):							
Transfers in	1,192,800	-	-	-	-	2,284,000	-
Transfers out	(1,410,000)	-	(443,231)	(158,800)	(256,800)	(2,425,000)	-
Other receipts	-	-	-	-	-	85,355	-
Total other financing sources (uses)	(217,200)	-	(443,231)	(158,800)	(256,800)	(55,645)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,066	(77)	651,859	(1,959)	(202,392)	(9,389)	205,858
Cash and investment fund balance - beginning	74	27,783	504,396	239,271	587,273	292,740	48,215
Cash and investment fund balance - ending	\$ 2,140	\$ 27,706	\$ 1,156,255	\$ 237,312	\$ 384,881	\$ 283,351	\$ 254,073
Cash and Investment Assets - Ending							
Cash and investments	\$ 2,140	\$ 27,706	\$ 1,156,255	\$ 237,312	\$ 384,881	\$ -	\$ 254,073
Restricted assets:							
Cash and investments	-	-	-	-	-	283,351	-
Total cash and investment assets - ending	\$ 2,140	\$ 27,706	\$ 1,156,255	\$ 237,312	\$ 384,881	\$ 283,351	\$ 254,073
Cash and Investment Fund Balance - Ending							
Restricted for:							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 283,351	\$ -
Culture and recreation	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	2,140	27,706	1,156,255	237,312	384,881	-	254,073
Total cash and investment fund balance - ending	\$ 2,140	\$ 27,706	\$ 1,156,255	\$ 237,312	\$ 384,881	\$ 283,351	\$ 254,073

CITY OF GOSHEN
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	TIF Riverrace	Court Fees	Economic Improvement District	Beautification Operating	TIF Bond and Interest	Redevelopment Non-Reverting Capital
Receipts:						
Taxes	\$ 620,094	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	96,299	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	3,866	26,489	13,884	13	-	35,628
Total receipts	623,960	26,489	110,183	13	-	35,628
Disbursements:						
General government	-	13,007	-	-	-	83,035
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	440,097	-	36,870	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	255,000	-
Interest	-	-	-	-	826,181	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Economic development	-	-	44,661	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	440,097	13,007	81,531	-	1,081,181	83,035
Excess (deficiency) of receipts over disbursements	183,863	13,482	28,652	13	(1,081,181)	(47,407)
Other financing sources (uses):						
Transfers in	-	-	-	-	1,081,182	-
Transfers out	(360,492)	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	(360,492)	-	-	-	1,081,182	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(176,629)	13,482	28,652	13	1	(47,407)
Cash and investment fund balance - beginning	394,985	70,769	13,938	3,193	-	154,399
Cash and investment fund balance - ending	\$ 218,356	\$ 84,251	\$ 42,590	\$ 3,206	\$ 1	\$ 106,992
Cash and Investment Assets - Ending						
Cash and investments	\$ 218,356	\$ 84,251	\$ 42,590	\$ 3,206	\$ 1	\$ 106,992
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 218,356	\$ 84,251	\$ 42,590	\$ 3,206	\$ 1	\$ 106,992
Cash and Investment Fund Balance - Ending						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	218,356	84,251	42,590	3,206	1	106,992
Total cash and investment fund balance - ending	\$ 218,356	\$ 84,251	\$ 42,590	\$ 3,206	\$ 1	\$ 106,992

CITY OF GOSHEN
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Park and Recreation	Debt Service Reserve Riverrace 2008	Debt Service Reserve South Goshen 2008	Debt Service	Cumulative Capital Improvement Cigarette Tax	Cumulative Capital Development
Receipts:						
Taxes	\$ 2,303,624	\$ -	\$ -	\$ 619,514	\$ -	\$ 849,315
Licenses and permits	90	-	-	-	-	-
Intergovernmental	94,074	-	-	21,512	90,098	28,749
Charges for services	186,432	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	44,016	-	-	45	-	-
Total receipts	2,628,236	-	-	641,071	90,098	878,064
Disbursements:						
General government	-	-	-	-	-	162,223
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	1,237,780	-	-	-	-	-
Debt service:						
Principal	-	-	-	425,000	-	-
Interest	-	-	-	31,356	-	-
Capital outlay:						
General government	-	-	-	-	-	303,166
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	189,380	-	-	-	-	-
Total disbursements	1,427,160	-	-	456,356	-	465,389
Excess (deficiency) of receipts over disbursements	1,201,076	-	-	184,715	90,098	412,675
Other financing sources (uses):						
Transfers in	1,000,000	-	-	10,000	-	-
Transfers out	(568,500)	-	-	-	(90,098)	-
Other receipts	1,116	-	-	-	-	-
Total other financing sources (uses)	432,616	-	-	10,000	(90,098)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,633,692	-	-	194,715	-	412,675
Cash and investment fund balance - beginning	707,687	319,500	491,000	262,154	-	799,074
Cash and investment fund balance - ending	\$ 2,341,379	\$ 319,500	\$ 491,000	\$ 456,869	\$ -	\$ 1,211,749
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 319,500	\$ 491,000	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	2,341,379	-	-	456,869	-	1,211,749
Total cash and investment assets - ending	\$ 2,341,379	\$ 319,500	\$ 491,000	\$ 456,869	\$ -	\$ 1,211,749
Cash and Investment Fund Balance - Ending						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	2,341,379	-	-	-	-	-
Debt service	-	-	-	456,869	-	-
Capital outlay	-	-	-	-	-	1,211,749
Unrestricted	-	319,500	491,000	-	-	-
Total cash and investment fund balance - ending	\$ 2,341,379	\$ 319,500	\$ 491,000	\$ 456,869	\$ -	\$ 1,211,749

CITY OF GOSHEN
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Redevelopment District Capital	Cumulative Capital Improvement Fire Station	Cumulative Capital Improvement Storm Sewer	General Improvement	HUD Home	HUD Rental Rehab
Receipts:						
Taxes	\$ -	\$ 289,093	\$ 289,093	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	9,661	9,661	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	1,297	-	-	5,206	-	73
Total receipts	1,297	298,754	298,754	5,206	-	73
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	69,562	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	92,291	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	4,980	-	-
Public safety	-	77,177	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	-	146,739	92,291	4,980	-	-
Excess (deficiency) of receipts over disbursements	1,297	152,015	206,463	226	-	73
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,297	152,015	206,463	226	-	73
Cash and investment fund balance - beginning	150,377	157,870	436,292	118,803	19,281	37,739
Cash and investment fund balance - ending	\$ 151,674	\$ 309,885	\$ 642,755	\$ 119,029	\$ 19,281	\$ 37,812
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 642,755	\$ -	\$ 19,281	\$ 37,812
Restricted assets:						
Cash and investments	151,674	309,885	-	119,029	-	-
Total cash and investment assets - ending	\$ 151,674	\$ 309,885	\$ 642,755	\$ 119,029	\$ 19,281	\$ 37,812
Cash and Investment Fund Balance - Ending						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	151,674	309,885	-	119,029	-	-
Unrestricted	-	-	642,755	-	19,281	37,812
Total cash and investment fund balance - ending	\$ 151,674	\$ 309,885	\$ 642,755	\$ 119,029	\$ 19,281	\$ 37,812

CITY OF GOSHEN
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Cemetery Capital Improvement	Storm Water Management	HUD CDBG	Riverrace Capital Project 2008	South Goshen Capital Project 2008	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,693,394
Licenses and permits	-	-	-	-	-	90
Intergovernmental	-	-	351,308	-	-	3,351,776
Charges for services	6,462	766,402	-	-	-	1,199,346
Fines and forfeits	-	-	-	-	-	141,737
Other	-	60	4,888	10,567	8,895	385,123
Total receipts	6,462	766,462	356,196	10,567	8,895	14,771,466
Disbursements:						
General government	-	-	376,308	73,485	119,227	1,066,913
Public safety	-	-	-	-	-	227,082
Highways and streets	-	-	-	-	-	2,097,865
Sanitation	-	116,516	-	-	-	116,516
Health and welfare	3,113	-	-	-	-	3,113
Economic development	-	-	-	-	-	1,413,018
Culture and recreation	-	-	-	-	-	1,237,780
Debt service:						
Principal	-	-	-	-	-	680,000
Interest	-	-	-	-	-	857,537
Capital outlay:						
General government	-	-	-	505,726	1,992,435	3,803,831
Public safety	-	-	-	-	-	77,177
Highways and streets	-	-	-	-	-	305,255
Sanitation	-	123,595	-	-	-	123,595
Economic development	-	-	-	-	-	614,360
Culture and recreation	-	-	-	-	-	189,380
Total disbursements	3,113	240,111	376,308	579,211	2,111,662	12,813,422
Excess (deficiency) of receipts over disbursements	3,349	526,351	(20,112)	(568,644)	(2,102,767)	1,958,044
Other financing sources (uses):						
Transfers in	-	-	-	-	-	6,267,982
Transfers out	-	-	-	-	-	(5,712,921)
Other receipts	-	-	-	-	-	86,946
Total other financing sources (uses)	-	-	-	-	-	642,007
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,349	526,351	(20,112)	(568,644)	(2,102,767)	2,600,051
Cash and investment fund balance - beginning	26,973	271,631	57,615	2,385,465	1,981,291	12,239,733
Cash and investment fund balance - ending	\$ 30,322	\$ 797,982	\$ 37,503	\$ 1,816,821	\$ (121,476)	\$ 14,839,784
Cash and Investment Assets - Ending						
Cash and investments	\$ 30,322	\$ 797,982	\$ 37,503	\$ 1,816,821	\$ (121,476)	\$ 9,706,274
Restricted assets:						
Cash and investments	-	-	-	-	-	5,133,510
Total cash and investment assets - ending	\$ 30,322	\$ 797,982	\$ 37,503	\$ 1,816,821	\$ (121,476)	\$ 14,839,784
Cash and Investment Fund Balance - Ending						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 542,925
Culture and recreation	-	-	-	-	-	2,341,379
Debt service	-	-	-	-	-	456,869
Capital outlay	-	-	-	-	-	1,792,337
Unrestricted	30,322	797,982	37,503	1,816,821	(121,476)	9,706,274
Total cash and investment fund balance - ending	\$ 30,322	\$ 797,982	\$ 37,503	\$ 1,816,821	\$ (121,476)	\$ 14,839,784

CITY OF GOSHEN
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2009

	Police Pension	Fire Pension	Totals
Additions:			
Contributions:			
Employer	\$ 1,362	\$ 271	\$ 1,633
State	512,292	726,644	1,238,936
Total contributions	513,654	726,915	1,240,569
Deductions:			
Benefits	424,126	596,075	1,020,201
Administrative and general	205	574	779
Total deductions	424,331	596,649	1,020,980
Excess of total additions over total deductions	89,323	130,266	219,589
Cash and investment fund balance - beginning	593,894	444,444	1,038,338
Cash and investment fund balance - ending	\$ 683,217	\$ 574,710	\$ 1,257,927

CITY OF GOSHEN
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For The Year Ended December 31, 2009

	Cemetery Permanent Maintenance	Donation	Park Gift	Electric Utility Sale	Oakridge Cemetery Endowment	Violett Cemetery Endowment	West Goshen Cemetery Endowment	Millrace Trust	Beautification and Restoration Trust	Totals
Additions:										
Other	\$ -	\$ 87,303	\$ 48,412	\$ 15,384	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 151,099
Investment earnings:										
Interest	-	-	-	-	103	339	81	-	45	568
Dividends	6,462	-	-	-	-	-	-	-	-	6,462
Total investment earnings	6,462	-	-	-	103	339	81	-	45	7,030
Total additions	6,462	87,303	48,412	15,384	103	339	81	-	45	158,129
Deductions:										
Administrative and general	-	30,473	84,503	-	-	-	-	-	-	114,976
Excess (deficiency) of total additions over total deductions	6,462	56,830	(36,091)	15,384	103	339	81	-	45	43,153
Other financing sources (uses):										
Transfers in	-	-	-	1,489,000	-	-	-	-	-	1,489,000
Transfers out	-	-	-	(1,489,000)	-	-	-	-	-	(1,489,000)
Total other financing uses	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,462	56,830	(36,091)	15,384	103	339	81	-	45	43,153
Cash and investment fund balance - beginning	31,285	158,118	118,366	129,263	24,609	80,695	19,421	58,498	10,653	630,908
Cash and investment fund balance - ending	\$ 37,747	\$ 214,948	\$ 82,275	\$ 144,647	\$ 24,712	\$ 81,034	\$ 19,502	\$ 58,498	\$ 10,698	\$ 674,061

CITY OF GOSHEN
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2009

	Health Insurance	Law Enforcement Continuing Education #1	Old Utility Payroll	Court Cashbook	Probation Cashbook	Totals
Additions:						
Agency fund additions	\$ 3,048,460	\$ 1,961	\$ -	\$ 866,931	\$ 10	\$ 3,917,362
Deductions:						
Agency fund deductions	3,028,510	720	-	852,632	15,123	3,896,985
Excess (deficiency) of total additions over total deductions	19,950	1,241	-	14,299	(15,113)	20,377
Cash and investment fund balance - beginning	5,649	16,546	25,759	71,940	20,693	140,587
Cash and investment fund balance - ending	<u>\$ 25,599</u>	<u>\$ 17,787</u>	<u>\$ 25,759</u>	<u>\$ 86,239</u>	<u>\$ 5,580</u>	<u>\$ 160,964</u>

CITY OF GOSHEN
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
December 31, 2009

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.

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 23,322,373
Infrastructure	82,674,733
Buildings	11,737,196
Improvements other than buildings	7,333,611
Machinery and equipment	6,637,909
Construction in progress	<u>382,859</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 132,088,681</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 51,701
Construction in progress	480,627
Buildings	181,521
Improvements other than buildings	20,113,399
Machinery and equipment	<u>1,726,115</u>
Total Water Utility capital assets	<u>22,553,363</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	717,721
Construction in progress	3,493,530
Buildings	236,981
Improvements other than buildings	25,576,922
Machinery and equipment	<u>16,593,534</u>
Total Wastewater Utility capital assets	<u>46,618,688</u>
Total business-type activities	<u>\$ 69,172,051</u>

CITY OF GOSHEN
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2009

The City has entered into the following debt:

Description of Debt	Ending Principal Amount	Principal and Interest Due Within One Year
Governmental activities:		
Capital lease payable:		
Ambulance	\$ 69,797	\$ 66,580
Computer Server and Incode Software	26,189	27,363
Fire Truck	73,379	76,826
2009 sweeper and police cars	132,556	69,403
Loans payable:		
Aviation Loan	73,794	22,164
Real Estate Loan	22,950	23,576
Bonds payable:		
General obligation bonds:		
2000 General Obligation Bonds	450,000	460,463
2005 Series A Redevelopment District Bonds	2,620,000	111,350
2006 Series B Redevelopment District Bonds	2,760,000	365,400
Revenue bonds:		
2008 TIF South Goshen Capital Project	4,830,000	270,140
2008 TIF Riverrace Project	<u>3,160,000</u>	<u>335,910</u>
Total governmental activities long-term debt	<u>\$ 14,218,665</u>	<u>\$ 1,829,174</u>
Business-type activities:		
Water Utility:		
Capital lease payable:		
Computer Server and Incode Software	\$ 10,714	\$ 11,194
Revenue bonds:		
2003 Revenue bonds	380,000	56,668
2005 Refunding revenue bonds	3,950,000	439,700
2009 Revenue bonds	1,167,000	46,710
Loans payable:		
2009 SRF BANS	57,748	-
2009 SRF bonds	<u>63,671</u>	<u>-</u>
Total Water Utility	<u>5,629,133</u>	<u>554,272</u>
Wastewater Utility:		
Capital lease payable:		
Computer Server and Incode Software	10,714	11,194
2009 SRF bonds	1,384,184	-
Revenue bonds:		
1993 Revenue bonds	2,490,000	684,200
2002 Revenue bonds	3,010,000	156,960
2003 Revenue bonds	525,000	78,053
2004 Revenue bonds	<u>4,280,000</u>	<u>611,100</u>
Total Wastewater Utility	<u>11,699,898</u>	<u>1,541,507</u>
Total business-type activities long-term debt	<u>\$ 17,329,031</u>	<u>\$ 2,095,778</u>

CITY OF GOSHEN
AUDIT RESULT AND COMMENT

DEFICIT CASH BALANCE

The cash balance of the South Goshen Capital Project 2008 Fund was overdrawn in 2009. The cash balance of the fund at December 31, 2009, was \$(121,476).

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

Compliance

We have audited the compliance of the City of Goshen (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 2009. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2009.

Internal Control Over Compliance

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

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

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

STATE BOARD OF ACCOUNTS

June 24, 2010

CITY OF GOSHEN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2009

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Pass-Through Indiana Department of Natural Resources: Cooperative Forestry Assistance	10.664		\$ <u>6,782</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct Grant: CDBG - Entitlement and (HUD Administered) Small Cities Cluster Community Development Block Grants/Entitlement Grants	14.218	B-08-MC-18-0019 B-09-MC-18-0019	75,244 <u>301,064</u>
Total for federal grantor agency			<u>376,308</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass-Through Indiana Criminal Justice Institute: Bulletproof Vest Partnership Program	16.607		<u>895</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation: Highway Planning and Construction Cluster Highway Planning and Construction	20.205	07-10203	<u>14,805</u>
Pass-Through Indiana Governor's Council on Impaired and Dangerous Driving: Highway Safety Cluster Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	K8-2009-03-03-09	8,050
Pass-Through Elkhart County: Highway Safety Cluster Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	OP-08-01-01-62	<u>8,505</u>
Total for Cluster			<u>16,555</u>
Direct Grant: Airport Improvement Program	20.106	3-18-0029-07	<u>375,764</u>
Total for federal grantor agency			<u>407,124</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Direct Grant: Brownfields Assessment and Cleanup Cooperative Agreements	66.818	Hazardous Substances Petroleum Gordy Cleanup Omni Cleanup Street Cleanup	3,409 1,405 192,499 189,786 <u>623</u>
Total for program			<u>387,722</u>
Pass-Through Indiana Finance Authority: Capitalization Grants for Clean Water State Revolving Funds ARRA - Capitalization Grants for Clean Water State Revolving Funds	66.458 66.458	WW09072002 WW09072002	18,035 <u>1,384,184</u>
Total for program			<u>1,402,219</u>
Capitalization Grants for Drinking Water State Revolving Funds ARRA - Capitalization Grants for Drinking Water State Revolving Funds	66.468 66.468	DW09032001 DW09032001	9,804 <u>96,435</u>
Total for program			<u>106,239</u>
Total for federal grantor agency			<u>3,298,399</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security: Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	039-UFC-2-6-00 033-02674-00 DR 1740	30,059 <u>53,802</u>
Total for program			<u>83,861</u>
Assistance to Firefighters Grant	97.044	EMW-2008-FO-04483	<u>45,166</u>
Total for federal grantor agency			<u>129,027</u>
Total federal awards expended			<u>\$ 2,816,316</u>

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

CITY OF GOSHEN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Goshen (City) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

II. Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to sub-recipients as follows for the year ended December 31, 2009:

<u>Program Title</u>	<u>Federal CFDA Number</u>	
Community Development Block Grant/Entitlement Grants	14.218	<u>\$ 142,046</u>

CITY OF GOSHEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
66.458	ARRA - Capitalization Grants for Clean Water State Revolving Funds

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF GOSHEN
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF GOSHEN
EXIT CONFERENCE

The contents of this report were discussed on June 24, 2010, with Allan J. Kauffman, Mayor; Thomas W. Stump, President of the Common Council; and Tina M. Bontrager, Clerk-Treasurer.