

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

CITY OF GOSHEN  
ELKHART COUNTY, INDIANA

January 1, 2011 to December 31, 2011



**FILED**  
09/14/2012



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Tina M. Bontrager	01-01-08 to 12-31-15
Mayor	Allan J. Kauffman	01-01-08 to 12-31-15
President of the Board of Public Works and Safety	Allan J. Kauffman	01-01-08 to 12-31-15
President of the Common Council	Thomas W. Stump	01-01-11 to 12-31-12
Superintendent of Water Utility	James D. Kerezman	01-01-11 to 12-31-12
Superintendent of Wastewater Utility	Kent A. Holdren	01-01-11 to 12-31-12



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statement of the City of Goshen (City), for the year ended December 31, 2011. The financial statement is the responsibility of the City's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

As discussed in Note 1, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by 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.

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, 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated August 23, 2012, 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.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

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 Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets 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.

The City's response to the Audit Results and Comments identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, Common Council, others within the entity, 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

August 23, 2012



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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Telephone: (317) 232-2513  
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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 GOSHEN, ELKHART COUNTY, INDIANA

We have audited the financial statement of the City of Goshen (City), for the year ended December 31, 2011, and have issued our report thereon dated August 23, 2012. 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 opinion on the financial statement, 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The City's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, Common Council, others within the entity, 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

August 23, 2012

## FINANCIAL STATEMENT

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 GOSHEN  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General Fund	\$ 4,886,368	\$ 13,675,227	\$ 15,951,990	\$ 2,609,605
MVH	1,012,731	2,342,918	2,022,631	1,333,018
Local Road And Street	250,989	267,862	285,528	233,323
Aviation	156,783	126,169	98,503	184,449
Economic Development Operating	1,382,820	1,022,747	1,167,878	1,237,689
Parking Lot	15,360	-	-	15,360
Rainy Day	1,435,783	1,719,507	-	3,155,290
Levy Excess	36,414	-	-	36,414
TIF Keystone I	2,160,489	1,150,838	1,223,481	2,087,846
Major Moves Construction	2,043,545	654,356	53,160	2,644,741
Economic Improvement	43,850	60,209	58,047	46,012
Cumulative Capl Imprv Cigarette Tax	-	84,381	84,381	-
Cumulative Capital Development	790,208	633,163	745,444	677,927
Redevelopment Capital	152,042	307	-	152,349
Cumulative Fire	354,164	166,977	94,730	426,411
General Improvement	120,018	12,882	10,031	122,869
Storm Water Management	1,062,496	354,410	400,895	1,016,011
Police Pension	509,763	374,445	337,495	546,713
Fire Pension	337,419	550,562	535,921	352,060
Residential Lease Fees	-	19,515	-	19,515
Probation	49,550	117,666	139,540	27,676
Fed/State Grant	324,617	734,005	589,706	468,916
LECE 2	32,557	29,336	21,570	40,323
TIF Keystone II	342,248	161,982	332,338	171,892
TIF Century Dr	1,053,260	604,203	404,245	1,253,218
TIF North Us 33	1,494,302	814,577	49,593	2,259,286
TIF Riverrace	447,886	1,246,358	604,585	1,089,659
TIF Plym Ave	84,781	57,882	30,686	111,977
Court Fees	94,621	22,680	18,377	98,924
Beautification/Restoration Operatin	3,218	17	-	3,235
Tax Increment Financing Bond & Inte	1	1,081,080	1,082,480	(1,399)
Redevelopment Non-Reverting Operati	211,930	204,565	192,490	224,005
Park And Recreation	1,511,803	1,676,054	2,405,747	782,110
Downtown TIF	38,572	86,056	38,490	86,138
TIF DSR	219,674	-	-	219,674
Riverrace 2008 DSR	319,500	-	-	319,500
South Goshen 2008 DSR	491,000	-	-	491,000
Debt Service - Other	-	334,887	22,922	311,965
Cumulative Sewer	636,826	166,977	119,039	684,764
2010 Gob Proceeds	1,990,000	-	1,989,255	745

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

CITY OF GOSHEN  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2011  
(Continued)

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Hud Neighborhood Stabilization Fund	-	321,280	321,280	-
HUD Home	19,281	-	-	19,281
HUD Rental Rehab	37,864	36	-	37,900
Cemetery Capital Improvement	36,633	6,627	-	43,260
CDBG/HUD	48,573	194,688	191,527	51,734
Riverrace Capital Projects 2008	1,633,034	4,314	299,185	1,338,163
South Goshen 2008 Capital Projects	199	956	-	1,155
Cemetery Permanent Maintenance	44,058	6,627	-	50,685
Donation	260,471	72,259	24,110	308,620
Park Gift Fund	120,469	56,989	62,575	114,883
EUS Fund	1,921,343	25,868	2,320	1,944,891
Oakridge Endowment	24,803	75	-	24,878
Violett Endowment	81,331	247	-	81,578
West Goshen Endowment	19,573	60	-	19,633
Beaut/Rest Trust	10,737	33	-	10,770
Millrace Fund Trust	58,958	179	-	59,137
Health Insurance	38,700	3,091,814	3,264,023	(133,509)
LECE 1	17,898	707	394	18,211
Utility Old Payroll	25,759	-	-	25,759
City Court Cashbook	66,674	781,103	764,750	83,027
Wastewater Utility-Operating	608,958	7,147,524	7,305,500	450,982
Wastewater Util-Bond And Interest	2,699,353	8,495,632	9,086,661	2,108,324
Wastewater Utility-Deprec/Improve	3,264,804	10,716,672	9,255,445	4,726,031
Wastewater Utility-Customer Deposit	219,383	8,216	-	227,599
Wastewater Utility-Construction	346,189	13,589	-	359,778
Sewer Repair Fee	136,394	3,500	74,387	65,507
Sewer 2004 CSO Bonds	875,099	10,260	65,994	819,365
Water General	381,230	3,333,774	3,144,758	570,246
Water Utility-Bond And Interest	579,214	612,840	616,577	575,477
Water Utility-Depreciation/Improve	2,250,548	266,106	362,790	2,153,864
Water Utility-Customer Deposit	203,815	9,296	-	213,111
Water Repair Fee	43,785	62,238	35,213	70,810
Totals	<u>\$ 42,172,718</u>	<u>\$ 65,798,309</u>	<u>\$ 65,988,667</u>	<u>\$ 41,982,360</u>

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

CITY OF GOSHEN  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

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

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

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the 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. Receipts are recorded when received and disbursements are recorded when paid.

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 may include, but are not limited to, the following sources:

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

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

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state,

CITY OF GOSHEN  
NOTES TO FINANCIAL STATEMENT  
(Continued)

local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

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

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

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

Other receipts which include amounts received from various sources which can include, but are 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 may include, but are not limited to, the following uses:

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

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

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

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

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

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

CITY OF GOSHEN  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

*F. Interfund Transfers*

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

*G. Fund Accounting*

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

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The 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 March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

**Note 4. Deposits and Investments**

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

CITY OF GOSHEN  
NOTES TO FINANCIAL STATEMENT  
(Continued)

State statutes authorize the City to invest in securities including, but not limited to, 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. These risks may also be mitigated by the City by recording as a disbursement any replacement items purchased.

**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 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 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  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

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

CITY OF GOSHEN  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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 Public Employees' Retirement Fund 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 Public Employees' Retirement Fund 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 GOSHEN  
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  
1 North Capital Street, 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.

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## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the City which is 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 supplementary information presented was approved by management of the City. It is presented as intended by the City.

CITY OF GOSHEN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011

	General Fund	MVH	Local Road And Street	Aviation	Economic Development Operating	Parking Lot	Rainy Day
Cash and investments - beginning	\$ 4,886,368	\$ 1,012,731	\$ 250,989	\$ 156,783	\$ 1,382,820	\$ 15,360	\$ 1,435,783
Receipts:							
Taxes	7,735,919	1,369,003	267,862	-	929,069	-	-
Licenses and permits	206,804	-	-	-	-	-	-
Intergovernmental	3,948,939	850,280	-	-	-	-	-
Charges for services	1,000,209	13,521	-	126,098	-	-	-
Fines and forfeits	145,637	94,895	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	637,719	15,219	-	71	93,678	-	1,719,507
Total receipts	<u>13,675,227</u>	<u>2,342,918</u>	<u>267,862</u>	<u>126,169</u>	<u>1,022,747</u>	<u>-</u>	<u>1,719,507</u>
Disbursements:							
Personal services	11,587,099	1,084,763	-	-	-	-	-
Supplies	707,173	462,858	-	2,668	-	-	-
Other services and charges	2,133,134	400,013	143,145	95,835	508,116	-	-
Debt service - principal and interest	13,213	-	-	-	-	-	-
Capital outlay	19,971	53,917	142,383	-	659,762	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	1,491,400	21,080	-	-	-	-	-
Total disbursements	<u>15,951,990</u>	<u>2,022,631</u>	<u>285,528</u>	<u>98,503</u>	<u>1,167,878</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(2,276,763)</u>	<u>320,287</u>	<u>(17,666)</u>	<u>27,666</u>	<u>(145,131)</u>	<u>-</u>	<u>1,719,507</u>
Cash and investments - ending	<u>\$ 2,609,605</u>	<u>\$ 1,333,018</u>	<u>\$ 233,323</u>	<u>\$ 184,449</u>	<u>\$ 1,237,689</u>	<u>\$ 15,360</u>	<u>\$ 3,155,290</u>

CITY OF GOSHEN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Levy Excess	TIF Keystone I	Major Moves Construction	Economic Improvement	Cumulative Capl Imprv Cigarette Tax	Cumulative Capital Development
Cash and investments - beginning	\$ 36,414	\$ 2,160,489	\$ 2,043,545	\$ 43,850	\$ -	\$ 790,208
Receipts:						
Taxes	-	1,145,378	-	49,584	-	442,528
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	84,381	23,890
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	5,460	654,356	10,625	-	166,745
Total receipts	-	1,150,838	654,356	60,209	84,381	633,163
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	46,118
Other services and charges	-	710,543	-	19,171	-	391,989
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	139,593	53,160	38,876	-	307,337
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	373,345	-	-	84,381	-
Total disbursements	-	1,223,481	53,160	58,047	84,381	745,444
Excess (deficiency) of receipts over disbursements	-	(72,643)	601,196	2,162	-	(112,281)
Cash and investments - ending	\$ 36,414	\$ 2,087,846	\$ 2,644,741	\$ 46,012	\$ -	\$ 677,927

CITY OF GOSHEN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Redevelopment Capital	Cumulative Fire	General Improvement	Storm Water Management	Police Pension	Fire Pension
Cash and investments - beginning	\$ 152,042	\$ 354,164	\$ 120,018	\$ 1,062,496	\$ 509,763	\$ 337,419
Receipts:						
Taxes	-	158,425	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	8,552	-	-	370,886	550,562
Charges for services	-	-	-	351,910	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	307	-	12,882	2,500	3,559	-
Total receipts	307	166,977	12,882	354,410	374,445	550,562
Disbursements:						
Personal services	-	-	-	70,068	307,674	488,276
Supplies	-	-	-	11,039	-	50
Other services and charges	-	-	-	32,391	594	517
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	94,730	10,031	286,459	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	938	29,227	47,078
Total disbursements	-	94,730	10,031	400,895	337,495	535,921
Excess (deficiency) of receipts over disbursements	307	72,247	2,851	(46,485)	36,950	14,641
Cash and investments - ending	\$ 152,349	\$ 426,411	\$ 122,869	\$ 1,016,011	\$ 546,713	\$ 352,060

CITY OF GOSHEN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Residential Lease Fees	Probation	Fed/State Grant	LECE 2	TIF Keystone II	TIF Century Dr
Cash and investments - beginning	\$ -	\$ 49,550	\$ 324,617	\$ 32,557	\$ 342,248	\$ 1,053,260
Receipts:						
Taxes	-	-	-	-	161,285	582,697
Licenses and permits	19,515	-	-	-	-	-
Intergovernmental	-	-	734,005	-	-	-
Charges for services	-	-	-	19,372	-	-
Fines and forfeits	-	117,666	-	9,964	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	697	21,506
<b>Total receipts</b>	<b>19,515</b>	<b>117,666</b>	<b>734,005</b>	<b>29,336</b>	<b>161,982</b>	<b>604,203</b>
Disbursements:						
Personal services	-	135,857	-	-	-	-
Supplies	-	-	-	14,000	-	-
Other services and charges	-	-	-	7,570	183,000	180,238
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	589,706	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	3,683	-	-	149,338	224,007
<b>Total disbursements</b>	<b>-</b>	<b>139,540</b>	<b>589,706</b>	<b>21,570</b>	<b>332,338</b>	<b>404,245</b>
Excess (deficiency) of receipts over disbursements	19,515	(21,874)	144,299	7,766	(170,356)	199,958
Cash and investments - ending	<u>\$ 19,515</u>	<u>\$ 27,676</u>	<u>\$ 468,916</u>	<u>\$ 40,323</u>	<u>\$ 171,892</u>	<u>\$ 1,253,218</u>

CITY OF GOSHEN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	TIF North Us 33	TIF Riverrace	TIF Plym Ave	Court Fees	Beautification/Restoration Operatin	Tax Increment Financing Bond & Inte
Cash and investments - beginning	\$ 1,494,302	\$ 447,886	\$ 84,781	\$ 94,621	\$ 3,218	\$ 1
Receipts:						
Taxes	809,259	1,245,553	57,882	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	22,680	-	-
Utility fees	-	-	-	-	-	-
Other receipts	5,318	805	-	-	17	1,081,080
Total receipts	<u>814,577</u>	<u>1,246,358</u>	<u>57,882</u>	<u>22,680</u>	<u>17</u>	<u>1,081,080</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	7,361	-	-
Other services and charges	49,593	270,195	30,686	11,016	-	1,400
Debt service - principal and interest	-	-	-	-	-	1,081,080
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	334,390	-	-	-	-
Total disbursements	<u>49,593</u>	<u>604,585</u>	<u>30,686</u>	<u>18,377</u>	<u>-</u>	<u>1,082,480</u>
Excess (deficiency) of receipts over disbursements	<u>764,984</u>	<u>641,773</u>	<u>27,196</u>	<u>4,303</u>	<u>17</u>	<u>(1,400)</u>
Cash and investments - ending	<u>\$ 2,259,286</u>	<u>\$ 1,089,659</u>	<u>\$ 111,977</u>	<u>\$ 98,924</u>	<u>\$ 3,235</u>	<u>\$ (1,399)</u>

CITY OF GOSHEN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Redevelopment Non-Reverting Operati	Park And Recreation	Downtown TIF	TIF DSR	Riverrace 2008 DSR	South Goshen 2008 DSR
Cash and investments - beginning	\$ 211,930	\$ 1,511,803	\$ 38,572	\$ 219,674	\$ 319,500	\$ 491,000
Receipts:						
Taxes	-	1,329,449	86,056	-	-	-
Licenses and permits	-	191	-	-	-	-
Intergovernmental	-	75,788	-	-	-	-
Charges for services	168,060	239,926	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	36,505	30,700	-	-	-	-
Total receipts	204,565	1,676,054	86,056	-	-	-
Disbursements:						
Personal services	137,337	797,088	-	-	-	-
Supplies	439	178,151	-	-	-	-
Other services and charges	51,323	392,225	2,112	-	-	-
Debt service - principal and interest	-	-	36,378	-	-	-
Capital outlay	-	187,471	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	3,391	850,812	-	-	-	-
Total disbursements	192,490	2,405,747	38,490	-	-	-
Excess (deficiency) of receipts over disbursements	12,075	(729,693)	47,566	-	-	-
Cash and investments - ending	\$ 224,005	\$ 782,110	\$ 86,138	\$ 219,674	\$ 319,500	\$ 491,000

CITY OF GOSHEN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Debt Service - Other	Cumulative Sewer	2010 Gov Proceeds	Hud Neighborhood Stabilization Fund	HUD Home	HUD Rental Rehab
Cash and investments - beginning	\$ -	\$ 636,826	\$ 1,990,000	\$ -	\$ 19,281	\$ 37,864
Receipts:						
Taxes	317,735	158,425	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	17,152	8,552	-	321,280	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	-	36
<b>Total receipts</b>	<b>334,887</b>	<b>166,977</b>	<b>-</b>	<b>321,280</b>	<b>-</b>	<b>36</b>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	450	119,039	199,351	321,280	-	-
Debt service - principal and interest	22,472	-	-	-	-	-
Capital outlay	-	-	1,789,904	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
<b>Total disbursements</b>	<b>22,922</b>	<b>119,039</b>	<b>1,989,255</b>	<b>321,280</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	311,965	47,938	(1,989,255)	-	-	36
Cash and investments - ending	<u>\$ 311,965</u>	<u>\$ 684,764</u>	<u>\$ 745</u>	<u>\$ -</u>	<u>\$ 19,281</u>	<u>\$ 37,900</u>

CITY OF GOSHEN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Cemetery Capital Improvement	CDBG/HUD	Riverrace Capital Projects 2008	South Goshen 2008 Capital Projects	Cemetery Permanent Maintenance	Donation
Cash and investments - beginning	\$ 36,633	\$ 48,573	\$ 1,633,034	\$ 199	\$ 44,058	\$ 260,471
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	186,527	-	-	-	-
Charges for services	6,627	-	-	-	6,627	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	8,161	4,314	956	-	72,259
<b>Total receipts</b>	<b>6,627</b>	<b>194,688</b>	<b>4,314</b>	<b>956</b>	<b>6,627</b>	<b>72,259</b>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	191,527	244,185	-	-	24,110
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	55,000	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>191,527</b>	<b>299,185</b>	<b>-</b>	<b>-</b>	<b>24,110</b>
Excess (deficiency) of receipts over disbursements	6,627	3,161	(294,871)	956	6,627	48,149
Cash and investments - ending	<u>\$ 43,260</u>	<u>\$ 51,734</u>	<u>\$ 1,338,163</u>	<u>\$ 1,155</u>	<u>\$ 50,685</u>	<u>\$ 308,620</u>

CITY OF GOSHEN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Park Gift Fund	EUS Fund	Oakridge Endowment	Violet Endowment	West Goshen Endowment	Beaut/Rest Trust
Cash and investments - beginning	\$ 120,469	\$ 1,921,343	\$ 24,803	\$ 81,331	\$ 19,573	\$ 10,737
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	15,767	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	<u>41,222</u>	<u>25,868</u>	<u>75</u>	<u>247</u>	<u>60</u>	<u>33</u>
Total receipts	<u>56,989</u>	<u>25,868</u>	<u>75</u>	<u>247</u>	<u>60</u>	<u>33</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	62,575	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	<u>-</u>	<u>2,320</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>62,575</u>	<u>2,320</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(5,586)</u>	<u>23,548</u>	<u>75</u>	<u>247</u>	<u>60</u>	<u>33</u>
Cash and investments - ending	<u>\$ 114,883</u>	<u>\$ 1,944,891</u>	<u>\$ 24,878</u>	<u>\$ 81,578</u>	<u>\$ 19,633</u>	<u>\$ 10,770</u>

CITY OF GOSHEN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Millrace Fund Trust	Health Insurance	LECE 1	Utility Old Payroll	City Court Cashbook	Wastewater Utility-Operating
Cash and investments - beginning	\$ 58,958	\$ 38,700	\$ 17,898	\$ 25,759	\$ 66,674	\$ 608,958
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	781,103	-
Utility fees	-	-	-	-	-	7,038,749
Other receipts	179	3,091,814	707	-	-	108,775
Total receipts	179	3,091,814	707	-	781,103	7,147,524
Disbursements:						
Personal services	-	3,264,023	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	394	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	2,823,063
Other disbursements	-	-	-	-	764,750	4,482,437
Total disbursements	-	3,264,023	394	-	764,750	7,305,500
Excess (deficiency) of receipts over disbursements	179	(172,209)	313	-	16,353	(157,976)
Cash and investments - ending	\$ 59,137	\$ (133,509)	\$ 18,211	\$ 25,759	\$ 83,027	\$ 450,982

CITY OF GOSHEN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Wastewater Util-Bond And Interest	Wastewater Utility-Deprec/Improve	Wastewater Utility-Customer Deposit	Wastewater Utility-Construction	Sewer Repair Fee	Sewer 2004 CSO Bonds
Cash and investments - beginning	\$ 2,699,353	\$ 3,264,804	\$ 219,383	\$ 346,189	\$ 136,394	\$ 875,099
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	3,500	-
Other receipts	<u>8,495,632</u>	<u>10,716,672</u>	<u>8,216</u>	<u>13,589</u>	<u>-</u>	<u>10,260</u>
Total receipts	<u>8,495,632</u>	<u>10,716,672</u>	<u>8,216</u>	<u>13,589</u>	<u>3,500</u>	<u>10,260</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	1,725,519	-	-	-	-	-
Capital outlay	-	8,721,447	-	-	-	57,424
Utility operating expenses	-	-	-	-	74,387	-
Other disbursements	<u>7,361,142</u>	<u>533,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,570</u>
Total disbursements	<u>9,086,661</u>	<u>9,255,445</u>	<u>-</u>	<u>-</u>	<u>74,387</u>	<u>65,994</u>
Excess (deficiency) of receipts over disbursements	<u>(591,029)</u>	<u>1,461,227</u>	<u>8,216</u>	<u>13,589</u>	<u>(70,887)</u>	<u>(55,734)</u>
Cash and investments - ending	<u>\$ 2,108,324</u>	<u>\$ 4,726,031</u>	<u>\$ 227,599</u>	<u>\$ 359,778</u>	<u>\$ 65,507</u>	<u>\$ 819,365</u>

CITY OF GOSHEN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Water General	Water Utility-Bond And Interest	Water Utility-Depreciation/Improve	Water Utility-Customer Deposit	Water Repair Fee	Totals
Cash and investments - beginning	\$ 381,230	\$ 579,214	\$ 2,250,548	\$ 203,815	\$ 43,785	\$ 42,172,718
Receipts:						
Taxes	-	-	-	-	-	16,846,109
Licenses and permits	-	-	-	-	-	226,510
Intergovernmental	-	-	-	-	-	7,180,794
Charges for services	-	-	-	-	-	1,948,117
Fines and forfeits	-	-	-	-	-	1,171,945
Utility fees	3,196,057	-	-	-	59,076	10,297,382
Other receipts	<u>137,717</u>	<u>612,840</u>	<u>266,106</u>	<u>9,296</u>	<u>3,162</u>	<u>28,127,452</u>
Total receipts	<u>3,333,774</u>	<u>612,840</u>	<u>266,106</u>	<u>9,296</u>	<u>62,238</u>	<u>65,798,309</u>
Disbursements:						
Personal services	-	-	-	-	-	17,872,185
Supplies	-	-	-	-	-	1,429,857
Other services and charges	-	-	-	-	-	6,777,717
Debt service - principal and interest	-	526,748	-	-	-	3,405,410
Capital outlay	-	-	283,761	-	-	13,490,932
Utility operating expenses	1,992,825	-	-	-	32,051	4,922,326
Other disbursements	<u>1,151,933</u>	<u>89,829</u>	<u>79,029</u>	<u>-</u>	<u>3,162</u>	<u>18,090,240</u>
Total disbursements	<u>3,144,758</u>	<u>616,577</u>	<u>362,790</u>	<u>-</u>	<u>35,213</u>	<u>65,988,667</u>
Excess (deficiency) of receipts over disbursements	<u>189,016</u>	<u>(3,737)</u>	<u>(96,684)</u>	<u>9,296</u>	<u>27,025</u>	<u>(190,358)</u>
Cash and investments - ending	<u>\$ 570,246</u>	<u>\$ 575,477</u>	<u>\$ 2,153,864</u>	<u>\$ 213,111</u>	<u>\$ 70,810</u>	<u>\$ 41,982,360</u>

CITY OF GOSHEN  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2011

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ 1,723,006	\$ 9,674
Wastewater	1,944,534	720,112
Water	<u>622,113</u>	<u>381,725</u>
Totals	<u>\$ 4,289,653</u>	<u>\$ 1,111,511</u>

CITY OF GOSHEN  
SCHEDULE OF LEASES AND DEBT  
December 31, 2011

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Capital lease payable	Dump Trucks/Radio System	\$ 365,591	\$ 77,920
General obligation bonds	2010 Bonds	2,000,000	414,830
General obligation bonds	2005 Series A Redevelopment District Bonds	2,620,000	111,350
General obligation bonds	2006 Series B Redevelopment District Bonds	2,240,000	369,600
Revenue bonds	2008 TIF South Goshen Capital Project	4,830,000	310,140
Revenue bonds	2008 TIF Riverrace Project	2,995,000	332,259
Revenue bonds	2011 Series A Economic Development Income Tax	126,841	*
Notes and loans payable	Brownfield Remediation Bonds, Nonforgivable, Series 2008A	80,000	12,938
Notes and loans payable	Brownfield Remediation Bonds, Forgivable, Series 2008B	24,050	4,000
Total governmental activities		<u>15,281,482</u>	<u>1,633,037</u>
Wastewater:			
Capital lease	Automatic Meter Reader System	588,524	133,370
Revenue bonds	2004 Revenue Bonds	3,335,000	622,750
Revenue bonds	2010 Revenue Bonds, Series B	500,000	*
Revenue bonds	2010 Revenue Bonds, Series C	925,000	75,000
Revenue bonds	2010 Refunding Revenue Bonds, Series A	4,225,000	812,975
Revenue bonds	2010 Refunding Revenue Bonds, Series B	400,000	76,563
Notes and loans payable	2009 Revenue Bonds, Series A (SRF Bonds)	26,675,984	*
Total Wastewater		<u>36,649,508</u>	<u>1,720,658</u>
Water:			
Capital lease	Automatic Meter Reader System	588,524	133,370
Revenue bonds	2003 Revenue Bonds	295,000	58,263
Revenue bonds	2005 Refunding Revenue Bonds	3,380,000	436,900
Revenue bonds	2009 Revenue Bonds	1,147,000	47,098
Notes and loans payable	Revenue Bonds of 2009, Series A	1,037,208	*
Total Water		<u>6,447,732</u>	<u>675,631</u>
Totals		<u>\$ 58,378,722</u>	<u>\$ 4,029,326</u>

\*Repayment schedules have not been completed.

CITY OF GOSHEN  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2011

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

	Ending Balance
Governmental activities:	
Land	\$ 55,000
Infrastructure	10,031
Buildings	1,131,495
Improvements other than buildings	154,712
Machinery, equipment and vehicles	817,479
Construction in progress	1,631,000
Books and other	9,251
Total governmental activities	3,808,968
Wastewater:	
Improvements other than buildings	283,761
Water:	
Improvements other than buildings	8,778,871
Total capital assets	\$ 12,871,600 *

\*Assets listed have been acquired in 2011 only.

CITY OF GOSHEN  
AUDIT RESULTS AND COMMENTS

**CONDITION OF RECORDS - CITY COURT**

The City Court does not maintain a detailed Cash Book, which is prescribed Form 213CT (City/Town Court Cash Book).

As of December 31, 2011, the reconciled bank balance exceeds the amount of the Monthly Balance Record, prescribed Form 219CT (City/Town Court Daily/Monthly Balance Record), by \$12,593.38. The First Deputy in the City Court office indicated that the excess amount is mostly prior years' trust and restitution that were not recorded in the Bond and Trust Book and, therefore, they were not paid out and/or identifiable. After other adjustments, the long in the bank of \$12,593.38 was consistent throughout 2011. On April 4, 2012, the Court wrote a check for this amount to the City of Goshen. This money was placed in a separate trust bank account and will be held for a period of 10 years. If no claims have been made against it, the funds will revert to the City's General Fund.

The Court provided a list of restitutions and a list of bonds that were received in 2011 and for several years prior to 2011 and either paid out or still on hand as of June 4, 2012. The Court did not show the balance of restitution on hand or the balance of cash bonds on hand as of December 31, 2011, nor did it provide a list of restitutions prior to October 2008 that had not been paid out or a list of bonds prior to January 2009 that had not been paid out. The Monthly Balance Record does show balances for restitutions and bonds, but they do not agree with the amounts extrapolated from the lists of restitutions and bonds. The Monthly Balance Record indicates restitution on hand as of December 31, 2011, is \$1,437.68. The amount extrapolated from the list of restitutions is \$1,113.41, a difference of \$324.57. The Monthly Balance Record indicates cash bonds on hand as of December 31, 2011, are \$24,601.84. The amount extrapolated from the list of cash bonds is \$19,120.70, a difference of \$5,481.14.

A similar comment appeared in prior Report B38753.

Prescribed Form No. 213CT, City/Town Court Cash Book, is to be used to record receipts and checks issued. The receipts and disbursements should be recorded and totaled daily. For those courts using the City/Town Court Daily/Monthly Balance Record (Form No. 219CT) on a daily basis, the totals of all receipts and checks would also be recorded in the appropriate columns of that form. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 1)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 4)

Each city and town court is required to use official records and forms that are designated by the legislature or prescribed or approved by the State Board of Accounts or the State Court Administration office of the Supreme Court. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 1)

**ANNUAL REPORT ERRORS**

The City of Goshen did not submit an accurate Annual Report as prescribed by the State Board of Accounts.

The total federal expenditures reported on the City prepared schedule were \$1,112,732. Audited federal expenditures for 2011 totaled \$4,585,294. The amount under reported on the City prepared schedule is \$3,472,562.

CITY OF GOSHEN  
AUDIT RESULTS AND COMMENTS  
(Continued)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***CAPITAL ASSET SCHEDULE***

The Capital Asset Schedule as of December 31, 2011, prepared by the City of Goshen through the Annual Report, is not complete. The schedule reflects only the assets acquired during 2011.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***OVERDRAWN FUND BALANCES***

The Tax Increment Financing Bond & Interest Fund was overdrawn by \$1,399 and the Health Insurance Fund was overdrawn by \$133,509 in 2011.

The fund 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)

***BANK ACCOUNT RECONCILIATIONS***

Depository reconciliations of the fund balances to the bank account balances were incorrect. The adjusted bank balance per the reconciliations is \$42,170,657.98. The balance according to the cash activity report is \$41,982,366.91. The adjusted bank balance is \$188,291.07 more than the cash activity report.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 each of its major federal programs for the year ended December 31, 2011. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs 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 each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

A deficiency in 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 and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The City's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, Common Council, others within the entity, 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

August 23, 2012

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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 GOSHEN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2011

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	08-DG-11420004-208	\$ 3,800
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct Grant			
CDBG - Entitlement Grants Cluster			
Community Development Block Grants/Entitlement Grants	14.218	B-10-MC-18-0019 B-11-MC-18-0019	138,264 <u>53,263</u>
Total for cluster			<u>191,527</u>
Pass-Through Indiana Housing and Community Development Authority			
CDBG - State Administered CDBG Cluster			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	NSP1-009-024	<u>321,280</u>
Total for federal grantor agency			<u>512,807</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
Public Safety Partnership and Community Policing Grants	16.710	2010-CK-WX-0749	<u>9,251</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Criminal Justice Institute			
Highway Safety Cluster			
State and Community Highway Safety	20.600	OP-11-02-01-40	<u>7,000</u>
Pass-Through Elkhart County			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	K8-2011-03-03-08	<u>10,220</u>
Total for cluster			<u>17,220</u>
Direct Grant			
Airport Improvement Program	20.106	3-18-0029-12	<u>222,999</u>
Total for federal grantor agency			<u>240,219</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Direct Grant			
Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements	66.814	TR-83491401-0	<u>130,972</u>
Direct Grant			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-00E00354-0 BF-00E00355-0 BF-00E00356-0 BF-00E62201-1	20,764 1,350 197,964 <u>23,056</u>
Total			<u>243,134</u>
Pass-Through Indiana Finance Authority			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BL-00E48101-2 WW09072002-02	213,956 25,407
ARRA - Brownfields Assessment and Cleanup Cooperative Agreements	66.818	2B-00E96801-1	<u>126,841</u>
Total			<u>366,204</u>
Total for program			<u>609,338</u>
Capitalization Grants for Clean Water State Revolving Funds	66.458	2W-00E73001-0	<u>3,031,079</u>
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW 09032001	<u>43,980</u>
Total for federal grantor agency			<u>3,815,369</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security			
Assistance to Firefighters Grant	97.044	EMW-2008-FO-04483	<u>3,848</u>
Total federal awards expended			<u>\$ 4,585,294</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

**Note 1. 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 statement. 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.

**Note 2. Subrecipients**

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows for the year ended December 31, 2011:

Program Title	Federal CFDA Number	2011
Community Development Block Grants/Entitlement Grants	14.218	\$ 39,719
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	301,016

CITY OF GOSHEN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I – Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to the financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	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	Capitalization Grants for Clean Water State Revolving Funds
66.818	Brownfields Assessment and Cleanup Cooperative Agreements

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 August 23, 2012, with Tina M. Bontrager, Clerk-Treasurer; Allan J. Kauffman, Mayor; and Thomas W. Stump, President of the Common Council. The Official Response has been made a part of this report and may be found on pages 45 and 46.



**Tina M. Bontrager, City Clerk-Treasurer**  
**CITY OF GOSHEN**

202 South Fifth Street, Suite 2 • Goshen, IN 46528-3714

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September 10, 2012  
State Board of Accounts  
302 West Washington Street Room E418  
Indianapolis, IN 46204

Reference: Official Response to the 2011 State Board of Accounts Engagement with the City of Goshen

The City of Goshen ("the City") recognizes the efforts performed by the Indiana State Board of Accounts ("the State") conducting the 2011 financial statement examination engagement and we submit responses to your engagement findings. Our responses will detail our understanding of the issues raised by the State and outline our expected course of action to resolve these issues.

For purposes of this letter, we are referring to the financial statement examination engagement for the fiscal year ending 2011.

We must emphasize that while each issue is relevant and will be addressed; the issues have not prevented the State from issuing an unqualified opinion on the 2011 financial statements of the City.

**CONDITION OF RECORDS –CITY COURT:** The City Court met with the SBOA field examiner and have put processes in place to correct the differences by having a consistent balance throughout 2012 and write a check to the City of Goshen to be placed in a separate trust bank account and held for a period of 10 years.

**ANNUAL REPORT ERRORS:** The City understands that the Capitalization Grants for water and wastewater should be recorded as grant revenues. The City's initial understanding was that the dollars associated with this issue were forgivable Bond Anticipation Notes. As such, the utilities did not include the amounts in the Grant portion of the City's annual report. Future reporting will correctly reflect these activities.

**CAPITAL ASSET SCHEDULE:** This year the City had an issue with the vendor we have used for the schedule for several years as the City's legal department found he was not registered with the State of Indiana. The vendor has since registered and we plan to catch this up and be ready for next year.

**OVERDRAWN FUND BALANCES:** The City acknowledges this finding. If an instance arises where a fund is estimated to end the year with a negative balance, the City will issue a temporary loan to that fund and establish that the loan will be repaid no later than June of the ensuing year. In addition, the City will evaluate the overall funding and spending requirements



**Tina M. Bontrager, City Clerk-Treasurer**  
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of these funds to determine if a change is necessary to permanently increase revenues or decrease spending.

**BANK ACCOUNT RECONCILIATIONS:** The City reconciles every bank statement each month to ensure that the computerized records, subsidiary ledgers, control ledgers and reconciled bank balances agree. It appears that the information relied upon by the State, the Cash Activity Report, is not a part of the control documents used by the City. The Cash Activity Report is a management report for internal use. The correct control report(s) would be the Pooled Cash Reports, the Bank Reconciliation Reports and the bank statements. In future audits, we would like to request that the State meet with the Clerk-Treasurer's office and the City's financial advisors to review the reconciliation work papers so that the State can confirm reconciled balances. We realize this work was performed near the end of the audit and that may be a factor in this situation.

Respectfully Yours,

CITY OF GOSHEN

  
Tina M. Bontrager  
Clerk-Treasurer