

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, 2012 to December 31, 2012



FILED
09/30/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Tina M. Bontrager	01-01-12 to 12-31-15
Mayor	Allan J. Kauffman	01-01-12 to 12-31-15
President of the Board of Public Works and Safety	Allan J. Kauffman	01-01-12 to 12-31-15
President of the Common Council	Thomas W. Stump Jim McKee	01-01-12 to 12-31-12 01-01-13 to 12-31-13
Superintendent of Water Utility	Kent A. Holdren	01-01-12 to 12-31-13
Superintendent of Wastewater Utility	James D. Kerezman	01-01-12 to 12-31-13



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the City of Goshen (City), which comprises the financial position and results of operations for the year ended December 31, 2012, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2012.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2012, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated September 23, 2013, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Accompanying Information

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

Other Information

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.



Bruce Hartman
State Examiner

September 23, 2013



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the City of Goshen (City), which comprises the financial position and results of operations for the year ended December 31, 2012, and the related notes to the financial statement, and have issued our report thereon dated September 23, 2013, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1 to be a material weakness.

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

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

was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1.

City of Goshen's Response to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Bruce Hartman
State Examiner

September 23, 2013

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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, 2012

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
General Fund	\$ 2,609,606	\$ 15,329,748	\$ 15,199,422	\$ 2,739,932
MVH	1,333,019	2,492,837	1,925,694	1,900,162
Local Road And Street	233,324	300,870	241,523	292,671
Aviation	184,449	164,393	121,090	227,752
Health Insurance Fund	(133,509)	3,434,306	3,326,659	(25,862)
Parking Lot	15,360	-	-	15,360
LECE Fund 1	18,211	406	396	18,221
Parks And Recreation	782,111	2,008,003	1,632,230	1,157,884
Rainy Day	3,155,290	-	-	3,155,290
EDIT Tax Fund	1,237,688	1,189,770	720,131	1,707,327
Levy Excess	36,414	94,582	36,414	94,582
Major Moves Construction	2,644,741	674,980	6,394	3,313,327
Cumulative Capl Imprv Cigarette Tax	-	84,127	84,127	-
Cumulative Capital Development	677,927	501,493	579,205	600,215
Redevelopment Capital	152,349	84	152,424	9
CCI Fire Station	426,412	163,196	160,915	428,693
CCI Storm Sewer Fund	684,765	163,826	14,400	834,191
Downtown TIF District	86,138	-	86,138	-
Police Pension	546,714	360,424	513,156	393,982
Fire Pension	352,060	585,703	605,029	332,734
Court Fees	98,925	19,903	29,942	88,886
City Court Cashbook	83,027	875,712	874,510	84,229
City Court Trust	-	12,597	-	12,597
Probation Fund	27,676	107,298	74,818	60,156
Donation Fund	308,619	89,954	93,214	305,359
Econ Improvement District	46,011	52,245	46,308	51,948
Federal State Grants	468,916	1,039,378	932,133	576,161
Park Gift Fund	114,883	58,086	163,023	9,946
Beautification/ Restoration	3,235	15	-	3,250
Residential Lease Fees	19,515	81,056	57,948	42,623
LECE 2 Fund	40,323	33,731	26,874	47,180
Debt Service	311,965	345,539	414,830	242,674
TIF Debt Service Reserve	219,674	-	-	219,674
TIF Bond P&I Payment Fund	(1,399)	1,770,899	1,124,649	644,851
08 Riverrace- DSR	319,500	-	-	319,500
08 South Goshen- DSR	491,000	-	-	491,000
Redevelopment Non-Reverting Operating	224,005	434,227	373,987	284,245
Storm Water Management	1,016,011	374,964	392,609	998,366
Cemetery Capital Improv	43,261	6,386	12,933	36,714

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, 2012
(Continued)

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
General Improvement Fund	122,869	17,123	16,243	123,749
TIF Keystone I	2,087,846	1,945,231	1,025,878	3,007,199
TIF Keystone II	171,892	36,740	208,632	-
TIF Century Drive	1,253,219	236,443	1,489,661	1
TIF North US 33	2,259,287	1,478	2,260,765	-
CDBG/HUD Fund	51,734	308,022	300,465	59,291
HUD Home	19,281	-	-	19,281
Cons RR/US 33 TIF	1,089,660	3,620,144	1,085,317	3,624,487
HUD Rental Rehab Fund	37,899	28	-	37,927
08 Riverrace Capital Proj	1,338,163	995,911	1,766,292	567,782
08 South Goshen Cap Proj	1,155	262	492,326	(490,909)
TIF Plymouth Avenue	111,977	57,311	34,831	134,457
Hud Neighborhood	-	650,999	691,123	(40,124)
2010 GOB Proceeds	745	-	-	745
Electric Utility Sale	1,944,891	24,660	150,000	1,819,551
Old PY Utility	25,759	-	-	25,759
Oakridge Cemetery Endowment	24,878	39	-	24,917
Violett Cemetery Endowment	81,578	129	-	81,707
W. Goshen Cemetery Endowment	19,633	31	-	19,664
Cemetery Permanent Fund	50,686	6,386	-	57,072
Beautification\ Restoration	10,770	17	-	10,787
Millrace Trust Fund	59,137	93	-	59,230
Youth Council	-	51	-	51
Sewer Operating Fund	450,982	7,897,697	7,846,535	502,144
Sewer Bond And Interest	2,108,323	2,990,054	730,125	4,368,252
Sewer Depreciation	4,726,031	3,827,422	4,348,108	4,205,345
Sewer Construction Fund	359,778	66,068	-	425,846
Sewer Customer Deposit	227,598	11,386	-	238,984
Sewer CSO Project (2004)	819,366	1,059	24,175	796,250
Building- Sewer Repair Fee	65,507	44,361	19,905	89,963
Water Operating Fund	570,245	3,975,389	3,993,125	552,509
Water Depreciation	2,153,864	882,781	331,320	2,705,325
Water Bond & Interest	575,476	562,602	102,376	1,035,702
Water Customer Deposit	213,111	10,732	-	223,843
Building- Water Repair Fee	70,810	20,887	21,813	69,884
Totals	<u>\$ 41,982,366</u>	<u>\$ 61,042,274</u>	<u>\$ 56,962,140</u>	<u>\$ 46,062,500</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, 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.

CITY OF GOSHEN
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

F. Interfund Transfers

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

CITY OF GOSHEN
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

State statutes authorize the City to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

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

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is 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

CITY OF GOSHEN
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

C. 1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

CITY OF GOSHEN
NOTES TO FINANCIAL STATEMENT
(Continued)

D. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

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

Indiana Public Retirement System
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.

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. The Health Insurance Fund and the 08 South Goshen Cap Proj Fund were overdrawn \$25,862 and \$490,909, respectively, because of shortfalls in revenue. The HUD Neighborhood Fund was overdrawn \$40,124, because this was a grant fund and reimbursements were received at a later date.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City's 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, 2012

	General Fund	MVH	Local Road And Street	Aviation	Health Insurance Fund	Parking Lot	LECE Fund 1
Cash and investments - beginning	\$ 2,609,606	\$ 1,333,019	\$ 233,324	\$ 184,449	\$ (133,509)	\$ 15,360	\$ 18,211
Receipts:							
Taxes	8,230,305	1,547,847	300,870	-	-	-	-
Licenses and permits	204,156	-	-	-	-	-	-
Intergovernmental	4,630,736	888,559	-	-	-	-	-
Charges for services	1,041,569	13,232	-	157,200	-	-	-
Fines and forfeits	186,651	698	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	1,036,331	42,501	-	7,193	3,434,306	-	406
Total receipts	<u>15,329,748</u>	<u>2,492,837</u>	<u>300,870</u>	<u>164,393</u>	<u>3,434,306</u>	<u>-</u>	<u>406</u>
Disbursements:							
Personal services	11,422,511	1,058,388	-	-	3,326,659	-	-
Supplies	753,331	450,738	-	2,251	-	-	-
Other services and charges	2,531,896	376,876	78,641	118,583	-	-	396
Debt service - principal and interest	6,000	-	-	-	-	-	-
Capital outlay	53,692	34,278	162,882	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	431,992	5,414	-	256	-	-	-
Total disbursements	<u>15,199,422</u>	<u>1,925,694</u>	<u>241,523</u>	<u>121,090</u>	<u>3,326,659</u>	<u>-</u>	<u>396</u>
Excess (deficiency) of receipts over disbursements	<u>130,326</u>	<u>567,143</u>	<u>59,347</u>	<u>43,303</u>	<u>107,647</u>	<u>-</u>	<u>10</u>
Cash and investments - ending	<u>\$ 2,739,932</u>	<u>\$ 1,900,162</u>	<u>\$ 292,671</u>	<u>\$ 227,752</u>	<u>\$ (25,862)</u>	<u>\$ 15,360</u>	<u>\$ 18,221</u>

CITY OF GOSHEN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Parks And Recreation	Rainy Day	EDIT Tax Fund	Levy Excess	Major Moves Construction	Cumulative Capl Imprv Cigarette Tax	Cumulative Capital Development
Cash and investments - beginning	\$ 782,111	\$ 3,155,290	\$ 1,237,688	\$ 36,414	\$ 2,644,741	\$ -	\$ 677,927
Receipts:							
Taxes	1,426,007	-	1,130,008	-	-	-	424,538
Licenses and permits	255	-	-	-	-	-	-
Intergovernmental	100,398	-	-	-	-	84,127	28,584
Charges for services	261,033	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	220,310	-	59,762	94,582	674,980	-	48,371
Total receipts	<u>2,008,003</u>	<u>-</u>	<u>1,189,770</u>	<u>94,582</u>	<u>674,980</u>	<u>84,127</u>	<u>501,493</u>
Disbursements:							
Personal services	796,910	-	-	-	-	-	-
Supplies	215,248	-	-	-	-	-	42,732
Other services and charges	388,145	-	521,117	-	-	-	256,715
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	140,224	-	199,014	-	6,394	-	279,758
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	91,703	-	-	36,414	-	84,127	-
Total disbursements	<u>1,632,230</u>	<u>-</u>	<u>720,131</u>	<u>36,414</u>	<u>6,394</u>	<u>84,127</u>	<u>579,205</u>
Excess (deficiency) of receipts over disbursements	<u>375,773</u>	<u>-</u>	<u>469,639</u>	<u>58,168</u>	<u>668,586</u>	<u>-</u>	<u>(77,712)</u>
Cash and investments - ending	<u>\$ 1,157,884</u>	<u>\$ 3,155,290</u>	<u>\$ 1,707,327</u>	<u>\$ 94,582</u>	<u>\$ 3,313,327</u>	<u>\$ -</u>	<u>\$ 600,215</u>

CITY OF GOSHEN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Redevelopment Capital	CCI Fire Station	CCI Storm Sewer Fund	Downtown TIF District	Police Pension	Fire Pension	Court Fees
Cash and investments - beginning	\$ 152,349	\$ 426,412	\$ 684,765	\$ 86,138	\$ 546,714	\$ 352,060	\$ 98,925
Receipts:							
Taxes	-	152,902	152,902	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	10,294	10,294	-	357,851	585,703	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	19,903
Utility fees	-	-	-	-	-	-	-
Other receipts	84	-	630	-	2,573	-	-
Total receipts	<u>84</u>	<u>163,196</u>	<u>163,826</u>	<u>-</u>	<u>360,424</u>	<u>585,703</u>	<u>19,903</u>
Disbursements:							
Personal services	-	-	-	-	485,486	560,269	-
Supplies	-	-	-	-	-	-	6,705
Other services and charges	-	5,671	14,400	35	544	459	23,237
Debt service - principal and interest	-	-	-	13,671	-	-	-
Capital outlay	-	155,244	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	152,424	-	-	72,432	27,126	44,301	-
Total disbursements	<u>152,424</u>	<u>160,915</u>	<u>14,400</u>	<u>86,138</u>	<u>513,156</u>	<u>605,029</u>	<u>29,942</u>
Excess (deficiency) of receipts over disbursements	<u>(152,340)</u>	<u>2,281</u>	<u>149,426</u>	<u>(86,138)</u>	<u>(152,732)</u>	<u>(19,326)</u>	<u>(10,039)</u>
Cash and investments - ending	<u>\$ 9</u>	<u>\$ 428,693</u>	<u>\$ 834,191</u>	<u>\$ -</u>	<u>\$ 393,982</u>	<u>\$ 332,734</u>	<u>\$ 88,886</u>

CITY OF GOSHEN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	City Court Cashbook	City Court Trust	Probation Fund	Donation Fund	Econ Improvement District	Federal State Grants	Park Gift Fund
Cash and investments - beginning	\$ 83,027	\$ -	\$ 27,676	\$ 308,619	\$ 46,011	\$ 468,916	\$ 114,883
Receipts:							
Taxes	-	-	-	-	52,245	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	1,039,378	-
Charges for services	-	-	-	-	-	-	13,418
Fines and forfeits	875,712	-	104,434	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	12,597	2,864	89,954	-	-	44,668
Total receipts	<u>875,712</u>	<u>12,597</u>	<u>107,298</u>	<u>89,954</u>	<u>52,245</u>	<u>1,039,378</u>	<u>58,086</u>
Disbursements:							
Personal services	-	-	73,904	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	91,999	14,917	12,877	163,023
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	1,215	31,391	919,256	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	874,510	-	914	-	-	-	-
Total disbursements	<u>874,510</u>	<u>-</u>	<u>74,818</u>	<u>93,214</u>	<u>46,308</u>	<u>932,133</u>	<u>163,023</u>
Excess (deficiency) of receipts over disbursements	<u>1,202</u>	<u>12,597</u>	<u>32,480</u>	<u>(3,260)</u>	<u>5,937</u>	<u>107,245</u>	<u>(104,937)</u>
Cash and investments - ending	<u>\$ 84,229</u>	<u>\$ 12,597</u>	<u>\$ 60,156</u>	<u>\$ 305,359</u>	<u>\$ 51,948</u>	<u>\$ 576,161</u>	<u>\$ 9,946</u>

CITY OF GOSHEN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Beautification/ Restoration	Residential Lease Fees	LECE 2 Fund	Debt Service	TIF Debt Service Reserve	TIF Bond P&I Payment Fund	08 Riverrace- DSR
Cash and investments - beginning	\$ 3,235	\$ 19,515	\$ 40,323	\$ 311,965	\$ 219,674	\$ (1,399)	\$ 319,500
Receipts:							
Taxes	-	-	-	323,742	-	-	-
Licenses and permits	-	81,056	-	-	-	-	-
Intergovernmental	-	-	-	21,797	-	-	-
Charges for services	-	-	23,450	-	-	-	-
Fines and forfeits	-	-	10,281	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	15	-	-	-	-	1,770,899	-
Total receipts	<u>15</u>	<u>81,056</u>	<u>33,731</u>	<u>345,539</u>	<u>-</u>	<u>1,770,899</u>	<u>-</u>
Disbursements:							
Personal services	-	57,948	-	-	-	-	-
Supplies	-	-	14,973	-	-	-	-
Other services and charges	-	-	11,901	-	-	1,300	-
Debt service - principal and interest	-	-	-	414,830	-	1,123,349	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>57,948</u>	<u>26,874</u>	<u>414,830</u>	<u>-</u>	<u>1,124,649</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>15</u>	<u>23,108</u>	<u>6,857</u>	<u>(69,291)</u>	<u>-</u>	<u>646,250</u>	<u>-</u>
Cash and investments - ending	<u>\$ 3,250</u>	<u>\$ 42,623</u>	<u>\$ 47,180</u>	<u>\$ 242,674</u>	<u>\$ 219,674</u>	<u>\$ 644,851</u>	<u>\$ 319,500</u>

CITY OF GOSHEN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	08 South Goshen- DSR	Redevelopment Non-Reverting Operating	Storm Water Management	Cemetery Capital Improv	General Improvement Fund	TIF Keystone I	TIF Keystone II
Cash and investments - beginning	\$ 491,000	\$ 224,005	\$ 1,016,011	\$ 43,261	\$ 122,869	\$ 2,087,846	\$ 171,892
Receipts:							
Taxes	-	-	-	-	-	1,106,127	36,706
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	150,284	344,964	6,386	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	283,943	30,000	-	17,123	839,104	34
Total receipts	-	434,227	374,964	6,386	17,123	1,945,231	36,740
Disbursements:							
Personal services	-	180,849	69,813	-	-	-	-
Supplies	-	949	3,327	-	-	-	-
Other services and charges	-	192,189	52,400	12,933	-	170,469	39,719
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	244,716	-	16,243	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	22,353	-	-	855,409	168,913
Total disbursements	-	373,987	392,609	12,933	16,243	1,025,878	208,632
Excess (deficiency) of receipts over disbursements	-	60,240	(17,645)	(6,547)	880	919,353	(171,892)
Cash and investments - ending	\$ 491,000	\$ 284,245	\$ 998,366	\$ 36,714	\$ 123,749	\$ 3,007,199	\$ -

CITY OF GOSHEN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	TIF Century Drive	TIF North US 33	CDBG/HUD Fund	HUD Home	Cons RR/US 33 TIF	HUD Rental Rehab Fund	08 Riverrace Capital Proj
Cash and investments - beginning	\$ 1,253,219	\$ 2,259,287	\$ 51,734	\$ 19,281	\$ 1,089,660	\$ 37,899	\$ 1,338,163
Receipts:							
Taxes	235,184	-	-	-	1,284,660	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	295,465	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	1,259	1,478	12,557	-	2,335,484	28	995,911
Total receipts	<u>236,443</u>	<u>1,478</u>	<u>308,022</u>	<u>-</u>	<u>3,620,144</u>	<u>28</u>	<u>995,911</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	366,426	1,000	300,465	-	714,357	-	795,097
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	111,195
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	1,123,235	2,259,765	-	-	370,960	-	860,000
Total disbursements	<u>1,489,661</u>	<u>2,260,765</u>	<u>300,465</u>	<u>-</u>	<u>1,085,317</u>	<u>-</u>	<u>1,766,292</u>
Excess (deficiency) of receipts over disbursements	<u>(1,253,218)</u>	<u>(2,259,287)</u>	<u>7,557</u>	<u>-</u>	<u>2,534,827</u>	<u>28</u>	<u>(770,381)</u>
Cash and investments - ending	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 59,291</u>	<u>\$ 19,281</u>	<u>\$ 3,624,487</u>	<u>\$ 37,927</u>	<u>\$ 567,782</u>

CITY OF GOSHEN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	08 South Goshen Cap Proj	TIF Plymouth Avenue	Hud Neighborhood	2010 GOB Proceeds	Electric Utility Sale	Old PY Utility	Oakridge Cemetery Endowment
Cash and investments - beginning	\$ 1,155	\$ 111,977	\$ -	\$ 745	\$ 1,944,891	\$ 25,759	\$ 24,878
Receipts:							
Taxes	-	57,311	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	650,999	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	262	-	-	-	24,660	-	39
Total receipts	<u>262</u>	<u>57,311</u>	<u>650,999</u>	<u>-</u>	<u>24,660</u>	<u>-</u>	<u>39</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	34,831	691,123	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	150,000	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	492,326	-	-	-	-	-	-
Total disbursements	<u>492,326</u>	<u>34,831</u>	<u>691,123</u>	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(492,064)</u>	<u>22,480</u>	<u>(40,124)</u>	<u>-</u>	<u>(125,340)</u>	<u>-</u>	<u>39</u>
Cash and investments - ending	<u>\$ (490,909)</u>	<u>\$ 134,457</u>	<u>\$ (40,124)</u>	<u>\$ 745</u>	<u>\$ 1,819,551</u>	<u>\$ 25,759</u>	<u>\$ 24,917</u>

CITY OF GOSHEN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Violet Cemetery Endowment	W. Goshen Cemetery Endowment	Cemetery Permanent Fund	Beautification\ Restoration	Millrace Trust Fund	Youth Council	Sewer Operating Fund
Cash and investments - beginning	\$ 81,578	\$ 19,633	\$ 50,686	\$ 10,770	\$ 59,137	\$ -	\$ 450,982
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	6,386	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	7,538,741
Other receipts	129	31	-	17	93	51	358,956
Total receipts	<u>129</u>	<u>31</u>	<u>6,386</u>	<u>17</u>	<u>93</u>	<u>51</u>	<u>7,897,697</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	3,759,899
Other disbursements	-	-	-	-	-	-	4,086,636
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,846,535</u>
Excess (deficiency) of receipts over disbursements	<u>129</u>	<u>31</u>	<u>6,386</u>	<u>17</u>	<u>93</u>	<u>51</u>	<u>51,162</u>
Cash and investments - ending	<u>\$ 81,707</u>	<u>\$ 19,664</u>	<u>\$ 57,072</u>	<u>\$ 10,787</u>	<u>\$ 59,230</u>	<u>\$ 51</u>	<u>\$ 502,144</u>

CITY OF GOSHEN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Sewer Bond And Interest	Sewer Depreciation	Sewer Construction Fund	Sewer Customer Deposit	Sewer CSO Project (2004)	Building- Sewer Repair Fee
Cash and investments - beginning	\$ 2,108,323	\$ 4,726,031	\$ 359,778	\$ 227,598	\$ 819,366	\$ 65,507
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	44,361
Other receipts	<u>2,990,054</u>	<u>3,827,422</u>	<u>66,068</u>	<u>11,386</u>	<u>1,059</u>	<u>-</u>
Total receipts	<u>2,990,054</u>	<u>3,827,422</u>	<u>66,068</u>	<u>11,386</u>	<u>1,059</u>	<u>44,361</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	3,593,740	-	-	17,159	-
Utility operating expenses	-	-	-	-	-	19,905
Other disbursements	<u>730,125</u>	<u>754,368</u>	<u>-</u>	<u>-</u>	<u>7,016</u>	<u>-</u>
Total disbursements	<u>730,125</u>	<u>4,348,108</u>	<u>-</u>	<u>-</u>	<u>24,175</u>	<u>19,905</u>
Excess (deficiency) of receipts over disbursements	<u>2,259,929</u>	<u>(520,686)</u>	<u>66,068</u>	<u>11,386</u>	<u>(23,116)</u>	<u>24,456</u>
Cash and investments - ending	<u>\$ 4,368,252</u>	<u>\$ 4,205,345</u>	<u>\$ 425,846</u>	<u>\$ 238,984</u>	<u>\$ 796,250</u>	<u>\$ 89,963</u>

CITY OF GOSHEN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Water Operating Fund	Water Depreciation	Water Bond & Interest	Water Customer Deposit	Building- Water Repair Fee	Totals
Cash and investments - beginning	\$ 570,245	\$ 2,153,864	\$ 575,476	\$ 213,111	\$ 70,810	\$ 41,982,366
Receipts:						
Taxes	-	-	-	-	-	16,461,354
Licenses and permits	-	-	-	-	-	285,467
Intergovernmental	-	-	-	-	-	8,704,185
Charges for services	-	-	-	-	-	2,017,922
Fines and forfeits	-	-	-	-	-	1,197,679
Utility fees	3,470,792	-	-	-	20,887	11,074,781
Other receipts	<u>504,597</u>	<u>882,781</u>	<u>562,602</u>	<u>10,732</u>	<u>-</u>	<u>21,300,886</u>
Total receipts	<u>3,975,389</u>	<u>882,781</u>	<u>562,602</u>	<u>10,732</u>	<u>20,887</u>	<u>61,042,274</u>
Disbursements:						
Personal services	-	-	-	-	-	18,032,737
Supplies	-	-	-	-	-	1,490,254
Other services and charges	-	-	-	-	-	7,983,741
Debt service - principal and interest	-	-	-	-	-	1,557,850
Capital outlay	-	311,489	-	-	-	6,427,890
Utility operating expenses	2,577,738	13,715	-	-	21,813	6,393,070
Other disbursements	<u>1,415,387</u>	<u>6,116</u>	<u>102,376</u>	<u>-</u>	<u>-</u>	<u>15,076,598</u>
Total disbursements	<u>3,993,125</u>	<u>331,320</u>	<u>102,376</u>	<u>-</u>	<u>21,813</u>	<u>56,962,140</u>
Excess (deficiency) of receipts over disbursements	<u>(17,736)</u>	<u>551,461</u>	<u>460,226</u>	<u>10,732</u>	<u>(926)</u>	<u>4,080,134</u>
Cash and investments - ending	<u>\$ 552,509</u>	<u>\$ 2,705,325</u>	<u>\$ 1,035,702</u>	<u>\$ 223,843</u>	<u>\$ 69,884</u>	<u>\$ 46,062,500</u>

CITY OF GOSHEN
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2012

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental Activities	\$ 1,260,942	\$ 7,716
Wastewater	959,013	670,092
Water	916,585	365,145
Totals	\$ 3,136,540	\$ 1,042,953

CITY OF GOSHEN
SCHEDULE OF LEASES AND DEBT
December 31, 2012

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
public-finance.com	Pierce Aerial Fire Truck	\$ 103,232	09-15-12	09-15-18
public-finance.com	Dump Trucks/Radio System	<u>77,920</u>	01-31-12	01-31-16
Total governmental activities		<u>181,152</u>		
Wastewater:				
public-finance.com	AMR System	<u>33,343</u>	12-01-11	09-01-16
Water:				
public-finance.com	AMR System	<u>33,343</u>	12-01-11	09-01-16
Total of annual lease payments		<u>\$ 247,838</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Construction/Improvements	\$ 1,620,000	\$ 419,625
General obligation bonds	Acquisition of Land for Right of Way	2,620,000	111,350
General obligation bonds	Acquisition of Land for Right of Way	2,240,000	368,400
Revenue bonds	Acquisition of Land/Improvements	4,830,000	373,380
Revenue bonds	Real Estate Acquisition/Remediation	2,905,000	334,720
Notes and loans payable 2011	Environmental Cleanup	126,841	50,000
Notes and loans payable	Environmental Cleanup	<u>75,000</u>	<u>13,800</u>
Total governmental activities		<u>14,416,841</u>	<u>1,671,275</u>
Wastewater:			
Revenue bonds	Sewage Works Revenue Bonds of 2004	3,335,000	614,670
Notes and loans payable	Sewage Works Revenue Bonds of 2009 Series A	28,593,557	1,039,250
Revenue bonds	Sewage Works Revenue Bonds of 2010 Series B	500,000	25,000
Revenue bonds	Sewage Works Revenue Bonds of 2010 Series C	925,000	75,000
Revenue bonds	Sewage Works Refunding Revenue Bonds of 2010 Series A	4,225,000	800,475
Revenue bonds	Sewage Works Refunding Revenue Bonds of 2010 Series B	<u>400,000</u>	<u>75,864</u>
Total Wastewater		<u>37,978,557</u>	<u>2,630,259</u>
Water:			
Revenue bonds	Waterworks Revenue Bonds of 2003	295,000	57,318
Revenue bonds	Waterworks Refunding Revenue Bonds of 2005	3,380,000	430,900
Notes and loans payable	Waterworks Revenue Bonds of 2009	<u>1,040,728</u>	<u>46,915</u>
Total Water		<u>4,715,728</u>	<u>535,133</u>
Totals		<u>\$ 57,111,126</u>	<u>\$ 4,836,667</u>

CITY OF GOSHEN
SCHEDULE OF CAPITAL ASSETS
December 31, 2012

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	\$ 24,681,258
Infrastructure	89,058,915
Buildings	16,443,413
Improvements other than buildings	8,126,891
Machinery, equipment, and vehicles	8,623,145
Books and other	-
Total governmental activities	146,933,622
Wastewater:	
Land	827,841
Buildings	443,683
Improvements other than buildings	25,819,216
Machinery, equipment, and vehicles	17,810,154
Construction in progress	38,180,221
Total Wastewater	83,081,115
Water:	
Land	51,700
Buildings	2,119,865
Improvements other than buildings	19,999,578
Machinery, equipment, and vehicles	1,629,217
Construction in progress	2,072,521
Total Water	25,872,881
Total capital assets	\$ 255,887,618

CITY OF GOSHEN
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER SCHEDULE OF EXPENDITURES OF FINANCIAL AWARDS

The City of Goshen (City) did not have a proper system of internal control in place to prevent or detect and correct errors on the Schedule of Expenditures of Federal Awards (SEFA). The City should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA, we noted the following errors: the City did not include expenditures for one major program (CFDA # 66.458) in the amount of \$728,094 and three other programs totaling \$32,709; the expenditures reported for two other programs were overstated by \$78,146; and the expenditures reported for another program were understated by \$19,483. The result was a net variance of \$702,140. Additionally one program was not properly named. Audit adjustments were proposed, accepted by the City, and made to the SEFA presented in this report. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statements.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OVERDRAWN CASH BALANCES

The financial statements presented in this report included the following funds with overdrawn cash balances at December 31, 2012:

<u>Fund</u>	<u>Amount</u>
Health Insurance Fund	\$ 25,862
08 South Goshen Cap Proj	490,909

The 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)

CITY OF GOSHEN
AUDIT RESULTS AND COMMENTS
(Continued)

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, 2012, the reconciled bank balance exceeds the amount of the Monthly Balance Record, prescribed Form 219CT (City/Town Court Daily/Monthly Balance Record), by \$351.20. The First Deputy of the Court explained that the Court's collections through a third-party collection agency for credit card payments, PayGov, became very erratic, starting in late June and throughout July. The First Deputy went on to explain that PayGov normally made daily deposits, but these became intermittent to nonexistent. PayGov was also making incorrect deposits and making withdrawals to correct them. Finally, PayGov made a large lump sum deposit with no detail or explanation. The First Deputy and PayGov continue to investigate the discrepancy, but cannot determine an accurate amount.

The Court provided a list of restitution amounts and a list of cash bonds that were received and either paid out or still on hand as of August 22, 2013. The Court does not reconcile these lists to any report. Also, the Court did not provide a list of restitution amounts prior to October 2008 that had not been paid out nor a list of cash bonds prior to January 2009 that had not been paid out. The Monthly Balance Record as of December 31, 2012, indicates restitution amounts on hand of \$2,268.81. The amount shown on the list of restitutions on hand is \$2,029.91, \$238.90 less than the record balance. The Monthly Balance Record as of December 31, 2012, indicates cash bonds on hand of \$24,565.39. The amount shown on the list of cash bonds is \$24,684.25, \$118.86 in excess of the record balance.

A similar comment appeared in prior Report B40899.

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)

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)

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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
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Web Site: www.in.gov/sboa

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Goshen's (City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Other Matters

The City's response to our audit is described in the accompanying Official Response. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The City's response to our audit is described in the accompanying Official Response. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Bruce Hartman
State Examiner

September 23, 2013

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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, 2012

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 2010 Great Lakes Basin Restoration Program	10.664		\$ 4,558
<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-11-MC-18-0019 B-12-MC-18-0019	251,042 <u>44,423</u>
Total for cluster			<u>295,465</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>691,123</u>
Total for federal grantor agency			<u>986,588</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction CMAQ/Winona Trail Bike & Pedestrian Underpass TE/Monroe Street Trail from US 33 to East Entrance of Fairgrounds Sign and Post Replacement Project Millrace Powerhouse TE/Maple City Greenway Phase V	20.205	DES 0600457 DES 0902279 DES 1005800 DES 9981510 DES 9980690	165,334 102,642 25,739 1,094 <u>4,398</u>
Total for cluster			<u>299,207</u>
Pass-Through Elkhart County Highway Safety Cluster Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	K8-2011-03-03-08	<u>9,013</u>
Direct Grant Airport Improvement Program Airport Runway Grant	20.106	3-18-0029-09-PP9	<u>119,191</u>
Total for federal grantor agency			<u>427,411</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Direct Grant Brownfields Assessment and Cleanup Cooperative Agreements NIPSCO Cleanup Grant Wait Cleanup Grant Street Cleanup Grant AWP Grant	66.818	BF-00E00354-0 BF-00E00354-0 BF-00E6221-0 TR-83491401-0	175,718 198,650 163,942 <u>43,846</u>
Total for program			<u>582,156</u>
Pass-Through Indiana Finance Authority Capitalization Grants for Clean Water State Revolving Funds	66.458		<u>728,094</u>
Capitalization Grants for Drinking Water State Revolving Funds	66.468		<u>1,337</u>
Total for federal grantor agency			<u>1,311,587</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	DRINP 4058	<u>4,539</u>
Total federal awards expended			<u>\$ 2,734,683</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, 2012:

Program Title	Federal CFDA Number	2012
Community Development Block Grants/Entitlement Grants	14.218	\$ 159,414
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	681,478

CITY OF GOSHEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
66.458	CDBG – State-Administered CDBG Cluster 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?	no
--	----

Section II – Financial Statement Findings

**FINDING 2012-1 - INTERNAL CONTROLS OVER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The City of Goshen (City) did not have a proper system of internal control in place to prevent or detect and correct errors on the Schedule of Expenditures of Federal Awards (SEFA). The City should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

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

During the audit of the SEFA, we noted the following errors: the City did not include expenditures for one program (CFDA # 66.458) in the amount of \$728,094 and three other programs totaling \$32,709; the expenditures reported for two other programs were overstated by \$78,146; and the expenditures reported for another program were understated by \$19,483. The result was a net variance of \$702,140. Additionally, one program was not properly named. Audit adjustments were proposed, accepted by the City, and made to the SEFA presented in this report. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statements.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310 (b) states:

"(b) Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.

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

- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.



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

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

Phone (574) 533-8625 • Fax (574) 533-9740 • TDD (574) 534-3185
clerktreasurer@goshencity.com • www.goshenindiana.org

September 23, 2013

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

RE: Corrective Actions Plan for Finding 2012-1
- Internal Controls Over Financial Transactions and Reporting - SEFA

The City Clerk-Treasurer has reviewed the findings and evaluated options available to identify risks to achieve accurate reporting of the SEFA. I have discussed the finding with the City's Financial Advisor, Dan Hedden of Umbaugh, and we have both put procedures in place to obtain a better understanding of what information is to be reported on the Schedule of Federal Expenditures to ensure accuracy and completeness. The Clerk-Treasurer's procedures will include working closer with the departments of the City that receive and spend grant dollars to ensure proper reporting of the dollar amounts received and expensed.

Respectfully submitted,

A handwritten signature in cursive script that reads "Tina M. Bontrager".

Tina M. Bontrager
Goshen City Clerk-Treasurer

CITY OF GOSHEN
EXIT CONFERENCE

The contents of this report were discussed on September 23, 2013, with Tina M. Bontrager, Clerk-Treasurer; Allan J. Kauffman, Mayor; and Jim McKee, President of the Common Council. The Official Response has been made a part of this report and may be found on pages 49 and 50.



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

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

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clerktreasurer@goshencity.com • www.goshenindiana.org

September 23, 2013

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

RE: Official Response to the 2012 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 2012 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 2012.

We emphasize that each issue is relevant and will be addressed.

OVERDRAWN CASH BALANCES: The City acknowledges this finding. The overdrawn cash balance in the Health Insurance Fund is due to employee contributions not being placed in the fund when the payroll journal entry is processed in the City's financial software. This has been corrected by processing a journal entry to move the current amount being held in the payroll withholding line to the Health Insurance Fund. As another part of the correction we have added a line to the bi-weekly journal entry which will move the employees' contributions to the fund each pay period which should in turn keep the fund in the black.

The overdrawn cash balance in the '08 South Goshen Capital Projects is due to closing the account and moving the funds to the City's fund 324, TIF Bond Principle and Interest fund, in error. The issue was investigated and a journal entry has been processed to correct the placement of funds and the fund is no longer overdrawn.

CONDITION OF RECORDS –CITY COURT: The City Court is working with the City's credit card provider, PayGov, and is attempting to retrieve detailed listings of payments made by credit card to the Court. The Clerk-Treasurer has also corresponded with PayGov and is requiring the City's needs be met in regard to reconciling this account and achieving a balanced record that matches the payments made.



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

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A separate portion of the discrepancy involved with the account is due to bank fees and the cost of deposit slips. The City Court is now processing a claim for the exact amount of the fees and costs and therefore will reimburse the account for bank expenses.

The City Court received a similar comment in the 2011 audit in regard to a list of restitutions and cash bonds. The plan was to put processes in place to balance these lists each month and if the discrepancy remained consistent the dollar amount would be placed in another Court Trust Account to remain open for a period of 10 years and if remained unclaimed it could be placed in the General Fund of the City at that time. The plan for the 2012 audit is for the Clerk-Treasurer to investigate as to if the monthly balancing is actively happening and if there is a way to determine the ongoing discrepancy 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.

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING – SEFA

The City Clerk-Treasurer has reviewed the findings and evaluated options available to identify risks to achieve accurate reporting of the SEFA. I have discussed the finding with the City's Financial Advisor, Dan Hedden of Umbaugh, and we have both put procedures in place to obtain a better understanding of what information is to be reported on the Schedule of Federal Expenditures to ensure accuracy and completeness. The Clerk-Treasurer's procedures will include working closer with the departments of the City that receive and spend grant dollars to ensure proper reporting of the dollar amounts received and expensed.

Respectfully Yours,

CITY OF GOSHEN

A handwritten signature in black ink that reads "Tina M. Bontrager". The signature is written in a cursive, flowing style.

Tina M. Bontrager
Clerk-Treasurer