

**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, 2014 to December 31, 2014



**FILED**  
02/02/2017



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Tina M. Bontrager Angela McKee	01-01-12 to 12-31-16 01-01-17 to 12-31-19
Mayor	Allan J. Kauffman Jeremy P. Stutsman	01-01-12 to 12-31-15 01-01-16 to 12-31-19
President of the Board of Public Works and Safety	Allan J. Kauffman Jeremy P. Stutsman	01-01-12 to 12-31-15 01-01-16 to 12-31-19
President Pro Tempore of the Common Council	Jim McKee	01-01-14 to 12-31-17
Superintendent of Water Utility	Kent A. Holdren	01-01-14 to 12-31-17
Superintendent of Wastewater Utility	James D. Kerezman	01-01-14 to 12-31-17



## 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, 2014, and the related notes to the financial statement as listed in the Table of Contents.

### ***Management's Responsibility for the Financial Statement***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free 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, 2014.

***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, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by 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.


*Other Information*

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of 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.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated December 29, 2016, 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.

  
Paul D. Joyce, CPA  
State Examiner

December 29, 2016



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, 2014, and the related notes to the financial statement, and have issued our report thereon dated December 29, 2016, 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 certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001 and 2014-002 to be material weaknesses.



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

**Compliance and Other Matters**


As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-002.

**City of Goshen's Response to Findings**

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

**Purpose of This Report**

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

  
Paul D. Joyce, CPA  
State Examiner

December 29, 2016

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the City. The financial statement and notes are presented as intended by the City.

CITY OF GOSHEN  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended December 31, 2014

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
GENERAL FUND	\$ 3,014,167	\$ 17,061,745	\$ 16,422,020	\$ 3,653,892
MVH FUND	1,475,093	1,794,703	2,455,304	814,492
LOCAL ROAD & STREET	281,795	282,281	451,206	112,870
AVIATION FUND	191,314	182,179	210,217	163,276
HEALTH INSURANCE FUND	36,020	3,582,678	3,854,979	(236,281)
PARKING LOT	5,360	-	-	5,360
LECE FUND 1	18,171	124	236	18,059
PARKS AND RECREATION	1,062,376	1,541,764	1,706,950	897,190
RAINY DAY FUND	2,654,517	-	500,000	2,154,517
EDIT TAX FUND	849,922	1,427,448	1,482,583	794,787
MAJOR MOVE	3,581,904	265,784	554,512	3,293,176
CCI (CIGARETTE TAX) FUND	-	83,901	83,901	-
CUMULATIVE CAP DEVELOP	592,668	442,736	628,189	407,215
CCI FIRE STATION	405,703	153,411	190,091	369,023
CCI STORM SEWER FUND	808,210	-	19,165	789,045
POLICE PENSION FUND	522,608	403,341	636,565	289,384
FIRE PENSION FUND	301,547	579,116	607,877	272,786
COURT FEES	86,205	9,675	12,293	83,587
CITY COURT CASHBOOK	70,694	527,680	522,122	76,252
PROBATION FUND	84,259	90,231	71,535	102,955
DONATION FUND	118,546	35,015	47,389	106,172
ECON IMPROVEMENT DISTRICT	42,404	54,524	66,980	29,948
FEDERAL STATE GRANTS	531,588	531,596	476,696	586,488
PARK GIFT FUND	182,382	254,256	173,070	263,568
BEAUTIFICAT/ RESTORATION	3,255	2	-	3,257
RESIDENTIAL LEASE FEES	30,193	93,555	70,323	53,425
LECE2 FUND	30,250	38,034	40,829	27,455
DEBT SERVICE	218,914	515,381	423,350	310,945
TIF DEBT SERVICE RESERVE	219,674	-	-	219,674
TIF BOND P & I PYMT FUND	152,451	1,196,051	1,196,022	152,480
08 RIVERRACE - DSR	319,500	-	-	319,500
08 SOUTH GOSHEN - DSR	491,000	-	-	491,000
REDEVELOP NON-REVERTING O	384,006	402,449	216,363	570,092
STORM WATER MANAGEMNT	1,105,041	468,545	645,297	928,289
CEMETERY CAPITAL IMPROV.	46,351	7,430	19,602	34,179
GENERAL IMPROVEMENT FUND	118,564	16,837	16,837	118,564
SOUTH EAST E.D. TIF	1,985,521	1,637,913	2,152,941	1,470,493
CDBG/HUD FUND	57,093	307,126	306,075	58,144
HUD HOME	19,281	-	-	19,281
CONS RR/US 33/DT TIF	4,297,967	1,820,460	2,576,599	3,541,828
HUD RENTAL REHAB FUND	37,937	6	-	37,943
08 RIVERRACE CAPITAL PROJ	319,545	375,182	694,650	77
TIF PLYMOUTH AVENUE	147,704	56,368	3,980	200,092
2010 GOB Proceeds	745	-	-	745
ELECTRIC UTILITY SALE	1,939,663	62,693	-	2,002,356
OLD PY UTILITY	25,759	-	-	25,759
OAKRIDGE CEMETERY ENDOW.	24,952	14	-	24,966
VIOLETT CEMETERY ENDOWMNT	82,021	46	-	82,067
W. GOSHEN CEMETERY ENDOW.	19,691	11	-	19,702
CEMETERY PERMANENT FUND	66,709	7,430	-	74,139
BEAUTIFICATN RESTORATION	11,802	7	-	11,809
MILLRACE TRUST FUND	59,313	33	-	59,346
CITY COURT TRUST FUND	12,599	1	-	12,600
YOUTH COUNCIL FUND	51	-	-	51
SEWER OPERATING FUND	492,858	7,408,922	7,450,117	451,663
SEWER BOND AND INTEREST	4,667,328	4,416,842	2,579,253	6,504,917
SEWER DEPRECIATION	4,208,313	1,107,840	1,101,872	4,214,281
SEWER CONTRUCTION FUND	530,486	98,001	-	628,487
SEWER CUSTOMER DEPOSIT	257,239	48,645	38,358	267,526
SEWER CSO PROJECT (2004)	789,651	3,321	36,500	756,472
BLDG. SEWER REPAIR FEE	111,865	9,283	46,081	75,067
WATER OPERATING FUND	706,009	3,321,404	3,128,372	899,041
WATER DEPRECIATION	2,056,780	-	567,648	1,489,132
WATER BOND & INTEREST	1,003,825	490,230	478,334	1,015,721
WATER CUSTOMER DEPOSIT	242,453	47,260	35,554	254,159
BLDG - WATER REPAIR FEE	89,827	48,677	37,187	101,317
<b>Totals</b>	<b>\$ 44,301,639</b>	<b>\$ 53,310,187</b>	<b>\$ 55,036,024</b>	<b>\$ 42,575,802</b>

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

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

*C. Cash and Investments*

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

*D. Receipts*

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

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

Licenses and permits, 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 the following: peddler licenses, dog tax licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF GOSHEN  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Intergovernmental receipts, which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of these types of receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services, 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 including, but not limited to, the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Personal services, which 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, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

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

CITY OF GOSHEN  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Capital outlay, which includes 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.

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 Mayor 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, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687



CITY OF 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  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy*

The contribution requirements of plan members and the City are established by the Board of Trustees of INPRS.

**Note 7. Cash Balance Deficits**

The financial statement contains one fund with a deficit in cash. This is a result of a timing issue with paying employee health insurance costs.

**Note 8. Subsequent Events**

The State of Indiana gave the City of Goshen \$400,000 on February 24, 2015, to maintain a portion of State Road 4 that the state is relinquishing. These proceeds were placed in a Non-Reverting State Road Relinquishment fund.

In February 2015, the Goshen Redevelopment Commission issued \$3,845,000 Redevelopment District Refunding Bonds of 2015 to refund the Redevelopment District Bonds of 2005, Series A and the Redevelopment District Bonds of 2006, Series B.

CITY OF GOSHEN  
NOTES TO FINANCIAL STATEMENT  
(Continued)

In June 2015, the Goshen Redevelopment Authority issued \$5,105,000 Economic Development Lease Rental Refunding Bonds of 2015 to refund the Goshen Redevelopment District Tax Increment Revenue bonds of 2008.

In November 2015, the City issued \$2,000,000 General Obligation Bonds of 2015 to finance costs of constructing certain bridge, road, water, and storm sewer improvements and installation of steel sheeting or other methods of stabilization along the Elkhart River.

On December 1, 2015, the City Council approved Ordinance 4848 Goshen Water Utility Schedule of Rates and Charges. This ordinance increased water rates an average of 40 percent effective February 2016.

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#### OTHER INFORMATION - UNAUDITED

The City's Annual Financial 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 City's Annual Financial Report referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the City. It is presented as intended by the City.

CITY OF GOSHEN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2014

	GENERAL FUND	MVH FUND	LOCAL ROAD & STREET	AVIATION FUND	HEALTH INSURANCE FUND	PARKING LOT	LECE FUND 1
Cash and investments - beginning	\$ 3,014,167	\$ 1,475,093	\$ 281,795	\$ 191,314	\$ 36,020	\$ 5,360	\$ 18,171
Receipts:							
Taxes	8,803,716	616,134	282,281	-	-	-	-
Licenses and permits	228,850	-	-	-	-	-	-
Intergovernmental receipts	5,786,707	1,148,639	-	-	-	-	-
Charges for services	1,021,226	18,077	-	181,390	-	-	-
Fines and forfeits	98,133	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	1,123,113	11,853	-	789	3,582,678	-	124
Total receipts	<u>17,061,745</u>	<u>1,794,703</u>	<u>282,281</u>	<u>182,179</u>	<u>3,582,678</u>	<u>-</u>	<u>124</u>
Disbursements:							
Personal services	12,285,091	1,338,968	-	62,806	3,854,979	-	-
Supplies	878,546	610,954	-	2,965	-	-	-
Other services and charges	2,772,997	438,913	206,206	144,086	-	-	236
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	45,735	53,523	245,000	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	439,651	12,946	-	360	-	-	-
Total disbursements	<u>16,422,020</u>	<u>2,455,304</u>	<u>451,206</u>	<u>210,217</u>	<u>3,854,979</u>	<u>-</u>	<u>236</u>
Excess (deficiency) of receipts over disbursements	<u>639,725</u>	<u>(660,601)</u>	<u>(168,925)</u>	<u>(28,038)</u>	<u>(272,301)</u>	<u>-</u>	<u>(112)</u>
Cash and investments - ending	<u>\$ 3,653,892</u>	<u>\$ 814,492</u>	<u>\$ 112,870</u>	<u>\$ 163,276</u>	<u>\$ (236,281)</u>	<u>\$ 5,360</u>	<u>\$ 18,059</u>

CITY OF GOSHEN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2014  
 (Continued)

	PARKS AND RECREATION	RAINY DAY FUND	EDIT TAX FUND	MAJOR MOVE	CCI (CIGARETTE TAX) FUND	CUMULATIVE CAP DEVELOP
Cash and investments - beginning	\$ 1,062,376	\$ 2,654,517	\$ 849,922	\$ 3,581,904	\$ -	\$ 592,668
Receipts:						
Taxes	1,136,697	-	1,420,947	-	-	357,704
Licenses and permits	40	-	-	-	-	-
Intergovernmental receipts	86,378	-	-	-	83,901	27,276
Charges for services	268,220	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	50,429	-	6,501	265,784	-	57,756
Total receipts	<u>1,541,764</u>	<u>-</u>	<u>1,427,448</u>	<u>265,784</u>	<u>83,901</u>	<u>442,736</u>
Disbursements:						
Personal services	991,971	-	-	-	-	-
Supplies	223,247	-	-	-	-	65,576
Other services and charges	368,285	-	1,060,823	554,512	-	263,736
Debt service - principal and interest	-	-	38,500	-	-	-
Capital outlay	110,152	-	383,260	-	-	294,782
Utility operating expenses	-	-	-	-	-	-
Other disbursements	13,295	500,000	-	-	83,901	4,095
Total disbursements	<u>1,706,950</u>	<u>500,000</u>	<u>1,482,583</u>	<u>554,512</u>	<u>83,901</u>	<u>628,189</u>
Excess (deficiency) of receipts over disbursements	<u>(165,186)</u>	<u>(500,000)</u>	<u>(55,135)</u>	<u>(288,728)</u>	<u>-</u>	<u>(185,453)</u>
Cash and investments - ending	<u>\$ 897,190</u>	<u>\$ 2,154,517</u>	<u>\$ 794,787</u>	<u>\$ 3,293,176</u>	<u>\$ -</u>	<u>\$ 407,215</u>

CITY OF GOSHEN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2014  
 (Continued)

	CCI FIRE STATION	CCI STORM SEWER FUND	POLICE PENSION FUND	FIRE PENSION FUND	COURT FEES	CITY COURT CASHBOOK
Cash and investments - beginning	\$ 405,703	\$ 808,210	\$ 522,608	\$ 301,547	\$ 86,205	\$ 70,694
Receipts:						
Taxes	142,532	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	10,879	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	578,814	9,675	527,680
Utility fees	-	-	-	-	-	-
Other receipts	-	-	403,341	302	-	-
Total receipts	<u>153,411</u>	<u>-</u>	<u>403,341</u>	<u>579,116</u>	<u>9,675</u>	<u>527,680</u>
Disbursements:						
Personal services	-	-	636,295	607,877	-	-
Supplies	-	-	-	-	6,309	-
Other services and charges	17,710	19,165	270	-	5,984	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	172,381	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	522,122
Total disbursements	<u>190,091</u>	<u>19,165</u>	<u>636,565</u>	<u>607,877</u>	<u>12,293</u>	<u>522,122</u>
Excess (deficiency) of receipts over disbursements	<u>(36,680)</u>	<u>(19,165)</u>	<u>(233,224)</u>	<u>(28,761)</u>	<u>(2,618)</u>	<u>5,558</u>
Cash and investments - ending	<u>\$ 369,023</u>	<u>\$ 789,045</u>	<u>\$ 289,384</u>	<u>\$ 272,786</u>	<u>\$ 83,587</u>	<u>\$ 76,252</u>



CITY OF GOSHEN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2014  
 (Continued)

	PROBATION FUND	DONATION FUND	ECON IMPROVEMENT DISTRICT	FEDERAL STATE GRANTS	PARK GIFT FUND	BEAUTIFICAT/ RESTORATION
Cash and investments - beginning	\$ 84,259	\$ 118,546	\$ 42,404	\$ 531,588	\$ 182,382	\$ 3,255
Receipts:						
Taxes	-	-	54,504	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	531,596	-	-
Charges for services	-	-	-	-	13,488	-
Fines and forfeits	90,231	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	35,015	20	-	240,768	2
Total receipts	<u>90,231</u>	<u>35,015</u>	<u>54,524</u>	<u>531,596</u>	<u>254,256</u>	<u>2</u>
Disbursements:						
Personal services	71,535	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	28,979	33,814	6,538	173,070	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	18,410	33,166	470,158	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>71,535</u>	<u>47,389</u>	<u>66,980</u>	<u>476,696</u>	<u>173,070</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>18,696</u>	<u>(12,374)</u>	<u>(12,456)</u>	<u>54,900</u>	<u>81,186</u>	<u>2</u>
Cash and investments - ending	<u>\$ 102,955</u>	<u>\$ 106,172</u>	<u>\$ 29,948</u>	<u>\$ 586,488</u>	<u>\$ 263,568</u>	<u>\$ 3,257</u>

CITY OF GOSHEN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2014  
 (Continued)

	RESIDENTIAL LEASE FEES	LECE2 FUND	DEBT SERVICE	TIF DEBT SERVICE RESERVE	TIF BOND P & I PYMT FUND	08 RIVERRACE - DSR
Cash and investments - beginning	\$ 30,193	\$ 30,250	\$ 218,914	\$ 219,674	\$ 152,451	\$ 319,500
Receipts:						
Taxes	-	-	489,277	-	-	-
Licenses and permits	93,555	-	-	-	-	-
Intergovernmental receipts	-	-	26,104	-	-	-
Charges for services	-	27,845	-	-	-	-
Fines and forfeits	-	10,189	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	1,196,051	-
<b>Total receipts</b>	<b>93,555</b>	<b>38,034</b>	<b>515,381</b>	<b>-</b>	<b>1,196,051</b>	<b>-</b>
Disbursements:						
Personal services	70,323	-	-	-	-	-
Supplies	-	16,108	-	-	-	-
Other services and charges	-	24,721	450	-	2,851	-
Debt service - principal and interest	-	-	422,900	-	1,193,171	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
<b>Total disbursements</b>	<b>70,323</b>	<b>40,829</b>	<b>423,350</b>	<b>-</b>	<b>1,196,022</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	23,232	(2,795)	92,031	-	29	-
Cash and investments - ending	<u>\$ 53,425</u>	<u>\$ 27,455</u>	<u>\$ 310,945</u>	<u>\$ 219,674</u>	<u>\$ 152,480</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, 2014  
 (Continued)

	08 SOUTH GOSHEN - DSR	REDEVELOP NON-REVERTING O	STORM WATER MANAGEMNT	CEMETERY CAPITAL IMPROV.	GENERAL IMPROVEMENT FUND	SOUTH EAST E.D. TIF
Cash and investments - beginning	\$ 491,000	\$ 384,006	\$ 1,105,041	\$ 46,351	\$ 118,564	\$ 1,985,521
Receipts:						
Taxes	-	-	-	-	-	1,637,075
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	171,854	468,545	7,430	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	230,595	-	-	16,837	838
Total receipts	<u>-</u>	<u>402,449</u>	<u>468,545</u>	<u>7,430</u>	<u>16,837</u>	<u>1,637,913</u>
Disbursements:						
Personal services	-	212,938	106,829	-	-	-
Supplies	-	275	13,629	-	-	-
Other services and charges	-	3,150	83,665	19,602	-	327,612
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	441,174	-	16,837	892,469
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	932,860
Total disbursements	<u>-</u>	<u>216,363</u>	<u>645,297</u>	<u>19,602</u>	<u>16,837</u>	<u>2,152,941</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>186,086</u>	<u>(176,752)</u>	<u>(12,172)</u>	<u>-</u>	<u>(515,028)</u>
Cash and investments - ending	<u>\$ 491,000</u>	<u>\$ 570,092</u>	<u>\$ 928,289</u>	<u>\$ 34,179</u>	<u>\$ 118,564</u>	<u>\$ 1,470,493</u>

CITY OF GOSHEN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2014  
 (Continued)

	CDBG/HUD FUND	HUD HOME	CONS RR/US 33/DT TIF	HUD RENTAL REHAB FUND	08 RIVERRACE CAPITAL PROJ	TIF PLYMOUTH AVENUE
Cash and investments - beginning	\$ 57,093	\$ 19,281	\$ 4,297,967	\$ 37,937	\$ 319,545	\$ 147,704
Receipts:						
Taxes	-	-	1,818,393	-	-	56,368
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	286,516	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	20,610	-	2,067	6	375,182	-
Total receipts	<u>307,126</u>	<u>-</u>	<u>1,820,460</u>	<u>6</u>	<u>375,182</u>	<u>56,368</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	306,075	-	688,097	-	319,650	3,980
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	1,551,706	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	336,796	-	375,000	-
Total disbursements	<u>306,075</u>	<u>-</u>	<u>2,576,599</u>	<u>-</u>	<u>694,650</u>	<u>3,980</u>
Excess (deficiency) of receipts over disbursements	<u>1,051</u>	<u>-</u>	<u>(756,139)</u>	<u>6</u>	<u>(319,468)</u>	<u>52,388</u>
Cash and investments - ending	<u>\$ 58,144</u>	<u>\$ 19,281</u>	<u>\$ 3,541,828</u>	<u>\$ 37,943</u>	<u>\$ 77</u>	<u>\$ 200,092</u>

CITY OF GOSHEN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2014  
 (Continued)

	2010 GOB Proceeds	ELECTRIC UTILITY SALE	OLD PY UTILITY	OAKRIDGE CEMETERY ENDOW.	VIOLETT CEMETERY ENDOWMNT	W. GOSHEN CEMETERY ENDOW.
Cash and investments - beginning	\$ 745	\$ 1,939,663	\$ 25,759	\$ 24,952	\$ 82,021	\$ 19,691
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	62,693	-	14	46	11
Total receipts	-	62,693	-	14	46	11
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	62,693	-	14	46	11
Cash and investments - ending	<u>\$ 745</u>	<u>\$ 2,002,356</u>	<u>\$ 25,759</u>	<u>\$ 24,966</u>	<u>\$ 82,067</u>	<u>\$ 19,702</u>

CITY OF GOSHEN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2014  
 (Continued)

	CEMETERY PERMANENT FUND	BEAUTIFICATN\ RESTORATION	MILLRACE TRUST FUND	CITY COURT TRUST FUND	YOUTH COUNCIL FUND	SEWER OPERATING FUND
Cash and investments - beginning	\$ 66,709	\$ 11,802	\$ 59,313	\$ 12,599	\$ 51	\$ 492,858
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	7,430	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	7,221,435
Other receipts	-	7	33	1	-	187,487
Total receipts	<u>7,430</u>	<u>7</u>	<u>33</u>	<u>1</u>	<u>-</u>	<u>7,408,922</u>
Disbursements:						
Personal services	-	-	-	-	-	1,341,439
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	2,689,355
Other disbursements	-	-	-	-	-	3,419,323
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,450,117</u>
Excess (deficiency) of receipts over disbursements	<u>7,430</u>	<u>7</u>	<u>33</u>	<u>1</u>	<u>-</u>	<u>(41,195)</u>
Cash and investments - ending	<u>\$ 74,139</u>	<u>\$ 11,809</u>	<u>\$ 59,346</u>	<u>\$ 12,600</u>	<u>\$ 51</u>	<u>\$ 451,663</u>

CITY OF GOSHEN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2014  
 (Continued)

	SEWER BOND AND INTEREST	SEWER DEPRECIATION	SEWER CONSTRUCTION FUND	SEWER CUSTOMER DEPOSIT	SEWER CSO PROJECT (2004)	BLDG. SEWER REPAIR FEE
Cash and investments - beginning	\$ 4,667,328	\$ 4,208,313	\$ 530,486	\$ 257,239	\$ 789,651	\$ 111,865
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	9,283
Other receipts	4,416,842	1,107,840	98,001	48,645	3,321	-
Total receipts	<u>4,416,842</u>	<u>1,107,840</u>	<u>98,001</u>	<u>48,645</u>	<u>3,321</u>	<u>9,283</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	2,579,253	194,127	-	-	-	-
Capital outlay	-	811,867	-	-	36,500	-
Utility operating expenses	-	-	-	-	-	46,081
Other disbursements	-	95,878	-	38,358	-	-
Total disbursements	<u>2,579,253</u>	<u>1,101,872</u>	<u>-</u>	<u>38,358</u>	<u>36,500</u>	<u>46,081</u>
Excess (deficiency) of receipts over disbursements	<u>1,837,589</u>	<u>5,968</u>	<u>98,001</u>	<u>10,287</u>	<u>(33,179)</u>	<u>(36,798)</u>
Cash and investments - ending	<u>\$ 6,504,917</u>	<u>\$ 4,214,281</u>	<u>\$ 628,487</u>	<u>\$ 267,526</u>	<u>\$ 756,472</u>	<u>\$ 75,067</u>

CITY OF GOSHEN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2014  
 (Continued)

	WATER OPERATING FUND	WATER DEPRECIATION	WATER BOND & INTEREST	WATER CUSTOMER DEPOSIT	BLDG - WATER REPAIR FEE	Totals
Cash and investments - beginning	\$ 706,009	\$ 2,056,780	\$ 1,003,825	\$ 242,453	\$ 89,827	\$ 44,301,639
Receipts:						
Taxes	-	-	-	-	-	16,815,628
Licenses and permits	-	-	-	-	-	322,445
Intergovernmental receipts	-	-	-	-	-	7,987,996
Charges for services	-	-	-	-	-	2,185,505
Fines and forfeits	-	-	-	-	-	1,314,722
Utility fees	3,185,560	-	-	-	48,677	10,464,955
Other receipts	135,844	-	490,230	47,260	-	14,218,936
Total receipts	<u>3,321,404</u>	<u>-</u>	<u>490,230</u>	<u>47,260</u>	<u>48,677</u>	<u>53,310,187</u>
Disbursements:						
Personal services	1,025,026	-	-	-	-	22,606,077
Supplies	-	-	-	-	-	1,817,609
Other services and charges	47,662	-	-	-	-	7,922,839
Debt service - principal and interest	-	133,370	478,334	-	-	5,039,655
Capital outlay	-	259,535	-	-	-	5,836,655
Utility operating expenses	1,739,209	-	-	-	37,187	4,511,832
Other disbursements	316,475	174,743	-	35,554	-	7,301,357
Total disbursements	<u>3,128,372</u>	<u>567,648</u>	<u>478,334</u>	<u>35,554</u>	<u>37,187</u>	<u>55,036,024</u>
Excess (deficiency) of receipts over disbursements	<u>193,032</u>	<u>(567,648)</u>	<u>11,896</u>	<u>11,706</u>	<u>11,490</u>	<u>(1,725,837)</u>
Cash and investments - ending	<u>\$ 899,041</u>	<u>\$ 1,489,132</u>	<u>\$ 1,015,721</u>	<u>\$ 254,159</u>	<u>\$ 101,317</u>	<u>\$ 42,575,802</u>



CITY OF GOSHEN  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2014

Government or Enterprise	Accounts Payable	Accounts Receivable
Wastewater	\$ 776,975	\$ 627,763
Water	245,557	392,972
Governmental activities	1,248,882	25,798
Totals	\$ 2,271,414	\$ 1,046,533

CITY OF GOSHEN  
SCHEDULE OF LEASES AND DEBT  
December 31, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
PUBLICFINANCE.COM	PIERCE AERIAL FIRE TRUCK	\$ 103,232	9/15/2012	9/15/2018
PUBLICFINANCE.COM	DUMP TRUCKS/RADIO SYSTEM	77,920	1/31/2012	1/31/2016
PUBLICFINANCE.COM/SANTANDER	2013 AMBULANCE	<u>26,484</u>	6/15/2013	12/15/2016
Total governmental activities		<u>207,636</u>		
Wastewater:				
PUBLIC-FINANCE.COM	AMR SYSTEM	<u>133,370</u>	12/1/2011	9/1/2016
Water:				
PUBLIC-FINANCE.COM	AMR SYSTEM	<u>133,370</u>	12/1/2011	9/1/2016
Total of annual lease payments		<u>\$ 474,376</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	CONSTRUCTION/IMPROVEMENTS	\$ 830,000	\$ 424,590
Revenue bonds	ACQUISITION OF LAND FOR RIGHT OF WAY	1,365,000	374,600
Revenue bonds	ACQUISITION OF LAND FOR RIGHT OF WAY	2,620,000	111,350
Revenue bonds	ACQUISITION OF LAND/IMPROVEMENTS	4,575,000	368,596
Revenue bonds	REAL ESTATE ACQUISITION/REMEDATION	2,695,000	332,401
Notes and loans payable	ENVIROMENTAL CLEANUP	<u>44,000</u>	<u>14,025</u>
Total governmental activities		<u>12,129,000</u>	<u>1,625,562</u>
Wastewater:			
Revenue bonds	Sewage Works Revenue Bonds of 2004	2,310,000	619,893
Revenue bonds	Sewage Works Revenue Bonds of 2009 Series A	30,165,000	1,027,927
Revenue bonds	Sewage Works Revenue Bonds of 2010 Series B	475,000	25,000
Revenue bonds	Sewage Works Revenue Bonds of 2010 Series C	800,000	50,000
Revenue bonds	Sewage Works Refunding Revenue Bonds of 2010 Series A	2,945,000	800,688
Revenue bonds	Sewage Works Refunding Revenue Bonds of 2010 Series B	<u>270,000</u>	<u>72,728</u>
Total Wastewater		<u>36,965,000</u>	<u>2,596,236</u>
Water:			
Revenue bonds	Waterworks Refunding Revenue Bonds of 2005	2,770,000	426,100
Revenue bonds	Waterworks Revenue Bonds of 2009	<u>1,119,000</u>	<u>49,997</u>
Total Water		<u>3,889,000</u>	<u>476,097</u>
Totals		<u>\$ 52,983,000</u>	<u>\$ 4,697,895</u>

CITY OF GOSHEN  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2014

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	\$ 26,075,061
Infrastructure	63,370,314
Buildings	11,607,971
Improvements other than buildings	6,928,317
Machinery, equipment, and vehicles	3,160,340
Total governmental activities	111,142,003
Wastewater:	
Land	735,914
Buildings	553,803
Improvements other than buildings	26,221,518
Machinery, equipment, and vehicles	18,073,468
Construction in progress	40,104,360
Total Wastewater	85,689,063
Water:	
Land	51,700
Buildings	2,217,455
Improvements other than buildings	20,287,798
Machinery, equipment, and vehicles	1,740,501
Construction in progress	2,471,305
Total Water	26,768,759
Total capital assets	\$ 223,599,825

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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, 2014. 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, 2014.

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

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-004. Our opinion on each major federal program is not modified with respect to these matters.

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

**Report on Internal Control over Compliance**


Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-003 and 2014-004 to be material weaknesses.

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

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

  
Paul D. Joyce, CPA  
State Examiner

December 29, 2016

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the City. The schedule and notes are presented as intended by the City.

CITY OF GOSHEN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>Department of Agriculture</u>					
Urban and Community Forestry Program USDA Great Lakes Restoration	Direct grant	10.675	FY 2014	\$ -	\$ 49,661
Total - Department of Agriculture				-	49,661
<u>Department of Housing and Urban Development</u>					
CDBG - Entitlement Grants Cluster Community Development Block Grants/Entitlement Grants CDBG/HUD Fund	Direct grant	14.218	B-13-MC-18-0019 B-14-MC-18-0019	17,456 121,991	105,392 181,148
Total - CDBG - Entitlement Grants Cluster				139,447	286,540
Total - Department of Housing and Urban Development				139,447	286,540
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction Monroe Street Trail	Indiana Department of Transportation	20.205	DES NO. 0902279	-	51,150
Total - Highway Planning and Construction Cluster				-	51,150
Airport Improvement Program Airport Runway Grant	Direct grant	20.106	3-18-0029-09-PP9	-	242,759
Total - Department of Transportation				-	293,909
<u>Environmental Protection Agency</u>					
Clean Water State Revolving Fund Cluster Capitalization Grants for Clean Water State Revolving Funds	Indiana Finance Authority	66.458	WW09072002	-	328,512
Total - Clean Water State Revolving Fund Cluster				-	328,512
Brownfield Assessment and Cleanup Cooperative Agreements EPA Assessment Grant EPA RLF Grant - Hazardous Substances	Direct grant	66.818	BF-00E00884-0 BF-00E00928-0	- -	107,139 11,634
Total - Brownfield Assessment & Cleanup Cooperative Agreements				-	118,773
Total - Environmental Protection Agency				-	447,285
Total federal awards expended				\$ 139,447	\$ 1,077,395

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 (SEFA) includes the federal grant activity of the City under programs of the federal government for the year ended December 31, 2014. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the City, it is not intended to and does not present the financial position of the City.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

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?	yes
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?	yes

Identification of Major Programs:

\_\_\_\_\_ Name of Federal Program or Cluster \_\_\_\_\_

CDBG - Entitlement Grants Cluster  
Clean Water State Revolving Funds Cluster

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 2014-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING**

*Condition*

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

1. Lack of Segregation of Duties: The City had not separated incompatible activities related to receipt processing, the preparation of the Annual Financial Report (AFR), or approval of Community Development Block Grants/Entitlement Grants disbursements.
  - (a) There were multiple employees involved in the receipt and deposit process but there was no written evidence that a second employee was performing oversight of the process.

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

- (b) One person was responsible for preparing and submitting the AFR without sufficient evidence that supporting documentation was reviewed and approved prior to submission.
  - (c) There was no evidence of sufficient review of the Community Development Block Grants/Entitlement Grants invoices prior to disbursement of funds.
2. Monitoring of Controls: The City had no process to identify or communicate corrective actions to improve controls. Effective internal control over financial reporting required the City to monitor and assess the quality of the system of internal control.
- (a) There was no process in place to ensure that a comprehensive reconciliation of all funds of the City to all bank accounts and investments of the City was completed.

*Criteria*

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)

*Cause*

Management of the City had not established a proper system of internal control that would have ensured proper reporting on the AFR. An evaluation of the City's system of internal control had not been conducted and management had not conducted a risk assessment related to the City's financial reporting and transactions.

*Effect*

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the City at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, material misstatements in a timely manner.

*Views of Responsible Officials*

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

**FINDING 2014-002 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

*Condition*

The City did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). One individual gathered information to prepare the SEFA and then also submitted and certified the SEFA. The SEFA included incorrect amounts which were not identified as such by the officials.

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

There were the following errors:

1. The following Catalog of Federal Domestic Assistance (CFDA) numbers were overstated by these respective amounts:
  - a. Community Development Block Grants/Entitlement Grants, \$20,586;
  - b. Highway Planning and Construction, \$9,011;
  - c. Airport Improvement Program, \$403.
2. Capitalization Grants for Clean Water State Revolving Funds was understated by \$328,512.
3. Two grants listed the wrong program name, and one grant listed an incorrect CFDA number.

The combined net effect of these over and understatements is a material adjustment to the SEFA of \$298,512.

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

*Criteria*

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:

"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.

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

- (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.
- (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."

*Cause*

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

*Effect*

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition*.

*Views of Responsible Officials*

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

***Section III - Federal Award Findings and Questioned Costs***

***FINDING 2014-003 - INTERNAL CONTROL OVER COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS***

Federal Agency: Department of Housing and Urban Development  
Federal Program: Community Development Block Grants/Entitlement Grants  
CFDA Number: 14.218  
Federal Award Numbers and Years (or Other Identifying Numbers): B-13-MC-18-0019,  
B-14-MC-18-0019

*Condition*

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Earmarking, and Period of Availability.

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

*Activities Allowed or Unallowed, Allowable Cost/Cost Principles, Earmarking*

The claims presented for audit were prepared by the CDBG Grant Administrator, but there was no evidence available to document that the claims were being approved by someone knowledgeable about the program ensuring costs were for allowable activities and allowable costs and were properly used.

*Cash Management*

There was no evidence to indicate that the disbursements were being monitored by anyone to determine if they were being disbursed shortly after the funds were received or within a reasonable amount of time. The transactions were being monitored by the CDBG Grant Administrator to ensure the transactions had been processed by the Clerk-Treasurer's office and to ensure that the funds were actually deposited in the bank.

*Period of Availability*

There was no evidence to indicate that the disbursements were being monitored by anyone else other than the CDBG Grant Administrator. There was no evidence that a control was in place to ensure costs had been incurred within the period of availability.

*Context*

This is a systemic problem due to the size of the CDBG office. There is only one individual that is mainly responsible for ensuring all requirements related to the program are being met.

*Criteria*

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

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

*Cause*

Management had not developed a system of internal controls that segregated key functions.

*Effect*

The failure to establish an effective internal control system placed the City at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

*Questioned Costs*

There were no questioned costs identified.



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

*Recommendation*

We recommended that the City's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

*Views of Responsible Officials*

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

**FINDING 2014-004 - SUSPENSION AND DEBARMENT**

Federal Agency: Department of Housing and Urban Development  
Federal Program: Community Development Block Grants/Entitlement Grants  
CFDA Number: 14.218  
Federal Award Number and Years (or Other Identifying Numbers): B-13-MC-18-0019, B-14-MC-18-0019

*Condition*

An effective internal control system was not in place at the City in order to ensure compliance with the Suspension and Debarment requirement related to the grant agreement. The internal controls over Suspension and Debarment did not include the testing of sub-recipients, which are considered to be covered transactions, to determine if they were suspended or debarred from conducting business with the federal government.

*Context*

Each program year, the City signs agreements with the same seven sub-recipients. Searches in the Debarred list (SAMS) or HUD's limited Denial List were not performed for any of these sub-recipients in 2014.

*Criteria*

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

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

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

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

*Cause*

Management had not developed a system of internal controls that segregated key functions.

*Effect*

The failure to establish internal controls enabled material noncompliance to go undetected which could have resulted in the loss of federal funds to the City.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the City's management establish controls to ensure compliance and to comply with the Suspension and Debarment requirements of the program.

*Views of Responsible Officials*

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

AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the City. The document is presented as intended by the City.



**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

## **CORRECTIVE ACTION PLAN**

### **FINDING 2014-001**

Contact Person Responsible for Corrective Action: Tina M. Bontrager through 12/31/16  
Contact Person Responsible for Corrective Action: Angie McKee on or after 1/1/17  
Contact Phone Number: 574-533-8625

#### **Description of Corrective Action Plan:**

- 1. Segregation of Duties:** The City concurs with the conditions, criteria, cause and effect of finding 2014-001. The City will separate incompatible activities related to receipt processing and the preparation of the Annual Report.
  - a.) The City will require written evidence that a second employee is performing oversight of the process by initialing the deposit slip after double checking the balancing of the paperwork, checks and cash for the daily deposit.
  - b.) The person(s) responsible for preparing and submitting the Annual Financial Report will have sufficient evidence and supporting documentation that is reviewed and approved prior to submission. On this point, the information existed but was not documented in yearend workpapers. Going forward, supporting documentation for the Annual Report will be captured and saved by the City. In addition, the extended time between the end of the audited year and the performance of the audit required additional allowances of time to research and answer questions.
- 2. Monitoring of Controls:** The City will continue to develop a process to identify and communicate corrective actions to improve controls. Effective internal control over financial reporting requires the City to continuously monitor and assess the quality of the system of internal control.
  - a.) The Clerk-Treasurer's Office completes individual reconciliations of all funds of the City to all bank accounts and investments of the City as of December 31 of each year. The reconciliations are kept either in archived electronic form or hardcopy in a reconciliation binder. However, no master reconciliation is performed to tie to the Annual Report. While totals can be derived and tied out with audit workpapers, the City realizes the benefit of doing such work proactively.

### **FINDING 2014-002**

Contact Person Responsible for Corrective Action: Tina M. Bontrager through 12/31/16



**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

Contact Person Responsible for Corrective Action: Angie McKee on or after 1/1/17  
Contact Phone Number: 574-533-8625

**Description of Corrective Action Plan:**

**Preparation of the Schedule of Expenditures of Federal Awards:** The City of Goshen concurs with the conditions, criteria, cause and effect of finding 2014-002.

The City wishes to eliminate future errors with such actions as auditing each and every dollar that is receipted into and expensed from the City's Grant Fund. When any funds are received or spent the Clerk-Treasurer will check her file/binder and ensure that a copy of the grant paperwork is in the possession of the Clerk-Treasurer's office and that the paperwork includes the CFDA number and the Program Name. If the information is not in the Clerk-Treasurer's office, the Clerk-Treasurer will contact the department and hold any future expenses until the information/paperwork is supplied. The Clerk-Treasurer will continue to work closely with the departments of the City that receive and spend grant dollars to ensure proper reporting of the dollar amounts received and expensed.

**Anticipated Completion Date:** Internal Controls are an ongoing process and as such there is not stated completion date. However, the specific items addressed above related to government wide cash reconciliation has been added to the work process for the yearend Annual report effective with the 2016 Annual Report. In addition, effective with the 2016 Annual Report, workpapers supporting each section of the annual report will be kept and presented to auditors upon request by the Clerk-Treasurer.

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

Tina M. Bontrager  
Clerk-Treasurer  
12/29/2016





Rhonda L. Yoder, AICP  
CDBG Program, CITY OF GOSHEN

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## CORRECTIVE ACTION PLAN

### ***FINDING 2014-003 -- INTERNAL CONTROL OVER COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS***

Contact Person Responsible for Corrective Action: Rhonda Yoder

Contact Phone Number: 574-537-3815

We concur with the finding and propose the following corrective action.

#### Description of Corrective Action Plan:

1. Prior to the beginning of each CDBG fiscal year, the CDBG Administrator will provide the Clerk Treasurer's office with the list of approved activities and the budget for each activity. This has been done in the past for each CDBG program year.
2. The CDBG Administrator will meet with staff of the Clerk Treasurer's office as needed to explain the approved activities and budget for each program year.
3. Additional disbursement approval tracking details have been added to the CDBG Administrator's CDBG IDIS Voucher Record spreadsheet, as follows (copy attached):
  - Date Voucher Signed (by CDBG Administrator)
  - Bank Deposit Date (HUD funds)
  - Check Date
4. The CDBG Administrator has requested that a CDBG detailed revenue and expenditure report be provided each month by the Clerk Treasurer's office to assist in tracking. Previously, these were received only on a quarterly basis. As a response to the request, detailed reports have been provided for October and November 2016.

Anticipated Completion Date:

All of the proposed actions are underway and will be ongoing.

Rhonda Yoder  
(Signature)

CDBG Administrator  
(Title)

12/16/16  
(Date)

CDBG Program Year 2016											
IDIS Date	Activity #	Program Year	Amount	Activity		PI/Misc Income?	PI Amt	Misc Income	Date Voucher Signed	Bank Deposit Date	Chk Date
8/16/16	236	2015	\$38.00	Rehab					8/16/2016	8/19/2016	8/23/2016
8/24/16	247	2016	\$5,000.00	Neighborhood Outreach					8/18/2016	8/26/2016	8/30/2016
8/24/16	248	2016	\$41.92	Admin					8/18/2016	8/26/2016	8/30/2016
9/6/16	248	2016	\$15.32	Admin					9/1/2016	9/9/2016	9/13/2016
9/12/16	248	2016	\$10,000.00	Admin					9/12/2016	9/16/2016	9/20/2016
9/27/16	251	2016	\$1,420.00	COA					9/26/2016	10/3/2016	10/4/2016
9/27/16	250	2016	\$1,666.85	CHH					9/26/2016	10/3/2016	10/4/2016
10/17/16	236	2015	\$84,607.49	Rehab					10/17/2016	10/24/2016	10/25/2016
10/17/16	249	2016	\$7,500.00	BGC					10/3/2016	10/24/2016	10/25/2016
10/17/16	251	2016	\$760.00	COA	1 voucher = \$97,367.49				10/14/2016	10/24/2016	10/25/2016
10/17/16	253	2016	\$4,500.00	MCHCC					10/11/2016	10/24/2016	10/25/2016
10/17/16	254	2016	\$2,249.68	WH					10/5/2016	10/26/2016	10/25/2016
11/14/16	251	2016	\$640.00	COA					11/8/2016	11/22/2016	11/22/2016
12/12/16	248	2016	\$10,000.00	Admin	1 voucher =	PI	\$10,000.00		12/8/2016		
12/12/16	251	2016	\$800.00	COA	\$10,800.00				12/9/2016		



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## CORRECTIVE ACTION PLAN

### ***FINDING 2014-004 SUSPENSION AND DEBARMENT***

Contact Person Responsible for Corrective Action: Rhonda Yoder

Contact Phone Number: 574-537-3815

We concur with the finding and propose the following corrective action.

#### Description of Corrective Action Plan:

1. Annual review of each sub-recipient in the SAM debarment list and HUD's exclusion list has been added to the CDBG Annual Tasks (copy attached).

Anticipated Completion Date: Added to annual task list as of 12/16/16, to be implemented when sub-recipient applications are received in February 2017.

Rhonda Yoder  
(Signature)

CDBG Administrator  
(Title)

12/16/16  
(Date)



	begin environmental assessment & determine which projects require 106 review (use new HUD Enviro site)	
February	submit Section 106 reviews to SHPO	
mid-February	set up meeting with grant review committee, get on mayor's calendar first, send email to all when final date/time/location/reviewers are in place	
	Work with Engineering on bid schedule for infrastructure project	
last Thursday in February	Public Service applications due at 3 pm	
last Friday in Feb	Tabulate public service requests, calculate percentage of grant & distribute copies of applications to meeting members	
	Record A-133 info from each application in xls & note required audits	
	Check all sub-recipients in SAM debarred list & HUD's exclusion list-save to electronic file	
March 1-4	Meeting to review public service applications – invite two council members, mayor, Mark (mayor approves who is included in this meeting)	
	Have mayor finalize budget after allocation info has been received	
	After meeting, review budget & update plan and public notice	
	prepare public notice for public hearing & for mailing list	
	Work on environmental review record	
	Enter all enviro info in HEROS & print forms to sign (Rhonda sign) after budget is final	
	prepare environmental review ad & public notice schedule	
	finalize draft plan – get to Mayor & Mark for review	
	Council info to Tina for agenda	
	Public hearing notice to Goshen News (3 days prior to publication)	
1st Mon in March	Public hearing notice printed for draft plan & public service grants (make sure this is 14 days before public hearing at Council meeting)	
2nd Tues in March	Public hearing item to Tina for Council agenda, due Tues NOON week prior to Council mtg (email + original & 18 hard copies)	
	Copies of draft plan to Goshen Public Library, Mayor's Office & Planning Office & website	
	Email notice of public hearing & draft annual plan to contact list & Continuum of Care email list	
	Prepare summary handout for Council & CoC mtgs (run PR02 & update YTD spending)	
3rd Tues in March	Public hearing for draft document at Council, w/ 30-day comment period (2nd of 2 required)	
4th Thurs in March	CoC (Homeless Coalition) input for CDBG plans-Elkhart & Goshen-get on agenda/do handout	
mid-March	Quarterly admin invoice	
	Email tentative funding amounts to subrecipients	
	Work on sub-recipient monitoring schedule	
March 31	Davis-Bacon semi-annual report due (to Phyllis Bowman)	

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#### OTHER REPORTS

In addition to this report, other reports may have been issued for the City. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.