

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF GOSHEN

ELKHART COUNTY, INDIANA

January 1, 2022 to December 31, 2022



FILED
09/21/2023

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Audit Result and Comment:	
Annual Financial Report.....	6-7
Exit Conference	8

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Richard R. Aguirre	01-01-22 to 12-31-23
Mayor	Jeremy P. Stutsman Gina Leichty	01-01-22 to 06-15-23 06-16-23 to 12-31-23
President of the Board of Public Works and Safety	Jeremy P. Stutsman Gina Leichty	01-01-22 to 06-15-23 06-16-23 to 12-31-23
President Pro Tempore of the Common Council	Brett Weddell	01-01-22 to 12-31-23
Utility Office Manager	Kelly Saenz	01-01-22 to 12-31-23



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

This report is supplemental to the audit report of the City of Goshen (City), for the period from January 1, 2022 to December 31, 2022. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the City. It should be read in conjunction with the Financial Statement Audit Report of the City, which provides our opinions on the City's financial statement. This report may be found at www.in.gov/sboa/.

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

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

Beth Kelley, CPA, CFE
Deputy State Examiner

August 31, 2023

(This page intentionally left blank.)

CLERK-TREASURER
CITY OF GOSHEN

CLERK-TREASURER
CITY OF GOSHEN
AUDIT RESULT AND COMMENT

ANNUAL FINANCIAL REPORT

Condition and Context

Supplemental, and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The City had also not established effective internal controls over the AFR information entered into Gateway, which resulted in the following errors:

Grants

1. The Community Development Block Grants/Entitlement Grants expenditures were overstated \$49,702.
2. The Highway Planning and Construction expenditures were overstated \$17,645.
3. The federal awards passed through to subrecipients were overstated by a total of \$340,331.
4. Other errors included incorrect program names, federal grantor agencies, and pass-through entities.

Adjustments were proposed, accepted by the City, and made to the Schedule of Expenditures of Federal Awards presented in the Federal Compliance Audit Report for the City.

Leases and Debt

1. The Economic Development Revenue Bonds, Series 2022 (College Ave), with an ending principal balance of \$24,084,000, was omitted from the debt section.
2. The Taxable Economic Development Revenue Bonds, Series 2022 (Indiana Ave), with an ending principal balance of \$2,320,000, was omitted from the debt section.
3. The City omitted a lease with the Goshen Redevelopment Authority, which was entered into during 2015, which resulted in the understatement of annual lease payments of \$394,000, as of December 31, 2022.
4. The principal due within one year for the Redevelopment District Refunding Bonds of 2015 was understated by \$15,000.

CLERK-TREASURER
CITY OF GOSHEN
AUDIT RESULT AND COMMENT
(Continued)

Adjustments were proposed, accepted by the City, and made to the Schedule of Leases and Debt presented as Other Information in the Financial Statement Audit Report for the City.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

CLERK-TREASURER
CITY OF GOSHEN
EXIT CONFERENCE

The contents of this report were discussed on August 31, 2023, with Gina Leichty, Mayor; Richard R. Aguirre, Clerk-Treasurer; Jeffery Weaver, Deputy Clerk-Treasurer; Kelly Saenz, Utility Office Manager; Brett Weddell, President Pro Tempore of the Common Council; Michael A. Landis, Vice President of the Redevelopment Authority; and Bodie J. Stegelmann, City Attorney.