

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, 2023 to December 31, 2023



FILED

09/16/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Richard R. Aguirre	01-01-23 to 12-31-24
Mayor	Jeremy P. Stutsman Gina Leichty	01-01-23 to 06-15-23 06-16-23 to 12-31-24
President of the Board of Public Works and Safety	Jeremy P. Stutsman Gina Leichty	01-01-23 to 06-15-23 06-16-23 to 12-31-24
President Pro Tempore of the Common Council	Brett Weddell	01-01-23 to 12-31-24
Utility Office Manager	Kelly Saenz	01-01-23 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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, 2023 to December 31, 2023. 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 Results and Comments contained herein describe the identified reportable instances 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 Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

August 29, 2024

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CLERK-TREASURER
CITY OF GOSHEN

CLERK-TREASURER
CITY OF GOSHEN
AUDIT RESULTS AND COMMENTS

CONFLICT OF INTEREST

Condition and Context

The City had not designed and implemented effective internal controls over conflicts of interest. The lack of effective internal controls allowed noncompliance to go undetected during the audit period.

It was identified that during the audit period, the City had entered into related-party transactions with one vendor involving a City employee, Fire Sergeant, Matthew Whitford (Whitford). Whitford is considered a "public servant" per Indiana Code 35-31.5-2-261. With respect to Infinitus Computers, LLC., Whitford served as the "President" of the entity, per a review of documents on file with the Indiana Secretary of State (SOS).

Based upon the circumstances, the Indiana State Board of Accounts would expect a conflict-of-interest disclosure for these related-party transactions to be filed. However, there was no evidence to support a conflict-of-interest disclosure was filed with the Indiana State Board of Accounts, or the Elkhart County Clerk of the Circuit Court during the audit period that covered these matters. The related-party transactions in 2023 totaled \$45,748 to Infinitus Computers, LLC. Additionally, subsequent period related party transactions were identified, totaling \$25,336, to Infinitus Computers, LLC.

Criteria

Indiana Code 35-44.1-1-4(d) states in part:

"A disclosure must:

- (1) be in writing;
- (2) describe the contract or purchase to be made by the governmental entity;
- (3) describe the pecuniary interest that the public servant has in the contract or purchase;
- (4) be affirmed under penalty of perjury;
- (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity before final action on the contract or purchase;
- (6) be filed within fifteen (15) days after final action on the contract or purchase with:
 - (A) the state board of accounts; and
 - (B) . . . the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase; . . ."

Conflict of interest disclosures must be completed on Gateway. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

The attorney for the unit or a private attorney must be consulted in regard to whether a conflict-of-interest disclosure statement must be filed and whether the format of the disclosure is sufficient. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER
CITY OF GOSHEN
AUDIT RESULTS AND COMMENTS
(Continued)

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. . . ."

FUND SOURCES AND USES

Condition and Context

The City had not designed and implemented an effective internal control system related to the approval of transfers. Due to the lack of effect internal controls, 7 of 40 transfers tested, totaling \$3,166,831, were not approved by governance of the City.

Criteria

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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CLERK-TREASURER
CITY OF GOSHEN
EXIT CONFERENCE

The contents of this report were discussed on August 29, 2024, with Gina Leichty, Mayor; Richard R. Aguirre, Clerk-Treasurer; Jeffery Weaver, Deputy Clerk-Treasurer; Kelly Saenz, Utility Office Manager; Phil Lederach, Common Council member; Bodie J. Stegelmann, City Attorney; Danny Sink, Fire Chief; Anthony Powell, Assistant Chief of Operations; Matthew Wittford, Fire Sergeant; Erica Emanuel, President of the Redevelopment Authority Board; and Matt P. Shrock, Common Council member.