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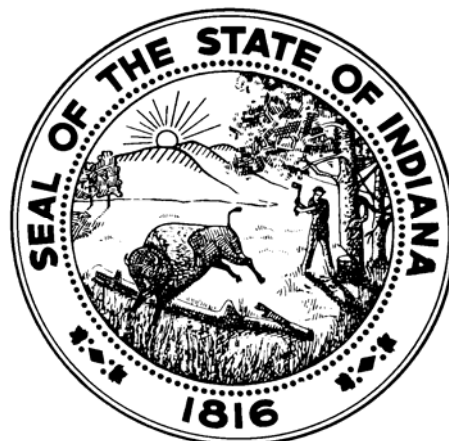
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

ANNUAL FINANCIAL REPORT

2006

CITY OF GOSHEN

ELKHART COUNTY, INDIANA



FILED
07/31/2007

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Tina M. Bontrager	01-01-04 to 12-31-07
Mayor	Allan J. Kauffman	01-01-04 to 12-31-07
President of the Board of Public Works	Allan J. Kauffman	01-01-04 to 12-31-07
President of the Common Council	Everett J. Thomas	01-01-06 to 12-31-07
Superintendent of Utilities	Douglas Perry	01-01-06 to 12-31-07
Utility Office Manager	Tana Brooks	01-01-06 to 12-31-07



STATE OF INDIANA
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**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Goshen (City), as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the City prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2006, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated June 25, 2007, 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 and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the City taken as a whole. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

The Schedules of Funding Progress, as listed in the Table of Contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on them.

The City has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

June 25, 2007



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the City of Goshen (City), as of and for the year ended December 31, 2006, and have issued our report thereon dated June 25, 2007. 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.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

We noted certain immaterial instances of noncompliance that we have discussed with the management of the City on June 25, 2007. These immaterial instances of noncompliance were subsequently communicated to management in a separate letter.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the City's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

June 25, 2007

STATE BOARD OF ACCOUNTS

CITY OF GOSHEN
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2006

Functions/Programs	Disbursements	Program Receipts			Net (Disbursement) Receipt and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary government:							
Governmental activities:							
General government	\$ 9,403,470	\$ 732,680	\$ -	\$ 2,222,250	\$ (6,448,540)	\$ -	\$ (6,448,540)
Public safety	8,078,816	998,608	13,633	-	(7,066,575)	-	(7,066,575)
Highways and streets	7,241,380	18,131	1,104,411	4,983,313	(1,135,525)	-	(1,135,525)
Sanitation	681,547	-	-	-	(681,547)	-	(681,547)
Economic development	1,192,351	61,569	325,486	-	(805,296)	-	(805,296)
Culture and recreation	1,399,957	178,268	93,098	-	(1,128,591)	-	(1,128,591)
Principal	830,456	-	-	-	(830,456)	-	(830,456)
Interest on long-term debt	306,992	-	-	-	(306,992)	-	(306,992)
Total governmental activities	<u>29,134,969</u>	<u>1,989,256</u>	<u>1,536,628</u>	<u>7,205,563</u>	<u>(18,403,522)</u>	<u>-</u>	<u>(18,403,522)</u>
Business-type activities:							
Water	3,352,244	3,571,586	-	-	-	219,342	219,342
Wastewater	5,770,139	5,977,207	-	-	-	207,068	207,068
Total business-type activities	<u>9,122,383</u>	<u>9,548,793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>426,410</u>	<u>426,410</u>
Total primary government	<u>\$ 38,257,352</u>	<u>\$ 11,538,049</u>	<u>\$ 1,536,628</u>	<u>\$ 7,205,563</u>	<u>(18,403,522)</u>	<u>426,410</u>	<u>(17,977,112)</u>
General receipts:							
Property taxes					13,558,464	-	13,558,464
Intergovernmental transfers					6,441,570	-	6,441,570
Other local sources					697,324	-	697,324
Bonds and loans					3,350,224	-	3,350,224
Unrestricted investment earnings					472,856	-	472,856
Special items:							
Sale of property, rentals, adjustments and refunds					162,066	-	162,066
Transfers					(88,235)	88,235	-
Total general receipts, special items, and transfers					<u>24,594,269</u>	<u>88,235</u>	<u>24,682,504</u>
Change in net assets					6,190,747	514,645	6,705,392
Net assets - beginning					<u>10,719,077</u>	<u>6,934,154</u>	<u>17,653,231</u>
Net assets - ending					<u>\$ 16,909,824</u>	<u>\$ 7,448,799</u>	<u>\$ 24,358,623</u>
<u>Assets</u>							
Cash and investments					\$ 15,844,318	\$ 1,585,154	\$ 17,429,472
Restricted assets:							
Cash and investments					<u>1,065,506</u>	<u>5,863,645</u>	<u>6,929,151</u>
Total assets					<u>\$ 16,909,824</u>	<u>\$ 7,448,799</u>	<u>\$ 24,358,623</u>
<u>Net Assets</u>							
Restricted for:							
Culture and recreation					\$ 638,925	\$ -	\$ 638,925
Debt service					426,581	1,614,805	2,041,386
Other purposes					-	4,248,840	4,248,840
Unrestricted					<u>15,844,318</u>	<u>1,585,154</u>	<u>17,429,472</u>
Total net assets					<u>\$ 16,909,824</u>	<u>\$ 7,448,799</u>	<u>\$ 24,358,623</u>

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

CITY OF GOSHEN
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2006

	General	Local Major Moves Construction	TIF Keystone I Cash	Redevelopment District Capital	Other Governmental Funds	Totals
Receipts:						
Taxes	\$ 8,159,933	\$ -	\$ 519,516	\$ -	\$ 4,879,015	\$ 13,558,464
Licenses and permits	286,010	-	-	-	3,062	289,072
Intergovernmental	4,256,556	4,681,168	417,802	-	5,772,760	15,128,286
Charges for services	1,323,315	-	-	-	498,028	1,821,343
Fines and forfeits	187,049	-	-	-	9,611	196,660
Other	562,383	51,668	26,169	72,391	357,291	1,069,902
Total receipts	14,775,246	4,732,836	963,487	72,391	11,519,767	32,063,727
Disbursements:						
General government	5,261,121	-	-	-	609,030	5,870,151
Public safety	7,713,427	-	-	-	30,588	7,744,015
Highways and streets	-	-	-	416,016	2,726,333	3,142,349
Sanitation	681,547	-	-	-	-	681,547
Culture and recreation	-	-	-	-	1,329,853	1,329,853
Economic development	-	391,806	-	-	679,515	1,071,321
Debt service:						
Principal	-	-	-	-	830,456	830,456
Interest	-	-	72,292	-	234,700	306,992
Capital outlay:						
General government	1,193,001	-	-	-	2,353,817	3,546,818
Public safety	85,353	-	-	-	249,448	334,801
Highways and streets	-	-	449,626	2,383,083	1,266,322	4,099,031
Culture and recreation	-	-	-	-	70,104	70,104
Economic development	-	-	-	-	121,030	121,030
Total disbursements	14,934,449	391,806	521,918	2,799,099	10,501,196	29,148,468
Excess (deficiency) of receipts over disbursements	(159,203)	4,341,030	441,569	(2,726,708)	1,018,571	2,915,259
Other financing sources (uses):						
Bond proceeds	-	-	-	3,350,224	-	3,350,224
Transfers in	951,679	-	145,575	-	414,984	1,512,238
Transfers out	(138,121)	-	(52,941)	(291,151)	(432,563)	(914,776)
Total other financing sources (uses)	813,558	-	92,634	3,059,073	(17,579)	3,947,686
Excess of receipts and other financing sources over disbursements and other financing uses	654,355	4,341,030	534,203	332,365	1,000,992	6,862,945
Cash and investment fund balance - beginning	2,585,145	-	464,084	1,673,740	5,323,910	10,046,879
Cash and investment fund balance - ending	\$ 3,239,500	\$ 4,341,030	\$ 998,287	\$ 2,006,105	\$ 6,324,902	\$ 16,909,824
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ 3,239,500	\$ 4,341,030	\$ 998,287	\$ 2,006,105	\$ 5,259,396	\$ 15,844,318
Restricted assets:						
Cash and investments	-	-	-	-	1,065,506	1,065,506
Total cash and investment assets - December 31	\$ 3,239,500	\$ 4,341,030	\$ 998,287	\$ 2,006,105	\$ 6,324,902	\$ 16,909,824
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ -	\$ -	638,925	\$ 638,925
Debt service	-	-	-	-	426,581	426,581
Unrestricted	3,239,500	4,341,030	998,287	2,006,105	5,259,396	15,844,318
Total cash and investment fund balance - December 31	\$ 3,239,500	\$ 4,341,030	\$ 998,287	\$ 2,006,105	\$ 6,324,902	\$ 16,909,824

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

CITY OF GOSHEN
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As of and for the Year Ended December 31, 2006

	Water Utility	Wastewater Utility	Total	Internal Service Fund
Operating receipts:				
Metered water receipts	\$ 2,952,848	\$ -	\$ 2,952,848	\$ -
Industrial hydrants and sprinklers	249,357	-	249,357	-
Measured receipts	-	5,197,825	5,197,825	-
Penalties	79,290	154,515	233,805	-
Taps	123,743	54,152	177,895	-
Inspection fees	14,025	13,250	27,275	-
Connections fees	16,433	18,494	34,927	-
Reconnection fees	19,560	-	19,560	-
Catch basin rental	-	38,546	38,546	-
Industrial permits	-	22,430	22,430	-
Other	69,688	225,111	294,799	-
Total operating receipts	3,524,944	5,724,323	9,249,267	-
Operating disbursements:				
Equipment and capital improvements	264,389	434,207	698,596	-
Source of supply and disbursements - operations and maintenance	876,356	-	876,356	-
Transmission and distribution	463,442	-	463,442	-
Collection system - operations and maintenance	-	597,032	597,032	-
Treatment and disposal disbursements - operations and maintenance	-	1,515,549	1,515,549	-
Customer accounts	133,578	129,213	262,791	-
Administration and general	960,656	1,195,631	2,156,287	-
Sludge removal	-	96,996	96,996	-
Insurance premiums	31,981	23,058	55,039	-
Regulatory commission disbursements	-	9,500	9,500	-
Payment in lieu of taxes	97,417	209,750	307,167	-
Total operating disbursements	2,827,819	4,210,936	7,038,755	-
Excess of operating receipts over operating disbursements	697,125	1,513,387	2,210,512	-
Nonoperating receipts (disbursements):				
Interest receipts	37,288	176,998	214,286	-
Miscellaneous receipts	9,354	75,886	85,240	-
Debt service of principal	(307,200)	(1,000,630)	(1,307,830)	-
Interest disbursements	(217,225)	(558,573)	(775,798)	-
Total nonoperating receipts (disbursements)	(477,783)	(1,306,319)	(1,784,102)	-
Excess of receipts over disbursements and nonoperating receipts (disbursements)	219,342	207,068	426,410	-
Transfers in	31,925	56,310	88,235	-
Transfers out	-	-	-	(672,198)
Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	251,267	263,378	514,645	(672,198)
Cash and investment fund balance - beginning	1,846,321	5,087,833	6,934,154	672,198
Cash and investment fund balance - ending	<u>\$ 2,097,588</u>	<u>\$ 5,351,211</u>	<u>\$ 7,448,799</u>	<u>\$ -</u>
<u>Cash and Investment Assets - December 31</u>				
Cash and investments	\$ 641,608	\$ 943,546	\$ 1,585,154	\$ -
Restricted assets:				
Cash and investments	1,455,980	4,407,665	5,863,645	-
Total cash and investment assets - December 31	<u>\$ 2,097,588</u>	<u>\$ 5,351,211</u>	<u>\$ 7,448,799</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - December 31</u>				
Restricted for:				
Debt service	\$ 403,991	\$ 1,210,814	\$ 1,614,805	\$ -
Other purposes	1,051,989	3,196,851	4,248,840	-
Unrestricted	641,608	943,546	1,585,154	-
Total cash and investment fund balance - December 31	<u>\$ 2,097,588</u>	<u>\$ 5,351,211</u>	<u>\$ 7,448,799</u>	<u>\$ -</u>

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

CITY OF GOSHEN
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2006

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Intergovernmental	\$ 1,228,116	\$ -	\$ -
Plan members	4,892	-	-
Other	<u>5,017</u>	<u>151,599</u>	<u>-</u>
Total contributions	<u>1,238,025</u>	<u>151,599</u>	<u>-</u>
Investment earnings:			
Interest	-	69,354	-
Loan principal	-	383,630	-
Transfers in	-	37,981	-
Agency fund additions	<u>-</u>	<u>-</u>	<u>16,314,826</u>
Total additions	<u>1,238,025</u>	<u>642,564</u>	<u>16,314,826</u>
Deductions:			
Benefits	941,764	-	-
Capital outlay	-	288,283	-
Administrative and general	8,359	-	-
Transfer out	-	51,480	-
Agency fund deductions	<u>-</u>	<u>-</u>	<u>16,713,266</u>
Total deductions	<u>950,123</u>	<u>339,763</u>	<u>16,713,266</u>
Excess (deficiency) of total additions over total deductions	287,902	302,801	(398,440)
Cash and investment fund balance - beginning	<u>451,256</u>	<u>1,383,941</u>	<u>511,539</u>
Cash and investment fund balance - ending	<u>\$ 739,158</u>	<u>\$ 1,686,742</u>	<u>\$ 113,099</u>

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

CITY OF GOSHEN
NOTES TO FINANCIAL STATEMENTS

I. 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 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, and urban redevelopment and housing.

These financial statements present the City (primary government). There are no significant component units which require inclusion.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The local major moves construction fund is used to account for grants and contributions received from the State of Indiana and is used for construction projects.

The TIF keystone I cash fund is used to account for taxes levied on a TIF district and intergovernmental revenues received from the county. These revenues are used for highway and other infrastructure costs.

The redevelopment district capital fund is used to account for redevelopment bond proceeds and the interest income earned thereon and is used for highway and other infrastructure costs.

CITY OF GOSHEN
NOTES TO FINANCIAL STATEMENTS
(Continued)

The City reports the following major proprietary funds:

The water utility fund accounts for the operation of the water distribution system.

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations and collection systems.

Additionally, the City reports the following fund types:

The internal service fund accounts for health benefits provided to other departments on a cost-reimbursement basis. This was discontinued as of January 1, 2005. The cash fund balance was transferred to the general fund in 2006.

The pension trust funds account for the activities of the 1925 police and 1937 fire pension funds, which accumulate resources for pension benefit payments.

The private-purpose trust funds report a trust arrangement under which principal and income benefit the private organizations.

Agency funds account for assets held by the City as an agent for governments.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment 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. Investment transactions are not presented on the financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City and Water and Wastewater Utilities. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

CITY OF GOSHEN
NOTES TO FINANCIAL STATEMENTS
(Continued)

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government.

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

3. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

4. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the City's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

CITY OF GOSHEN
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities and Net Assets – Cash and Investment Basis.

CITY OF GOSHEN
NOTES TO FINANCIAL STATEMENTS
(Continued)

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the City submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the City receives approval of the Indiana Department of Local Government Finance.

The City's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Cash Balance Deficits

At December 31, 2006, the following fund reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2006
Health Insurance Premiums	\$ <u>(185,767)</u>

Cash and investment deficits arose primarily from insufficient transfers from the General Fund due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

CITY OF GOSHEN
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2006, were as follows:

Transfer From	Transfer To	2006
General Fund	Other governmental	\$ 138,121
Other governmental	General Fund	279,481
Internal Service	General Fund	672,198
TIF Keystone Cash I	Water Utility	31,925
TIF Keystone Cash I	Wastewater Utility	21,016
Other governmental	Wastewater Utility	35,294
Redevelopment District Capital	TIF Keystone I	145,575
Redevelopment District Capital	Other governmental	145,576
Other governmental	Other governmental	169,268
 Total		 \$ 1,638,454

The City typically uses transfers for cash flow purposes as provided by various statutory provisions.

C. Segment Information

The City issued revenue bonds to finance Water and Wastewater Utilities improvements. Investors in the revenue bonds rely solely on the revenue generated by the individual activities for repayment. Summary financial information for the Water and Wastewater Utilities is presented below.

Condensed Statement of Cash and Investment Net Assets		2006
Cash and investment assets:		
Cash and investments		\$ 1,585,154
Restricted assets		5,863,645
Total cash and investment assets		\$ 7,448,799
 Cash and investment net assets:		
Restricted for:		
Debt service		\$ 1,614,805
Other purposes		4,248,840
Unrestricted		1,585,154
Total cash and investment net assets		\$ 7,448,799

CITY OF GOSHEN
NOTES TO FINANCIAL STATEMENTS
(Continued)

Condensed Statement of Receipts, Disbursements and Changes in Cash and Investment Net Assets	
	2006
Receipts (pledged against bond)	\$ 9,249,267
Operating disbursements	<u>(7,038,755)</u>
Excess of receipts over disbursements	<u>2,210,512</u>
Nonoperating receipts (disbursements):	
Interest received	214,286
Miscellaneous	85,240
Interest disbursed	(775,798)
Debt service of principal	(1,307,830)
Transfers	<u>88,235</u>
Total nonoperating receipts (disbursements)	<u>(1,695,867)</u>
Excess of receipts over disbursements and nonoperating receipts (disbursements)	514,645
Beginning cash and investment net assets	<u>6,934,154</u>
Ending cash and investment net assets	<u><u>\$ 7,448,799</u></u>

D. Restatements and Reclassifications

For the year ended December 31, 2006, certain changes have been made to the financial statements to more appropriately reflect financial activity of the City. The following schedule presents a summary of restated beginning balances by opinion unit. New Funds represent the inclusion of existing funds which were not presented in the prior report. Prior period adjustments are necessary for the following reasons: a reclassification of a fund to another fund type and during the conversion process to new accounting software many adjustments were necessary to correct various posting errors made to funds due to deficiencies inherit in the previous accounting software system used by the Clerk-Treasurer.

Opinion Unit	Balance as Reported December 31, 2005	New Funds	Prior Period Adjustments	Balance as Restated January 1, 2006
Governmental activities:				
Net assets	\$ 10,679,187	\$ 45,400	\$ (5,510)	\$ 10,719,077
Fiduciary activities:				
Pension trust funds	447,046	4,210	-	451,256
Private-purpose trust funds	1,393,941	-	(10,000)	1,383,941
Agency funds	83,248	(45,400)	473,691	511,539

CITY OF GOSHEN
NOTES TO FINANCIAL STATEMENTS
(Continued)

IV. Other Information

A. Risk Management

The City is 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; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Conduit Debt Obligation

From time to time, the City has issued Economic Development Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying notes to the financial statements.

As of December 31, 2006, there were three series of Economic Development Revenue Bonds outstanding with an aggregate principal amount payable of \$8,200,000.

C. Postemployment Benefits

In addition to the pension benefits described below, the City provides postemployment health insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the City with at least 20 years of service. Currently, four retirees meet these eligibility requirements. The City and retirees provide 42.1% and 57.9%, respectively, of these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended December 31, 2006, disbursements of \$34,254 were recognized for postemployment benefits.

D. Rate Structure – Enterprise Funds

Water Utility

On April 14, 2001, the City Council adopted Ordinance 3895 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on May 3, 2005.

Wastewater Utility

The current rate structure was approved by the City Council on December 20, 2005.

CITY OF GOSHEN
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF 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 member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the City and the Utilities is not available.

b. 1925 Police Officers' Pension Plan

Plan Description

The City contributes to the 1925 Police Officers' Pension Plan, which 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.

CITY OF GOSHEN
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The City's annual pension cost and related information as provided by the actuary is presented in this note.

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

c. 1937 Firefighters' Pension Plan

Plan Description

The City contributes to the 1937 Firefighters' Pension Plan, which 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 and Annual Pension Cost

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

Actuarial Information for the Above Plans

	<u>PERF</u>	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>
Annual required contribution	\$ 287,996	\$ 728,100	\$ 1,080,000
Interest on net pension obligation	(9,125)	152,900	230,700
Adjustment to annual required contribution	<u>10,398</u>	<u>(255,200)</u>	<u>(403,000)</u>
Annual pension cost	289,269	625,800	907,700
Contributions made	<u>306,645</u>	<u>242,239</u>	<u>294,482</u>
Increase (decrease) in net pension obligation	(17,376)	383,561	613,218
Net pension obligation, beginning of year	<u>(125,860)</u>	<u>2,265,925</u>	<u>3,417,670</u>
Net pension obligation, end of year	<u>\$ (143,236)</u>	<u>\$ 2,649,486</u>	<u>\$ 4,030,888</u>

CITY OF GOSHEN
NOTES TO FINANCIAL STATEMENTS
(Continued)

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Contribution rates:			
City	7.25%	333%	474%
Plan members	3%	6%	6%
Actuarial valuation date	07-01-05	01-01-05	01-01-05
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
	40 years	30 years	30 years
Amortization period (from date)	07-01-97	01-01-05	01-01-05
Asset valuation method	75% of expected actuarial value plus 25% of market value	4 year phase in of unrealized and realized capital	4 year phase in of unrealized and realized capital

Actuarial Assumptions

Investment rate of return	7.25%	6%	6%
Projected future salary increases:			
Total	5%	4%	4%
Attributed to inflation	4%	4%	4%
Attributed to merit/seniority	1%	0%	0%
Cost-of-living adjustments	2%	2.75/4%*	2.75/4%*

* 2.75% converted members; 4% nonconverted members

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-03	\$ 300,812	81%	\$ (117,640)
	06-30-04	261,861	103%	(125,860)
	06-30-05	289,269	117%	(143,236)
1925 Police Officers' Pension Plan	12-31-01	699,000	105%	2,054,390
	12-31-02	703,100	70%	2,265,925
	12-31-03	625,800	39%	2,649,486
1937 Firefighters' Pension Plan	12-31-02	881,900	59%	2,783,689
	12-31-03	901,300	30%	3,417,670
	12-31-04	907,700	32%	4,030,888

CITY OF GOSHEN
NOTES TO FINANCIAL STATEMENTS
(Continued)

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2006, was comprised of the following:

	1925 Police Officers' Pension	1937 Firefighters' Pension
Retires and beneficiaries currently receiving benefits	18	26
Terminated employees entitled to but not yet receiving benefits	-	-
Current active employees	1	4

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The City contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) 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 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

PERF 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:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the City is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan for the years ending December 31, 2006, 2005, and 2004, were \$830,206, \$785,516, and \$752,632, respectively, equal to the required contributions for each year.

CITY OF GOSHEN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 3,896,402	\$ 5,011,977	\$ (1,115,575)	78%	\$ 4,173,965	(27%)
07-01-05	4,141,497	5,732,988	(1,591,491)	72%	4,263,978	(37%)
07-01-06	4,880,071	6,083,551	(1,203,480)	80%	4,785,906	(25%)

1925 Police Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-00	\$ 112,230	\$ 7,368,900	\$ (7,256,670)	2%	\$ 197,500	(3,674%)
01-01-01	83,420	7,230,100	(7,146,680)	1%	197,500	(3,619%)
01-01-02	453,025	7,063,100	(6,610,075)	6%	208,200	(3,175%)
01-01-03	589,129	5,572,700	(4,983,571)	11%	215,600	(2,311%)
01-01-04	464,472	6,237,300	(5,772,828)	7%	223,600	(2,582%)
01-01-05	351,842	6,194,500	(5,842,658)	6%	230,600	(2,534%)

1937 Firefighters' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-00	\$ 57,608	\$ 9,170,300	\$ (9,112,692)	1%	\$ 230,400	(3,955%)
01-01-01	69,360	8,998,800	(8,929,440)	1%	236,900	(3,769%)
01-01-02	573,501	8,861,700	(8,288,199)	6%	243,300	(3,407%)
01-01-03	672,774	8,486,200	(7,813,426)	8%	250,500	(3,119%)
01-01-04	515,333	8,908,100	(8,392,767)	6%	257,900	(3,254%)
01-01-05	369,035	8,421,100	(8,052,065)	4%	228,000	(3,532%)

CITY OF GOSHEN
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF CONTRIBUTIONS FROM THE
 EMPLOYER AND OTHER CONTRIBUTING ENTITIES

1925 Police Officers' Pension Plan			
	Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed
1925 Police Officers' Pension Plan	12-31-99	\$ 776,400	45%
	12-31-00	765,000	47%
	12-31-01	775,400	95%
	12-31-02	786,600	63%
	12-31-03	728,100	33%
	12-31-04	767,300	46%
1937 Firefighters' Pension Plan	12-31-99	922,200	45%
	12-31-00	948,500	51%
	12-31-01	960,400	95%
	12-31-02	980,200	53%
	12-31-03	1,026,900	26%
	12-31-04	1,080,000	27%

CITY OF GOSHEN
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006

	Motor Vehicle Highway	Local Road and Street	Park and Recreation	Aviation	Probation	Law Enforcement Continuing Education	Parking Lot
Receipts:							
Taxes	\$ 616,939	\$ -	\$ 1,153,407	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	132	-	-	2,930	-
Intergovernmental	1,660,855	302,145	69,337	-	-	-	-
Charges for services	18,131	-	148,146	93,636	172,646	11,888	7,041
Fines and forfeits	-	-	-	-	-	9,611	-
Other	16,058	-	71,336	1,090	-	-	45,182
Total receipts	2,311,983	302,145	1,442,358	94,726	172,646	24,429	52,223
Disbursements:							
General government	-	-	-	74,805	137,066	-	14,745
Public safety	-	-	-	-	-	23,561	-
Highways and streets	2,185,283	80,600	-	-	-	-	-
Culture and recreation	-	-	1,329,853	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	34,860	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	11,675	249,766	-	-	-	-	-
Culture and recreation	-	-	70,104	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Total disbursements	2,196,958	330,366	1,399,957	109,665	137,066	23,561	14,745
Excess (deficiency) of receipts over disbursements	115,025	(28,221)	42,401	(14,939)	35,580	868	37,478
Other financing sources (uses)							
Transfers in	-	-	2,838	-	-	-	-
Transfers out	(28,600)	-	(55,421)	-	(29,707)	-	-
Total other financing sources (uses)	(28,600)	-	(52,583)	-	(29,707)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	86,425	(28,221)	(10,182)	(14,939)	5,873	868	37,478
Cash and investment fund balance - beginning	517,073	249,482	649,107	56,782	98,441	15,869	18,537
Cash and investment fund balance - ending	\$ 603,498	\$ 221,261	\$ 638,925	\$ 41,843	\$ 104,314	\$ 16,737	\$ 56,015
Cash and Investment Assets - December 31							
Cash and investments	\$ 603,498	\$ 221,261	\$ -	\$ 41,843	\$ 104,314	\$ 16,737	\$ 56,015
Restricted assets:							
Cash and investments	-	-	638,925	-	-	-	-
Total cash and investment assets - December 31	\$ 603,498	\$ 221,261	\$ 638,925	\$ 41,843	\$ 104,314	\$ 16,737	\$ 56,015
Cash and Investment Fund Balance - December 31							
Restricted for:							
Culture and recreation	\$ -	\$ -	\$ 638,925	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	-	-	-	-	-
Unrestricted	603,498	221,261	-	41,843	104,314	16,737	56,015
Total cash and investment fund balance - December 31	\$ 603,498	\$ 221,261	\$ 638,925	\$ 41,843	\$ 104,314	\$ 16,737	\$ 56,015

CITY OF GOSHEN
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	Economic Development Income Tax	Economic Improvement District	Street Tree	Federal and State Grants	Beautification and Restoration Operating	Rainy Day
Receipts:						
Taxes	\$ 1,247,562	\$ 36,090	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	2,235,883	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	5,000	11,576	-	-	1,109	-
Total receipts	1,252,562	47,666	-	2,235,883	1,109	-
Disbursements:						
General government	25,000	41,646	-	-	161	53,299
Public safety	-	-	-	1,330	-	-
Highways and streets	460,450	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	193,945	-	-	-	-	-
Debt service:						
Principal	470,456	-	-	-	-	-
Interest	42,176	-	-	-	-	-
Capital outlay:						
General government	100,636	-	-	2,133,583	1,000	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Total disbursements	1,292,663	41,646	-	2,134,913	1,161	53,299
Excess (deficiency) of receipts over disbursements	(40,101)	6,020	-	100,970	(52)	(53,299)
Other financing sources (uses)						
Transfers in	51,969	-	-	-	-	163,121
Transfers out	-	-	(2,838)	-	-	-
Total other financing sources (uses)	51,969	-	(2,838)	-	-	163,121
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	11,868	6,020	(2,838)	100,970	(52)	109,822
Cash and investment fund balance - beginning	499,538	30,223	2,838	271,815	3,196	490,330
Cash and investment fund balance - ending	<u>\$ 511,406</u>	<u>\$ 36,243</u>	<u>\$ -</u>	<u>\$ 372,785</u>	<u>\$ 3,144</u>	<u>\$ 600,152</u>
Cash and Investment Assets - December 31						
Cash and investments	\$ 511,406	\$ 36,243	\$ -	\$ 372,785	\$ 3,144	\$ 600,152
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - December 31	<u>\$ 511,406</u>	<u>\$ 36,243</u>	<u>\$ -</u>	<u>\$ 372,785</u>	<u>\$ 3,144</u>	<u>\$ 600,152</u>
Cash and Investment Fund Balance - December 31						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	-	-	-	-
Unrestricted	511,406	36,243	-	372,785	3,144	600,152
Total cash and investment fund balance - December 31	<u>\$ 511,406</u>	<u>\$ 36,243</u>	<u>\$ -</u>	<u>\$ 372,785</u>	<u>\$ 3,144</u>	<u>\$ 600,152</u>

CITY OF GOSHEN
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	Redevelopment	Court Records	Cumulative Capital Improvement Fire	Cumulative Capital Improvement Storm Sewer	Cumulative Capital Improvement Cigarette Tax	Cumulative Capital Improvement
Receipts:						
Taxes	\$ -	\$ -	\$ 232,470	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	13,447	-	104,971	-
Charges for services	-	38,891	-	-	-	7,049
Fines and forfeits	-	-	-	-	-	-
Other	124,809	-	-	608	-	-
Total receipts	124,809	38,891	245,917	608	104,971	7,049
Disbursements:						
General government	-	13,280	-	145,319	-	-
Public safety	-	-	5,697	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	25,255	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	133,459	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	50,000	-	-	-	-	-
Total disbursements	75,255	13,280	139,156	145,319	-	-
Excess (deficiency) of receipts over disbursements	49,554	25,611	106,761	(144,711)	104,971	7,049
Other financing sources (uses)						
Transfers in	51,480	-	-	-	-	-
Transfers out	-	(25,000)	-	-	(158,734)	-
Total other financing sources (uses)	51,480	(25,000)	-	-	(158,734)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	101,034	611	106,761	(144,711)	(53,763)	7,049
Cash and investment fund balance - beginning	8,836	45,400	42,707	512,747	53,763	9,458
Cash and investment fund balance - ending	<u>\$ 109,870</u>	<u>\$ 46,011</u>	<u>\$ 149,468</u>	<u>\$ 368,036</u>	<u>\$ -</u>	<u>\$ 16,507</u>
Cash and Investment Assets - December 31						
Cash and investments	\$ 109,870	\$ 46,011	\$ 149,468	\$ 368,036	\$ -	\$ 16,507
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - December 31	<u>\$ 109,870</u>	<u>\$ 46,011</u>	<u>\$ 149,468</u>	<u>\$ 368,036</u>	<u>\$ -</u>	<u>\$ 16,507</u>
Cash and Investment Fund Balance - December 31						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	-	-	-	-
Unrestricted	109,870	46,011	149,468	368,036	-	16,507
Total cash and investment fund balance - December 31	<u>\$ 109,870</u>	<u>\$ 46,011</u>	<u>\$ 149,468</u>	<u>\$ 368,036</u>	<u>\$ -</u>	<u>\$ 16,507</u>

CITY OF GOSHEN
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	Cumulative Capital Development	General Improvement	Community Development Block Grant	HUD Home	HUD Rental Rehab	TIF Rivertrace
Receipts:						
Taxes	\$ 473,880	\$ -	\$ -	\$ -	\$ -	\$ 252,007
Licenses and permits	-	-	-	-	-	-
Intergovernmental	27,415	-	293,772	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	12,702	31,714	-	321	2,080
Total receipts	501,295	12,702	325,486	-	321	254,087
Disbursements:						
General government	72,628	13,317	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	295,575	-	-	48,485
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	83,738	-	-	-	-	-
Public safety	115,989	-	-	-	-	-
Highways and streets	281,176	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	71,030
Total disbursements	553,531	13,317	295,575	-	-	119,515
Excess (deficiency) of receipts over disbursements	(52,236)	(615)	29,911	-	321	134,572
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(45,000)	-	-	(51,969)
Total other financing sources (uses)	-	-	(45,000)	-	-	(51,969)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(52,236)	(615)	(15,089)	-	321	82,603
Cash and investment fund balance - beginning	510,488	103,020	44,771	19,281	36,893	40,236
Cash and investment fund balance - ending	<u>\$ 458,252</u>	<u>\$ 102,405</u>	<u>\$ 29,682</u>	<u>\$ 19,281</u>	<u>\$ 37,214</u>	<u>\$ 122,839</u>
Cash and Investment Assets - December 31						
Cash and investments	\$ 458,252	\$ 102,405	\$ 29,682	\$ 19,281	\$ 37,214	\$ 122,839
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - December 31	\$ 458,252	\$ 102,405	\$ 29,682	\$ 19,281	\$ 37,214	\$ 122,839
Cash and Investment Fund Balance - December 31						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	-	-	-	-
Unrestricted	458,252	102,405	29,682	19,281	37,214	122,839
Total cash and investment fund balance - December 31	\$ 458,252	\$ 102,405	\$ 29,682	\$ 19,281	\$ 37,214	\$ 122,839

CITY OF GOSHEN
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	TIF Keystone II Cash	TIF Century Drive Cash	Storm Water Management Control	North U.S. 30 Allocation TIF	Debt Service	Totals
Receipts:						
Taxes	\$ 121,064	\$ 280,284	\$ -	\$ 29,751	\$ 435,561	\$ 4,879,015
Licenses and permits	-	-	-	-	-	3,062
Intergovernmental	259,715	780,023	-	-	25,197	5,772,760
Charges for services	-	-	600	-	-	498,028
Fines and forfeits	-	-	-	-	-	9,611
Other	16,068	17,247	-	-	391	357,291
Total receipts	396,847	1,077,554	600	29,751	461,149	11,519,767
Disbursements:						
General government	480	-	-	-	17,284	609,030
Public safety	-	-	-	-	-	30,588
Highways and streets	-	-	-	-	-	2,726,333
Culture and recreation	-	-	-	-	-	1,329,853
Urban redevelopment and housing	-	115,189	-	1,066	-	679,515
Debt service:						
Principal	-	-	-	-	360,000	830,456
Interest	52,956	54,240	-	-	85,328	234,700
Capital outlay:						
General government	-	-	-	-	-	2,353,817
Public safety	-	-	-	-	-	249,448
Highways and streets	272,445	451,260	-	-	-	1,266,322
Culture and recreation	-	-	-	-	-	70,104
Urban redevelopment and housing	-	-	-	-	-	121,030
Total disbursements	325,881	620,689	-	1,066	462,612	10,501,196
Excess (deficiency) of receipts over disbursements	70,966	456,865	600	28,685	(1,463)	1,018,571
Other financing sources (uses)						
Transfers in	72,788	72,788	-	-	-	414,984
Transfers out	(35,294)	-	-	-	-	(432,563)
Total other financing sources (uses)	37,494	72,788	-	-	-	(17,579)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	108,460	529,653	600	28,685	(1,463)	1,000,992
Cash and investment fund balance - beginning	354,231	210,804	-	-	428,044	5,323,910
Cash and investment fund balance - ending	\$ 462,691	\$ 740,457	\$ 600	\$ 28,685	\$ 426,581	\$ 6,324,902
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ 462,691	\$ 740,457	\$ 600	\$ 28,685	\$ -	\$ 5,259,396
Restricted assets:						
Cash and investments	-	-	-	-	426,581	1,065,506
Total cash and investment assets - December 31	\$ 462,691	\$ 740,457	\$ 600	\$ 28,685	\$ 426,581	\$ 6,324,902
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 638,925
Debt service	-	-	-	-	426,581	426,581
Unrestricted	462,691	740,457	600	28,685	-	5,259,396
Total cash and investment fund balance - December 31	\$ 462,691	\$ 740,457	\$ 600	\$ 28,685	\$ 426,581	\$ 6,324,902

CITY OF GOSHEN
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2006

	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Total</u>
Additions:			
Contributions:			
Intergovernmental	\$ 476,736	\$ 751,380	\$ 1,228,116
Plan members	4,804	88	4,892
Other	<u>2,691</u>	<u>2,326</u>	<u>5,017</u>
Total contributions	<u>484,231</u>	<u>753,794</u>	<u>1,238,025</u>
Deductions:			
Benefits	455,865	485,899	941,764
Administrative and general	<u>3,847</u>	<u>4,512</u>	<u>8,359</u>
Total deductions	<u>459,712</u>	<u>490,411</u>	<u>950,123</u>
Excess of total additions over total deductions	24,519	263,383	287,902
Cash and investment fund balance - beginning	<u>295,294</u>	<u>155,962</u>	<u>451,256</u>
Cash and investment fund balance - ending	<u>\$ 319,813</u>	<u>\$ 419,345</u>	<u>\$ 739,158</u>

CITY OF GOSHEN
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES -
 PRIVATE-PURPOSE TRUST FUNDS
 For The Year Ended December 31, 2006

	<u>Donation</u>	<u>Park Gift</u>	<u>Electric Utility Sale</u>	<u>Violet Cemetery Endowment</u>	<u>West Goshen Cemetery Endowment</u>	<u>Cemetery Permanent Maintenance</u>	<u>Oakridge Cemetery Endowment</u>	<u>Millrace Trust</u>	<u>Beautification and Restoration Trust</u>	<u>Total</u>
Additions:										
Contributions:										
Charges for services	\$ 102,740	\$ 17,857	\$ -	\$ -	\$ -	\$ 7,049	\$ -	\$ -	\$ -	\$ 127,646
Other	-	21,323	-	-	-	-	-	-	2,630	23,953
Total contributions	102,740	39,180	-	-	-	7,049	-	-	2,630	151,599
Investment earnings:										
Interest	-	-	62,355	2,675	643	-	940	2,536	205	69,354
Loan principal received	-	-	383,630	-	-	-	-	-	-	383,630
Interfund transfers	-	37,981	-	-	-	-	-	-	-	37,981
Total additions	102,740	77,161	445,985	2,675	643	7,049	940	2,536	2,835	642,564
Deductions:										
Capital outlay	77,074	37,927	148,900	-	-	-	-	24,382	-	288,283
Interfund transfers	51,480	-	-	-	-	-	-	-	-	51,480
Total deductions	128,554	37,927	148,900	-	-	-	-	24,382	-	339,763
Excess (deficiency) of total additions over total deductions	(25,814)	39,234	297,085	2,675	643	7,049	940	(21,846)	2,835	302,801
Cash and cash equivalents - beginning	150,792	68,648	963,005	72,302	17,401	9,437	21,900	76,199	4,257	1,383,941
Cash and cash equivalents - ending	<u>\$ 124,978</u>	<u>\$ 107,882</u>	<u>\$ 1,260,090</u>	<u>\$ 74,977</u>	<u>\$ 18,044</u>	<u>\$ 16,486</u>	<u>\$ 22,840</u>	<u>\$ 54,353</u>	<u>\$ 7,092</u>	<u>\$ 1,686,742</u>

CITY OF GOSHEN
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2006

	City Payroll	Utility Payroll	Court Cashbook	Probation Cashbook	Continuing Education Others	Health Insurance Premiums	Total
Additions:							
Agency fund additions	\$ 11,944,706	\$ -	\$ 1,037,963	\$ 430,373	\$ 1,884	\$ 2,899,900	\$ 16,314,826
Deductions:							
Agency fund deductions	12,308,923	-	1,066,613	432,305	1,032	2,904,393	16,713,266
Excess (deficiency) of total additions over total deductions	(364,217)	-	(28,650)	(1,932)	852	(4,493)	(398,440)
Cash and investment fund balance - beginning	488,681	25,759	74,972	89,343	14,058	(181,274)	511,539
Cash and investment fund balance - ending	<u>\$ 124,464</u>	<u>\$ 25,759</u>	<u>\$ 46,322</u>	<u>\$ 87,411</u>	<u>\$ 14,910</u>	<u>\$ (185,767)</u>	<u>\$ 113,099</u>

CITY OF GOSHEN
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2006

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.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 23,485,569
Infrastructure	68,144,918
Buildings	9,465,538
Improvements other than buildings	6,131,374
Machinery and equipment	6,006,828
Construction in progress	<u>382,859</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 113,617,086</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 47,585
Construction in progress	191,424
Capital assets being depreciated:	
Buildings	1,751,426
Improvements other than buildings	17,526,592
Machinery and equipment	<u>815,620</u>
 Total Water Utility capital assets	 <u>20,332,647</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	625,059
Construction in progress	447,190
Capital assets being depreciated:	
Buildings	14,872,883
Improvements other than buildings	23,690,197
Machinery and equipment	<u>2,128,657</u>
 Total Wastewater Utility capital assets	 <u>41,763,986</u>
 Total business-type activities capital assets	 <u>\$ 62,096,633</u>

CITY OF GOSHEN
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2006

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
9 Police Cars	\$ 77,581	\$ 77,581
6 Dump Trucks	376,627	120,353
1 Ambulance	46,649	46,649
2 Dump Trucks	129,446	63,221
Computer Server & Incode Software	123,480	22,961
1 Fire Truck	274,344	63,938
Notes and loans payable:		
Aviation Loan	81,970	45,472
Real Estate Loan to Purchase two Properties	191,291	45,900
Bonds payable:		
General obligation bonds:		
2000 Issue	1,985,000	380,000
2005 Series A Redevelopment District Bonds	2,620,000	-
2006 Series B Redevelopment District Bonds	<u>3,380,000</u>	<u>200,000</u>
Total governmental activities long-term debt	<u>\$ 9,286,388</u>	<u>\$ 1,066,075</u>
Business-type Activities:		
Water Utility		
Capital leases:		
Vactor (40%)	\$ 57,233	\$ 18,402
Computer Server & Incode Software	40,176	9,394
Revenue bonds:		
2003 Refunding Bonds	580,000	185,000
2003 TIF Bonds	500,000	40,000
2005 Refinancing Bonds	<u>4,145,000</u>	<u>65,000</u>
Total Water Utility	<u>5,322,409</u>	<u>317,796</u>
Wastewater Utility		
Capital leases:		
Vactor (60%)	85,849	27,602
Computer Server & Incode Software	40,176	9,394
SRF Loan	4,100,000	520,000
Revenue bonds:		
2002 Bonds	3,025,000	5,000
2003 TIF Bonds	685,000	50,000
2004 Bonds	<u>5,590,000</u>	<u>425,000</u>
Total Wastewater Utility	<u>13,526,025</u>	<u>1,036,996</u>
Total business-type activities long-term debt	<u>\$ 18,848,434</u>	<u>\$ 1,354,792</u>

CITY OF GOSHEN
OTHER REPORT

The annual report presented herein was prepared in addition to another official report prepared for the City office listed below:

Water and Wastewater Utilities

CITY OF GOSHEN
AUDIT RESULTS AND COMMENTS

PRESCRIBED RECEIPT FORMS - PARK AND RECREATION DEPARTMENT

The proper prescribed Form 352 was used by the Park and Recreation Department; however, much of the time, the classification of the receipt was not indicated since the cash, check, money order, etc., line was left blank on the receipt form.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. Public funds shall be deposited in the same form in which they were received. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PRESCRIBED RECEIPT FORMS - POLICE DEPARTMENT

The receipt forms used by the Police Department for receipting fingerprint and criminal history revenue were neither prescribed nor approved by the State Board of Accounts. Also, the receipts for criminal history revenue were not prenumbered. A large number (36%) of fingerprint receipts were missing from the series submitted for audit. Also, only nine months of receipts were submitted for audit.

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

DEPOSIT OF RECEIPTS INTACT WITH THE CLERK-TREASURER'S OFFICE - POLICE DEPARTMENT

When testing police department receipts the following deficiencies were found: The receipt classification of cash, check, or money order was not marked on 20% of the receipts; amounts received for accident reports, firearms applications, and VIN investigations were not reported accurately when depositing with the Clerk-Treasurer; only one deposit of fingerprint revenue was made for the year of 2006, and the total of the written receipts did not always agree with the amount deposited with the Clerk-Treasurer.

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

Indiana Code 5-13-6-1(d) states in part: "A city or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories selected by the city or town as provided in an ordinance adopted by the city or the town and approved as depositories of state funds."

Public funds shall be deposited in the same form in which they were received. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY PAYROLL FUND BANK ACCOUNT RECONCILIATION

The reconciled December 31, 2006, balance of the City Payroll Fund of \$124,464.40 was not identified as to what city fund or what third party withholding agencies the balance is due. The Clerk-Treasurer was informed the identification of this balance should be completed as a part of the reconciliation process.

CITY OF GOSHEN
AUDIT RESULTS AND COMMENTS
(Continued)

According to the CPA firm employed by the City to complete this reconciliation, the identification of the December 31, 2006, balance will be completed at a later time.

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

APPROVAL OF FORMS

During 2006, the City of Goshen converted their accounting system to a new accounting system. This conversion was started in September 2006 and was retroactive to January 1, 2006. The computer generated accounting records produced by the new system have not been submitted to the State Board of Accounts for approval.

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

ORDINANCES AND RESOLUTIONS

The Water and Wastewater Utilities have ordinances concerning the calculation of penalties on delinquent accounts. Ordinance 4232 and Ordinance 4333, approved August 3, 2004, and December 20, 2005, respectively, stated that a penalty for delinquent payment would be assessed at the rate of 10% on any outstanding balance. However, the new billing software system assesses the 10% penalty only on the previous month's bill. There have been no amendments to these ordinances approving the change.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DEPOSITS - PLANNING DEPARTMENT

The Planning and Board of Zoning Appeals Department deposited money with the Clerk-Treasurer only eight times in 2006. There were no deposits made in January, April, September, and December. Normal procedures for the Department are to receive fee money soon after the monthly meetings on the third and fourth Tuesday's. Total collections in 2006 amounted to \$9,444.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the City of Goshen (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2006. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2006.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the City's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 25, 2007

CITY OF GOSHEN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2006

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct Grant			
Community Development Block Grant Cluster			
Community Development Block Grants/Entitlement Grants	14.218	B-05-MC-18-0019 B-06-MC-18-0019	\$ 157,532 <u>165,006</u>
Total for cluster			<u>322,538</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
Local Law Enforcement Block Grants Program	16.592	2004-LB8X0835	<u>1,031</u>
Pass-Through Indiana Criminal Justice Institute			
Bulletproof Vest Partnership Program	16.607		<u>300</u>
Total for grantor agency			<u>1,331</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Elkhart County			
Highway Safety Cluster			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601		<u>13,920</u>
Direct Grant			
Airport Improvement Program	20.106	3-18-0029-07 3-18-0029-08	88,914 <u>2,074,446</u>
Total for program			<u>2,163,360</u>
Total for federal grantor agency			<u>2,177,280</u>
Total federal awards expended			<u>\$ 2,501,149</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF GOSHEN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Goshen (City) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

II. Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows for the year ended December 31, 2006:

Program Title	Federal CFDA Number	2006
Community Development Block Grant	14.218	<u>\$ 159,274</u>

CITY OF GOSHEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF GOSHEN



"THE MAPLE CITY"

TINA M. BONTRAGER
City Clerk-Treasurer
202 S. 5th Street, Suite #2
Goshen, Indiana 46528-3714

2006 Summary Schedule of Prior Audit Findings

April 9, 2007

Finding Number: 2005-1, Internal Controls Over Bank Reconcilements
Orig SBA Audit Report #: B27219
Fiscal Year: 2005
Auditee Contact Person: Tina M. Bontrager
Title of Contact Person: Clerk-Treasurer

The following action has taken place:

- **Converted to new accounting software in October of 2006;**
- **Working with Dan Hedden from Umbaugh & Associates and Scott Walker from Public Sector Group to assist in the set up and balancing of the funds and to create future procedures that need to be in place;**
- **We paid for additional training from Tyler Technologies/Incode division to assure adequate training on the new software; and**
- **We have balanced all of the bank reconcilements except the payroll which variances have been found. We have established internal controls to identify and correct bank reconciliation differences in a timely manner including the ability to view our main checking and money market accounts daily.**

Thank-You,


Tina M. Bontrager



CITY OF GOSHEN
EXIT CONFERENCE

The contents of this report were discussed on June 25, 2007, with Tina M. Bontrager, Clerk-Treasurer; Allan J. Kauffman, Mayor; and Everett J. Thomas, President of the Common Council. The officials concurred with our audit findings.