

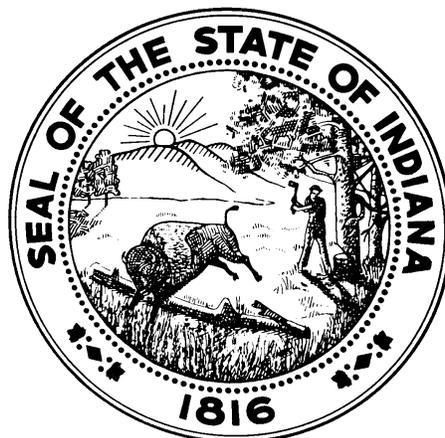
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

ANNUAL FINANCIAL REPORT

2008

CITY OF COLUMBIA CITY

WHITLEY COUNTY, INDIANA



FILED
08/03/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Rosie M. Coyle	01-01-08 to 12-31-11
Mayor	James R. Fleck	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	James R. Fleck	01-01-08 to 12-31-11
President of the Common Council	Walter C. Crowder	01-01-08 to 12-31-09
Superintendent of Water Utility	Michael D. Dear	01-01-08 to 12-31-09
Superintendent of Wastewater Utility	Howard E. Lowen Michel C. Cook	01-01-08 to 01-04-08 01-05-08 to 12-31-09
Superintendent of Electric Utility	Larry G. Whetstone	01-01-08 to 12-31-09



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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 COLUMBIA CITY, WHITLEY 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 Columbia City (City), as of and for the year ended December 31, 2008, 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, 2008, 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 July 9, 2009, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of

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

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.

The Schedules of Funding Progress and Schedule of Contributions From the Employer and Other Contributing Entities, 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 it.

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.

The City provides postemployment health insurance benefits to eligible retirees. The City has not provided an actuarial study to determine the City's annual post employment benefit costs in accordance with GASB Statement 45.

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

July 9, 2009



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE CITY OF COLUMBIA CITY, WHITLEY COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Columbia City (City), as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 9, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management in a separate letter dated July 9, 2009.

The City's response to the audit results and comments identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, city council, 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

July 9, 2009

CITY OF COLUMBIA CITY
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2008

Functions/Programs	Program Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 1,095,664	\$ 439,100	\$ -	\$ -	\$ (656,564)	\$ -	\$ (656,564)
Public safety	1,662,411	13,935	4,088	-	(1,644,388)	-	(1,644,388)
Highways and streets	781,341	1,440	191,348	38,835	(549,718)	-	(549,718)
Sanitation	348,852	311,917	-	-	(36,935)	-	(36,935)
Health and welfare	14,708	14,930	-	-	222	-	222
Economic development	393,674	-	-	125,000	(268,674)	-	(268,674)
Culture and recreation	497,011	149,420	-	-	(347,591)	-	(347,591)
Urban redevelopment and housing	259	-	-	-	(259)	-	(259)
Principal and interest on indebtedness	233,897	-	-	-	(233,897)	-	(233,897)
Total governmental activities	<u>5,027,817</u>	<u>930,742</u>	<u>195,436</u>	<u>163,835</u>	<u>(3,737,804)</u>	<u>-</u>	<u>(3,737,804)</u>
Business-type activities:							
Electric	8,954,256	9,066,341	-	-	-	112,085	112,085
Storm water	262,276	377,113	-	-	-	114,837	114,837
Wastewater	3,945,285	3,488,843	-	-	-	(456,442)	(456,442)
Water	1,804,825	1,608,893	-	-	-	(195,932)	(195,932)
Total business-type activities	<u>14,966,642</u>	<u>14,541,190</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(425,452)</u>	<u>(425,452)</u>
Total primary government	<u>\$ 19,994,459</u>	<u>\$ 15,471,932</u>	<u>\$ 195,436</u>	<u>\$ 163,835</u>	<u>(3,737,804)</u>	<u>(425,452)</u>	<u>(4,163,256)</u>
General receipts:							
Property taxes					1,329,007	-	1,329,007
Intergovernmental					2,168,790	-	2,168,790
Other local sources					102,242	-	102,242
Grants and contributions not restricted to specific programs					105,394	-	105,394
Investment earnings					40,358	94,257	134,615
Total general receipts					<u>3,745,791</u>	<u>94,257</u>	<u>3,840,048</u>
Change in net assets					7,987	(331,195)	(323,208)
Net assets - beginning					<u>1,966,828</u>	<u>4,897,853</u>	<u>6,864,681</u>
Net assets - ending					<u>\$ 1,974,815</u>	<u>\$ 4,566,658</u>	<u>\$ 6,541,473</u>
Assets							
Cash and investments					\$ 835,396	\$ 1,493,441	\$ 2,328,837
Restricted assets:							
Cash and investments					<u>1,139,419</u>	<u>3,073,217</u>	<u>4,212,636</u>
Total assets					<u>\$ 1,974,815</u>	<u>\$ 4,566,658</u>	<u>\$ 6,541,473</u>
Net Assets							
Restricted for:							
General government					\$ 445,637	\$ -	\$ 445,637
Public safety					21,317	-	21,317
Highways and streets					9,958	-	9,958
Debt service					(75,259)	2,069,176	1,993,917
Capital outlay					737,766	-	737,766
Other purposes					-	1,004,041	1,004,041
Unrestricted					<u>835,396</u>	<u>1,493,441</u>	<u>2,328,837</u>
Total net assets					<u>\$ 1,974,815</u>	<u>\$ 4,566,658</u>	<u>\$ 6,541,473</u>

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

CITY OF COLUMBIA CITY
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, 2008

	General	Riverboat	Rainy Day	EDIT - CIP Community Development	Other Governmental Funds	Totals
Receipts:						
Taxes	\$ 577,529	\$ -	\$ -	\$ 5,427	\$ 746,052	\$ 1,329,008
Special assessments	-	-	-	-	7,505	7,505
Licenses and permits	589	-	-	-	-	589
Intergovernmental	1,288,833	44,394	245,721	437,378	511,734	2,528,060
Charges for services	390,871	-	-	-	496,793	887,664
Fines and forfeits	895	-	-	-	7,142	8,037
Other	24,058	4,751	8,289	20,675	106,073	163,846
Total receipts	2,282,775	49,145	254,010	463,480	1,875,299	4,924,709
Disbursements:						
General government	1,002,954	-	30,823	-	187,996	1,221,773
Public safety	1,638,245	-	-	-	22,833	1,661,078
Highways and streets	-	-	-	-	711,341	711,341
Sanitation	-	-	-	-	348,852	348,852
Health and welfare	-	-	-	-	14,708	14,708
Economic development	-	-	-	135,703	58,015	193,718
Culture and recreation	-	-	-	-	497,011	497,011
Urban redevelopment and housing	-	-	-	-	259	259
Debt service:						
Principal	-	-	-	-	185,000	185,000
Interest	-	-	-	-	48,897	48,897
Capital outlay:						
General government	-	-	13,805	-	-	13,805
Public safety	-	-	-	-	1,333	1,333
Highways and streets	-	-	-	-	70,000	70,000
Economic development	-	-	-	199,956	-	199,956
Total disbursements	2,641,199	-	44,628	335,659	2,146,245	5,167,731
Excess (deficiency) of receipts over disbursements	(358,424)	49,145	209,382	127,821	(270,946)	(243,022)
Other financing sources (uses):						
Transfers in	-	-	60,000	-	-	60,000
Transfers out	(30,000)	-	-	-	(30,000)	(60,000)
Total other financing sources (uses)	(30,000)	-	60,000	-	(30,000)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(388,424)	49,145	269,382	127,821	(300,946)	(243,022)
Cash and investment fund balance - beginning	277,777	243,632	205,946	213,891	830,954	1,772,200
Cash and investment fund balance - ending	\$ (110,647)	\$ 292,777	\$ 475,328	\$ 341,712	\$ 530,008	1,529,178
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:						
Internal services funds are used by management to charge the costs of certain services to individual funds. The assets of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.						
						445,637
Net assets of governmental activities						\$ 1,974,815
Cash and Investment Assets - Ending						
Cash and investments	\$ (110,647)	\$ 292,777	\$ 475,328	\$ -	\$ 177,937	\$ 835,395
Restricted assets:						
Cash and investments	-	-	-	341,712	352,071	693,783
Total cash and investment assets - ending	\$ (110,647)	\$ 292,777	\$ 475,328	\$ 341,712	\$ 530,008	\$ 1,529,178
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 21,317	\$ 21,317
Highways and streets	-	-	-	-	9,958	9,958
Debt service	-	-	-	-	(75,259)	(75,259)
Capital outlay	-	-	-	341,712	396,055	737,767
Unrestricted	(110,647)	292,777	475,328	-	177,937	835,395
Total cash and investment fund balance - ending	\$ (110,647)	\$ 292,777	\$ 475,328	\$ 341,712	\$ 530,008	\$ 1,529,178

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

CITY OF COLUMBIA CITY
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, 2008

	Electric Utility	Storm Water Utility	Wastewater Utility	Water Utility	Totals	Internal Service Funds
Operating receipts:						
Metered/measured	\$ 8,624,556	\$ 377,056	\$ 3,442,756	\$ 1,062,639	\$ 13,507,007	\$ -
Public street and highway lighting	103,567	-	-	-	103,567	-
Fire protection receipts	-	-	-	347,569	347,569	-
Fees	30,893	-	-	-	30,893	-
Miscellaneous	108,524	57	42,624	175,927	327,132	1,125,678
Total operating receipts	8,867,540	377,113	3,485,380	1,586,135	14,316,168	1,125,678
Operating disbursements:						
Material and supplies	-	97	-	-	97	-
Contractual services	-	262,179	-	-	262,179	-
Transportation	-	-	8,074	-	8,074	-
Insurance claims and expense	-	-	-	-	-	874,669
Water treatment	-	-	-	674,119	674,119	-
Transmission and distribution	2,410,578	-	834,773	321,535	3,566,886	-
Administration and general	29,733	-	100,624	287,362	417,719	-
Collection system	-	-	992,562	-	992,562	-
Purchased power	6,355,798	-	-	71,277	6,427,075	-
Refunds	24,579	-	2,075	1,890	28,544	-
Miscellaneous	37,568	-	480,101	153,724	671,393	-
Total operating disbursements	8,858,256	262,276	2,418,209	1,509,907	13,048,648	874,669
Excess of operating receipts over operating disbursements	9,284	114,837	1,067,171	76,228	1,267,520	251,009
Nonoperating receipts (disbursements):						
Miscellaneous	158,365	-	-	22,758	181,123	-
Sale of assets	2,850	-	-	-	2,850	-
Rent	34,486	-	-	-	34,486	-
Investment income	22,464	13,270	39,075	19,448	94,257	-
Payment in lieu of taxes	(96,000)	-	(180,000)	(24,000)	(300,000)	-
Refunds	3,100	-	3,463	-	6,563	-
Debt service of principal	-	-	(871,000)	(131,000)	(1,002,000)	-
Interest disbursements	-	-	(476,076)	(139,918)	(615,994)	-
Total nonoperating receipts (disbursements)	125,265	13,270	(1,484,538)	(252,712)	(1,598,715)	-
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	134,549	128,107	(417,367)	(176,484)	(331,195)	251,009
Cash and investment fund balance - beginning	975,882	609,683	2,321,714	990,574	4,897,853	194,628
Cash and investment fund balance - ending	\$ 1,110,431	\$ 737,790	\$ 1,904,347	\$ 814,090	\$ 4,566,658	\$ 445,637
Cash and Investment Assets - December 31						
Cash and investments	\$ 576,217	\$ 737,790	\$ 33,660	\$ 145,774	\$ 1,493,441	\$ -
Restricted assets:						
Cash and investments	534,214	-	1,870,687	668,316	3,073,217	445,637
Total cash and investment assets - December 31	\$ 1,110,431	\$ 737,790	\$ 1,904,347	\$ 814,090	\$ 4,566,658	\$ 445,637
Cash and Investment Fund Balance - December 31						
Restricted for:						
Debt service	\$ -	\$ -	\$ 1,738,016	\$ 331,160	\$ 2,069,176	\$ -
Other purposes	534,214	-	132,671	337,156	1,004,041	445,637
Unrestricted	576,217	737,790	33,660	145,774	1,493,441	-
Total cash and investment fund balance - December 31	\$ 1,110,431	\$ 737,790	\$ 1,904,347	\$ 814,090	\$ 4,566,658	\$ 445,637

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

CITY OF COLUMBIA CITY
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2008

	Pension Trust Fund	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Employer	\$ 81,311	\$ -	\$ -
State	119,832	-	-
Other	-	75,872	-
	<u>201,143</u>	<u>75,872</u>	<u>-</u>
Total contributions			
Investment earnings:			
Interest	14	-	-
	<u>14</u>	<u>-</u>	<u>-</u>
Agency fund additions	-	-	3,989,179
	<u>-</u>	<u>-</u>	<u>3,989,179</u>
Total additions	<u>201,157</u>	<u>75,872</u>	<u>3,989,179</u>
Deductions:			
Benefits	184,474	-	-
Administrative and general	480	58,173	-
Agency fund deductions	-	-	3,990,544
	<u>184,954</u>	<u>58,173</u>	<u>3,990,544</u>
Total deductions			
Excess (deficiency) of total additions over total deductions	16,203	17,699	(1,365)
Cash and investment fund balance - beginning	<u>(32,734)</u>	<u>54,899</u>	<u>2,338</u>
Cash and investment fund balance - ending	<u>\$ (16,531)</u>	<u>\$ 72,598</u>	<u>\$ 973</u>

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

CITY OF COLUMBIA CITY
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, electric, water, wastewater, storm water, and urban redevelopment and housing.

The City's financial reporting entity is composed of the following:

Primary Government: City of Columbia City
Blended Component Unit: Columbia City Environmental Response Taxing District

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Blended Component Unit

A blended component unit is a separate legal entity that meets the component unit criteria. In addition, the blended component unit's governing body is the same or substantially the same as the City's governing body or the component unit provides services entirely to the City. The component unit's funds are blended into those of the City by appropriate fund type to constitute the primary government presentation. The blended component unit is presented below:

Component Unit	Description/Inclusion Criteria	Fund Included In
Columbia City Environmental Response Taxing District (District)	The primary government appoints a voting majority of the District's board and a financial benefit/burden relationship exists between the City and the District. Although it is legally separate from the City, the District is reported as if it were a part of the City because it provides services entirely or almost entirely to the City.	Governmental Funds

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 nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

CITY OF COLUMBIA CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, 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 riverboat fund is used to account for riverboat tax revenue and may be used for any legal or corporate purpose of the city.

The rainy day fund is used to account for transfers of unused and unencumbered funds and may be used for the purposes as established by the local ordinance.

The EDIT-CIP community development fund is used to account for economic development income tax revenues collected for the purpose of economic development projects for the City.

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.

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

The storm water utility fund accounts for the operation of the storm water collection system.

Additionally, the City reports the following fund types:

The internal service fund accounts for health insurance provided to other departments on a cost-reimbursement basis.

The pension trust fund accounts for the activities of the 1925 police officers' pension fund, which accumulates resources for pension benefit payments.

The private-purpose trust funds report trust arrangements under which principal and income benefit the citizens of the City of Columbia City.

Agency funds account for assets held by the City as an agent for the City of Columbia City and serve as control of accounts for certain cash transactions during the time they are a liability to the City.

CITY OF COLUMBIA CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 enterprise funds. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

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. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the City in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These

CITY OF COLUMBIA CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively.

3. 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.

4. 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.

5. 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.

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.

CITY OF COLUMBIA CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds 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. 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 government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

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.

CITY OF COLUMBIA CITY
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

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 and Investment Balance Deficits

At December 31, 2008, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2008
General	\$ 110,647
Pension Trust	16,531
Motor Vehicle Highway	99,732
Park and Recreation Nonreverting	83,776
Park and Recreation	108,823
Fire Equipment Bond	30,178
Debt Service Hazardous Waste	45,081
Cumulative Capital Development	23,821

The cash and investment deficit in the Park and Recreation Nonreverting Fund arose primarily from disbursements exceeding receipts due to the underestimate of current requirements. Cash and investment deficits in the other funds are due to property tax distributions being delayed past year end. These deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. 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.

2. Investments

Statutory Authorization for Investments

Indiana Code 5-13-9 authorizes the City to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal

CITY OF COLUMBIA CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

government sponsored enterprise. Indiana Code also authorizes the City to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the City and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the City may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the City's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy for custodial credit risk for investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City must follow state statute and limit the stated final maturities of the investments to no more than two years. The City does not have a formal investment policy for interest rate risk for investments.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The distribution of securities with credit ratings is summarized below. The City does not have a formal investment policy for credit risk for investments.

CITY OF COLUMBIA CITY
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

Foreign Currency Risk

The City does not have a formal policy in regards to foreign currency risk.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2008, were as follows:

Transfer From	Transfer To	2008
General Fund	Rainy Day Fund	\$ 30,000
Other governmental funds	Rainy Day Fund	30,000
Total		\$ 60,000

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

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; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); 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.

Medical Benefits to Employees

The City has chosen to establish a risk financing fund for risks associated with medical benefits to employees. The risk financing fund is accounted for in the Group Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$55,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim

CITY OF COLUMBIA CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

B. Holding Corporation

The City has entered into a capital lease with Columbia City-Whitley County Building Authority (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the City. The lessor has been determined to be a related party of the City. Lease payments during the year totaled \$121,035.

C. Subsequent Events

Beginning in 2009, the State Pension Relief Fund shall pay to each unit of local government with Pre-1977 Local Police and Fire Fighter Pension obligations, the total amount of pension, disability, and survivor benefit payments. The Pre-1977 funds include the 1925 Police Pension Fund, the 1937 Firefighters' Fund, and the 1953 Police Pension Fund. For property taxes due and payable after December 31, 2008, the Department of Local Government Finance shall reduce the maximum permissible property tax levy of any civil taxing unit and special service district by the amount of the payment to be made in 2009 by the State for the obligations.

The Wastewater Utility has the Blue River Interceptor Sewer project under construction. A total of \$5,409,515 has been expended through December 31, 2008. The Wastewater Utility anticipates borrowing an additional \$1,518,485 to complete the project.

D. Other Postemployment Benefits

Single-Employer Defined Benefit Healthcare Plan

Plan Description

The Self-Insurance Healthcare Plan is a single-employer defined benefit healthcare plan administered by the City. The plan provides health insurance benefits to eligible retirees. Local ordinance 2003-38 assigns the authority to establish and amend benefit provisions to the City.

Funding Policy

The contribution requirements of plan members for the Self-Insurance Healthcare Plan are established by the City's Common Council. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2008, the City contributed \$12,305 to the plan for current premiums (approximately 50% of total premiums). Plan members receiving benefits contributed \$12,305, or approximately 50% of the total premiums, through their required contribution of \$281.36 per month for retiree-only coverage.

CITY OF COLUMBIA CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Loans Receivable – Housing Rehab Loans

Loans receivable activity for the year ended December 31, 2008, was as follows:

<u>Housing Rehab Loans</u>	<u>Beginning Balance</u>	<u>New Loans</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental Activity:				
Housing Authority Grant I	\$ 5,972	\$ -	\$ 2,551	\$ 3,421
Housing Authority Grant II	9,132	-	2,763	6,369
Housing Authority Grant III	34,775	-	12,291	22,484
Housing Authority Grant IV	44,698	-	6,084	38,614
Revolving Loans	<u>15,635</u>	<u>-</u>	<u>1,271</u>	<u>14,364</u>
Totals	<u>\$ 110,212</u>	<u>\$ -</u>	<u>\$ 24,960</u>	<u>\$ 85,252</u>

F. Rate Structure – Enterprise Funds

Water Utility

The current rate structure was approved by the Indiana Utility Regulatory Commission on August 22, 2007.

Wastewater Utility

The current rate structure was approved by the City Council on October 24, 2006.

Electric Utility

The current rate structure was approved by the Indiana Utility Regulatory Commission on March 1, 2000.

Storm Water Utility

The current rate structure was approved by the City Council on July 25, 2006.

G. 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

CITY OF COLUMBIA CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

CITY OF COLUMBIA CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plans

	<u>PERF</u>	<u>1925 Police Officers' Pension</u>
Annual required contribution	\$ 191,435	\$ 174,100
Interest on net pension obligation	(19,740)	21,600
Adjustment to annual required contribution	<u>22,495</u>	<u>(26,900)</u>
Annual pension cost	194,190	168,800
Contributions made	<u>167,648</u>	<u>190,857</u>
Increase (decrease) in net pension obligation	26,542	(22,057)
Net pension obligation, beginning of year	<u>(272,278)</u>	<u>360,530</u>
Net pension obligation, end of year	<u>\$ (245,736)</u>	<u>\$ 338,473</u>

	<u>PERF</u>	<u>1925 Police Officers' Pension</u>
Contribution rates:		
City	7.25%	N/A
Plan members	3%	none
Actuarial valuation date	07-01-08	01-01-08
Actuarial cost method	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	30 years	30 years
Amortization period (from date)	07-01-97	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

N/A = Not available

<u>Actuarial Assumptions</u>	<u>PERF</u>	<u>1925 Police Officers' Pension</u>
Investment rate of return	7.25%	6%
Projected future salary increases:		
Total	5%	4%
Attributed to inflation	4%	4%
Attributed to merit/seniority	1%	0%
Cost-of-living adjustments	2%	2.75/4%*

*2.75% converted members; 4% nonconverted members

CITY OF COLUMBIA CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-06	\$ 146,276	110%	\$ (282,749)
	06-30-07	167,495	94%	(272,278)
	06-30-08	194,190	86%	(245,736)
1925 Police Officers' Pension Plan	12-31-05	167,200	67%	294,457
	12-31-06	167,900	61%	360,530
	12-31-07	168,800	113%	338,473

Membership in the 1925 Police Officers' Pension Plan at January 1, 2008, was comprised of the following:

	<u>1925 Police Officers' Pension</u>
Retirees and beneficiaries currently receiving benefits	11

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

CITY OF COLUMBIA CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, 2008, 2007, and 2006, were \$213,166, \$206,176, and \$196,899, respectively, equal to the required contributions for each year.

CITY OF COLUMBIA CITY
 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)
07-01-06	\$ 2,375,253	\$ 2,935,928	\$ (560,675)	81%	\$ 2,240,878	(25%)
07-01-07	2,767,109	3,526,824	(759,715)	78%	2,347,475	(32%)
07-01-08	2,494,502	3,295,124	(800,622)	76%	2,291,239	(35%)

1925 Police Officers' 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)
01-01-02	\$ 44,410	\$ 2,779,100	\$ (2,734,690)	2%	\$ -	N/A
01-01-03	173,916	2,499,900	(2,325,984)	7%	-	N/A
01-01-04	140,376	2,504,100	(2,363,724)	6%	-	N/A
01-01-05	115,283	2,410,600	(2,295,317)	5%	-	N/A
01-01-06	49,751	2,404,700	(2,354,949)	2%	-	N/A
01-01-07	(1,941)	2,401,600	(2,403,541)	(0%)	-	N/A

N/A - Not applicable

CITY OF COLUMBIA CITY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE 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	12-31-01	\$ 290,800	107%
	12-31-02	272,700	52%
	12-31-03	286,000	53%
	12-31-04	170,200	65%
	12-31-05	171,900	59%
	12-31-06	174,100	110%

CITY OF COLUMBIA CITY
 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, 2008

	Motor Vehicle Highway	Local Road and Street	Cemetery	Parking Meter	Park and Recreation Nonreverting	Economic Development Redevelopment
Receipts:						
Taxes	\$ 212,062	\$ -	\$ -	\$ -	\$ -	\$ 13,562
Special assessments	-	-	-	-	-	-
Intergovernmental	258,410	38,835	-	-	-	26,659
Charges for services	1,440	-	14,930	-	149,420	-
Fines and forfeits	-	-	-	5,732	-	-
Other	4,704	1,246	-	-	1,677	-
Total receipts	476,616	40,081	14,930	5,732	151,097	40,221
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	3,871	-	-
Highways and streets	658,109	53,232	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	14,708	-	-	-
Economic development	-	-	-	-	-	36,195
Culture and recreation	-	-	-	-	114,603	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Total disbursements	658,109	53,232	14,708	3,871	114,603	36,195
Excess (deficiency) of receipts over disbursements	(181,493)	(13,151)	222	1,861	36,494	4,026
Other financing uses:						
Transfers out	(30,000)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(211,493)	(13,151)	222	1,861	36,494	4,026
Cash and investment fund balance - beginning	111,761	23,109	25,164	8,700	(120,270)	33,155
Cash and investment fund balance - ending	<u>\$ (99,732)</u>	<u>\$ 9,958</u>	<u>\$ 25,386</u>	<u>\$ 10,561</u>	<u>\$ (83,776)</u>	<u>\$ 37,181</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ (99,732)	\$ -	\$ 25,386	\$ 10,561	\$ (83,776)	\$ 37,181
Restricted assets:						
Cash and investments	-	9,958	-	-	-	-
Total cash and investment assets - ending	<u>\$ (99,732)</u>	<u>\$ 9,958</u>	<u>\$ 25,386</u>	<u>\$ 10,561</u>	<u>\$ (83,776)</u>	<u>\$ 37,181</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	9,958	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	(99,732)	-	25,386	10,561	(83,776)	37,181
Total cash and investment fund balance - ending	<u>\$ (99,732)</u>	<u>\$ 9,958</u>	<u>\$ 25,386</u>	<u>\$ 10,561</u>	<u>\$ (83,776)</u>	<u>\$ 37,181</u>

CITY OF COLUMBIA CITY
 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, 2008
 (Continued)

	Solid Waste	Federal Equitable Sharing	Housing Authority	Law Enforcement Continuing Education	Emergency Telephone System	Park And Recreation
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 192,749
Special assessments	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	24,501
Charges for services	311,917	-	-	5,898	10,406	-
Fines and forfeits	-	-	-	1,245	-	-
Other	1,322	-	25,098	3,233	-	3,449
Total receipts	313,239	-	25,098	10,376	10,406	220,699
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	7,104	4,883	-
Highways and streets	-	-	-	-	-	-
Sanitation	348,852	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	337,447
Urban redevelopment and housing	-	-	259	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Public safety	-	-	-	1,333	-	-
Highways and streets	-	-	-	-	-	-
Total disbursements	348,852	-	259	8,437	4,883	337,447
Excess (deficiency) of receipts over disbursements	(35,613)	-	24,839	1,939	5,523	(116,748)
Other financing uses:						
Transfers out	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(35,613)	-	24,839	1,939	5,523	(116,748)
Cash and investment fund balance - beginning	96,075	96	45,822	(827)	15,794	7,925
Cash and investment fund balance - ending	<u>\$ 60,462</u>	<u>\$ 96</u>	<u>\$ 70,661</u>	<u>\$ 1,112</u>	<u>\$ 21,317</u>	<u>\$ (108,823)</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 60,462	\$ 96	\$ 70,661	\$ 1,112	\$ -	\$ (108,823)
Restricted assets:						
Cash and investments	-	-	-	-	21,317	-
Total cash and investment assets - ending	<u>\$ 60,462</u>	<u>\$ 96</u>	<u>\$ 70,661</u>	<u>\$ 1,112</u>	<u>\$ 21,317</u>	<u>\$ (108,823)</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 21,317	\$ -
Highways and streets	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	60,462	96	70,661	1,112	-	(108,823)
Total cash and investment fund balance - ending	<u>\$ 60,462</u>	<u>\$ 96</u>	<u>\$ 70,661</u>	<u>\$ 1,112</u>	<u>\$ 21,317</u>	<u>\$ (108,823)</u>

CITY OF COLUMBIA CITY
 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, 2008
 (Continued)

	Fire Insurance	Hazardous Materials	Operation Pullover	Bicentennial Committee	Information Services	Housing Authority #1
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Intergovernmental	-	-	4,088	-	-	-
Charges for services	-	2,582	-	-	-	-
Fines and forfeits	165	-	-	-	-	-
Other	-	-	-	-	50,800	2,551
Total receipts	165	2,582	4,088	-	50,800	2,551
Disbursements:						
General government	-	-	-	-	51,692	12,844
Public safety	-	2,700	4,275	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Total disbursements	-	2,700	4,275	-	51,692	12,844
Excess (deficiency) of receipts over disbursements	165	(118)	(187)	-	(892)	(10,293)
Other financing uses:						
Transfers out	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	165	(118)	(187)	-	(892)	(10,293)
Cash and investment fund balance - beginning	690	246	398	697	6,993	11,082
Cash and investment fund balance - ending	<u>855</u>	<u>128</u>	<u>211</u>	<u>697</u>	<u>6,101</u>	<u>789</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 855	\$ 128	\$ 211	\$ 697	\$ 6,101	\$ 789
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 855</u>	<u>\$ 128</u>	<u>\$ 211</u>	<u>\$ 697</u>	<u>\$ 6,101</u>	<u>\$ 789</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	<u>855</u>	<u>128</u>	<u>211</u>	<u>697</u>	<u>6,101</u>	<u>789</u>
Total cash and investment fund balance - ending	<u>\$ 855</u>	<u>\$ 128</u>	<u>\$ 211</u>	<u>\$ 697</u>	<u>\$ 6,101</u>	<u>\$ 789</u>

CITY OF COLUMBIA CITY
 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, 2008
 (Continued)

	IHCDA Recap Grant	Fire Equipment Bond	Debt Service Hazardous Waste	Cumulative Capital Improvement	Cumulative Capital Development	Cumulative Bridge
Receipts:						
Taxes	\$ -	\$ 68,941	\$ 62,781	\$ -	\$ 53,722	\$ 51,242
Special assessments	-	-	-	-	-	-
Intergovernmental	100,000	8,578	7,845	23,015	6,701	6,400
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	163	-	302	-	-	3,570
Total receipts	100,163	77,519	70,928	23,015	60,423	61,212
Disbursements:						
General government	-	-	-	19,016	98,000	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	8,125	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	75,000	110,000	-	-	-
Interest	-	42,077	6,820	-	-	-
Capital outlay:						
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	70,000
Total disbursements	8,125	117,077	116,820	19,016	98,000	70,000
Excess (deficiency) of receipts over disbursements	92,038	(39,558)	(45,892)	3,999	(37,577)	(8,788)
Other financing uses:						
Transfers out	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	92,038	(39,558)	(45,892)	3,999	(37,577)	(8,788)
Cash and investment fund balance - beginning	-	9,380	811	459	13,756	162,922
Cash and investment fund balance - ending	\$ 92,038	\$ (30,178)	\$ (45,081)	\$ 4,458	\$ (23,821)	\$ 154,134
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 92,038	\$ -	\$ -	\$ 4,458	\$ -	\$ -
Restricted assets:						
Cash and investments	-	(30,178)	(45,081)	-	(23,821)	154,134
Total cash and investment assets - ending	\$ 92,038	\$ (30,178)	\$ (45,081)	\$ 4,458	\$ (23,821)	\$ 154,134
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Debt service	-	(30,178)	(45,081)	-	-	-
Capital outlay	-	-	-	-	(23,821)	154,134
Unrestricted	92,038	-	-	4,458	-	-
Total cash and investment fund balance - ending	\$ 92,038	\$ (30,178)	\$ (45,081)	\$ 4,458	\$ (23,821)	\$ 154,134

CITY OF COLUMBIA CITY
 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, 2008
 (Continued)

	Cumulative Fire	Cumulative Park	General Improvement	TIF Capital Project	Totals
Receipts:					
Taxes	\$ 35,760	\$ 17,962	\$ -	\$ 37,271	\$ 746,052
Special assessments	-	-	7,505	-	7,505
Intergovernmental	4,461	2,241	-	-	511,734
Charges for services	-	-	-	200	496,793
Fines and forfeits	-	-	-	-	7,142
Other	3,698	1,096	-	3,164	106,073
Total receipts	43,919	21,299	7,505	40,635	1,875,299
Disbursements:					
General government	-	-	6,444	-	187,996
Public safety	-	-	-	-	22,833
Highways and streets	-	-	-	-	711,341
Sanitation	-	-	-	-	348,852
Health and welfare	-	-	-	-	14,708
Economic development	-	-	-	13,695	58,015
Culture and recreation	-	44,961	-	-	497,011
Urban redevelopment and housing	-	-	-	-	259
Debt service:					
Principal	-	-	-	-	185,000
Interest	-	-	-	-	48,897
Capital outlay:					
Public safety	-	-	-	-	1,333
Highways and streets	-	-	-	-	70,000
Total disbursements	-	44,961	6,444	13,695	2,146,245
Excess (deficiency) of receipts over disbursements	43,919	(23,662)	1,061	26,940	(270,946)
Other financing uses:					
Transfers out	-	-	-	-	(30,000)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	43,919	(23,662)	1,061	26,940	(300,946)
Cash and investment fund balance - beginning	165,684	63,497	15,243	132,592	830,954
Cash and investment fund balance - ending	<u>\$ 209,603</u>	<u>\$ 39,835</u>	<u>\$ 16,304</u>	<u>\$ 159,532</u>	<u>\$ 530,008</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ -	\$ -	\$ 159,532	\$ 177,937
Restricted assets:					
Cash and investments	209,603	39,835	16,304	-	352,071
Total cash and investment assets - ending	<u>\$ 209,603</u>	<u>\$ 39,835</u>	<u>\$ 16,304</u>	<u>\$ 159,532</u>	<u>\$ 530,008</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 21,317
Highways and streets	-	-	-	-	9,958
Debt service	-	-	-	-	(75,259)
Capital outlay	209,603	39,835	16,304	-	396,055
Unrestricted	-	-	-	159,532	177,937
Total cash and investment fund balance - ending	<u>\$ 209,603</u>	<u>\$ 39,835</u>	<u>\$ 16,304</u>	<u>\$ 159,532</u>	<u>\$ 530,008</u>

CITY OF COLUMBIA CITY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For The Year Ended December 31, 2008

	<u>Cemetery Endowment</u>	<u>Park Donations</u>	<u>Donation</u>	<u>Totals</u>
Additions:				
Contributions:				
Other	\$ 1,081	\$ 46,845	\$ 27,946	\$ 75,872
Deductions:				
Administrative and general	<u>60</u>	<u>32,361</u>	<u>25,752</u>	<u>58,173</u>
Excess of total additions over total deductions	1,021	14,484	2,194	17,699
Cash and investment fund balance - beginning	<u>17,355</u>	<u>12,361</u>	<u>25,183</u>	<u>54,899</u>
Cash and investment fund balance - ending	<u>\$ 18,376</u>	<u>\$ 26,845</u>	<u>\$ 27,377</u>	<u>\$ 72,598</u>

CITY OF COLUMBIA CITY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2008

	Payroll	Sales Tax	Totals
Additions:			
Agency fund additions	\$ 3,988,938	\$ 241	\$ 3,989,179
Deductions:			
Agency fund deductions	3,990,277	267	3,990,544
Deficiency of total additions over total deductions	(1,339)	(26)	(1,365)
Cash and investment fund balance - beginning	2,300	38	2,338
Cash and investment fund balance - ending	\$ 961	\$ 12	\$ 973

CITY OF COLUMBIA CITY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
December 31, 2008

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	\$ 88,675
Infrastructure	8,350,847
Buildings	2,226,193
Improvements other than buildings	1,423,549
Machinery and equipment	<u>3,148,023</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 15,237,287</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 7,654
Construction in progress	9,085
Capital assets, being depreciated:	
Buildings	1,587,879
Improvements other than buildings	6,278,626
Machinery and equipment	<u>569,646</u>
Total Water Utility capital assets	<u>8,452,890</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	23,396
Construction in progress	5,637,028
Capital assets, being depreciated:	
Buildings	7,724,352
Improvements other than buildings	12,037,405
Machinery and equipment	<u>8,166,948</u>
Total Wastewater Utility capital assets	<u>33,589,129</u>
Electric Utility:	
Capital assets, not being depreciated:	
Land	223,573
Land held for resale	1,981
Capital assets, being depreciated:	
Buildings	1,566,314
Improvements other than buildings	9,406,872
Machinery and equipment	<u>1,791,906</u>
Total Electric Utility capital assets	<u>12,990,646</u>
Storm Water Utility:	
Capital assets, not being depreciated:	
Construction in progress	<u>33,375</u>
Total business-type activities capital assets	<u>\$ 55,066,040</u>

CITY OF COLUMBIA CITY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2008

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
City hall	\$ 650,000	\$ 120,772
Bonds payable:		
General obligation bonds:		
2001 fire station renovations	<u>724,000</u>	<u>116,973</u>
Total governmental activities long-term debt	<u>\$ 1,374,000</u>	<u>\$ 237,745</u>
Business-type Activities:		
Water Utility		
Revenue bonds:		
2004 refunding	\$ 1,357,000	\$ 140,839
2006 improvement	<u>1,591,000</u>	<u>129,943</u>
Total Water Utility	<u>2,948,000</u>	<u>270,782</u>
Wastewater Utility		
Loans payable:		
2005 water pollution control facility upgrade	15,750,000	1,130,132
2006 water pollution control facility upgrade	<u>4,293,328</u>	<u>259,000</u>
Total Wastewater Utility	<u>20,043,328</u>	<u>1,389,132</u>
Total business-type activities long-term debt	<u>\$ 22,991,328</u>	<u>\$ 1,659,914</u>

CITY OF COLUMBIA CITY
OTHER REPORT

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

Municipal Utilities

CITY OF COLUMBIA CITY
AUDIT RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The cash balance of the Park and Recreation Nonreverting Fund was overdrawn \$83,776 at December 31, 2008. A similar comment appeared in prior Report B32035.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

EXCESSIVE OR UNREASONABLE COSTS

The City has provided 61 cell phones for various employees of the City. The City employs approximately 88 full time employees. The total paid to the wireless providers in 2008 was \$31,866. The City also purchased cell phones and cell phone accessories in 2008 that totaled \$9,516. A similar comment appeared in prior Report B32035.

Every effort should be made by the governmental unit to avoid unreasonable or excessive costs. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

UTILITY FUNDS USED FOR CITY EXPENSES

City officials used municipal utility operating funds to pay for salaries and wages of City employees. The information systems director, the communications department, the city hall maintenance and the city hall custodial employees were paid a substantial portion of their salaries from utility operating funds. The total gross wages of these employees was \$393,851, of which, the utilities paid \$319,721, or 81% of the total. In addition, there were other City employees whose salaries and wages were partially paid from utility operating funds in a larger proportion than job duties would indicate. A similar comment appeared in prior Report B32035.

Expenses paid from utility funds should be directly related to the operation of the municipally owned utility. Expenditures for City and Town operating costs should not be paid from utility funds. The cost of shared employees and equipment between a City or Town and its utilities or between utilities should be prorated in a rational manner. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Establishment of a Cash Reserve Fund permits transfer of surplus utility funds to the City or Town general fund. After appropriation, such transferred funds may then be used for any legal general fund purpose. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF COLUMBIA CITY
AUDIT RESULTS AND COMMENTS
(Continued)

PARK DEPARTMENT RECEIPTS

During a review of Park Department receipts, the following items were noted:

1. Receipts were not always deposited timely. In one instance, pool receipts for June 5, 2008, were not deposited until June 11, 2008. The deposit included \$973.00 in cash.
2. Cash register tapes maintained at the pool did not always agree with the report of collections and/or bank deposits made. In one instance, the cash register tape totaled \$2,360.00, the report of collections totaled \$2,334.25 and the City receipted and deposited \$2,315.50.
3. Receipts written for other Park Department collections were not always accurately completed, the payment type was not always noted on the receipts, or the breakdown of cash and checks on the Park receipt did not agree with the breakdown on the City receipt and corresponding deposit.

IC 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."

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)

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)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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 COLUMBIA CITY, WHITLEY COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Columbia City (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 its major federal program for the year ended December 31, 2008. The City's major federal program is 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 its major federal program 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 of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. 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, 2008.

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in a City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a

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)

federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

The City's response to the audit results and comments identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, city council, 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

July 9, 2009

CITY OF COLUMBIA CITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2008

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Pass-Through Indiana Department of Natural Resources Cooperative Forestry Assistance UFCF Grant Project	10.664		\$ <u>11,110</u>
Total for federal grantor agency			<u>11,110</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Office of Community and Rural Affairs Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228		
		DF-008-016 PN-006-002	8,125 <u>25,000</u>
Total for federal grantor agency			<u>33,125</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Criminal Justice Institute Highway Safety Cluster Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	OP-08-01-01-58	<u>14,764</u>
Total for federal grantor agency			<u>14,764</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Finance Authority Capitalization Grants for Clean Water State Revolving Funds	66.458		
		WWW0517922 WWW0503921	306,089 <u>1,522,775</u>
Total for federal grantor agency			<u>1,828,864</u>
Total federal awards expended			<u>\$ 1,887,863</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF COLUMBIA CITY
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Columbia City (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.

CITY OF COLUMBIA CITY
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
Significant deficiencies 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
Significant deficiencies 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
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Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
66.458	Capitalization Grants for Clean Water State Revolving Funds

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

Auditee qualified as low-risk auditee?	yes
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Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF COLUMBIA CITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF COLUMBIA CITY
EXIT CONFERENCE

The contents of this report were discussed on July 9, 2009, with Rosie M. Coyle, Clerk-Treasurer; and James R. Fleck, Mayor. The official response has been made a part of this report and may be found on pages 47 and 48.



**CITY CLERK-TREASURER
112 S. CHAUNCEY STREET
COLUMBIA CITY, IN 46725
260-248-5100**

July 9, 2009

State Board of Accounts
302 West Washington Street
Room E 418
Indianapolis, IN 46204-2765

RE: **OFFICIAL RESPONSE**
 2008 Civil City Annual Audit

This letter is in regards to the Audit comments for 2008.

Utility Funds used for City Expenses

The first is in regards to the Utility Funds used for City Expenses. The Information Systems Director is paid more from utility funds due to the nature of his position. Even though he is still over the Communications Department, he does all the computer work for all the utilities which takes up about 90% of his work time. That is why he is paid mainly from the utilities.

The Communications department is the dispatch center for all the utilities 24/7. They dispatch all of the utilities during power outages and also monitor all the alarms for all the lift stations and water department 24/7. This is why we can justify their wages being paid out of the utilities also.

The city hall maintenance employee does all the maintenance for the Electric, Water and Wastewater facilities including the utility office in City Hall. He also is paid from the street department since he also picks up trash 2 days a week in the uptown area.

EXCESSIVE OR UNREASONABLE COSTS

The second comment is in regards to Excessive or unreasonable costs of cell phones. The City's employee policy addresses cell phones and that anyone issued a cell phone for their job, will be allotted an amount of minutes and that this is to be used for City business.

Anyone going over this amount will be charged for the excess usage. Our Police, Fire, Communications and all Department heads and their supervisors are issued cell phones for emergency purposes and on-call purposes. We did cut back in 2009 from 61 phones to 54 phones and also changed our plan to a "bulk minute" rate to cut down on the charges. Each phone is still allotted an amount of minutes and anything over that is charged to the employee accordingly.

OVERDRAWN CASH BALANCE

In response to the overdrawn cash balances for the Park & Recreation Non-reverting Fund, the Park Department is well aware of this problem and is trying to rectify this. In 2008 we changed some of the expenses to the Park Tax fund and lowered the balance by approximately \$25,000.00. The current balance in this account is \$-38,956.00 so you can see that we are making good headway on getting this account back to a positive balance.

PARK DEPARTMENT RECEIPTS

The Park department is working on these problems and we are purchasing a new cash register for the Swimming Pool.

Sincerely,



Rosie Coyle IAMC
City Clerk Treasurer