

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

EXAMINATION REPORT
OF
CITY OF COLUMBIA CITY
WHITLEY COUNTY, INDIANA
January 1, 2009 to December 31, 2009



FILED
12/29/2010

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedule of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5-7
Supplementary Information:	
Schedule of Capital Assets.....	8
Schedule of Long-Term Debt	9
Examination Results and Comments:	
Overdrawn Cash Balances.....	10
Appropriations.....	10
Exit Conference.....	11
Official Response	12

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	01-01-09 to 12-31-10
Superintendent of Water Utility	Michael D. Dear	01-01-09 to 12-31-10
Superintendent of Wastewater Utility	Michel C. Cook	01-01-09 to 12-31-10
Superintendent of Electric Utility	Larry G. Whetstone	01-01-09 to 12-31-10



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 ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the City of Columbia City (City), for the period of January 1, 2009 to December 31, 2009. The City's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the City for the year ended December 31, 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

November 1, 2010

CITY OF COLUMBIA CITY
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ (110,647)	\$ 3,057,894	\$ 2,703,957	\$ 243,290
Motor Vehicle Highway	(99,732)	745,860	580,174	65,954
Local Road and Street	9,958	37,805	40,238	7,525
Cemetery	25,386	11,770	12,248	24,908
Parking Meter	10,561	5,473	7,962	8,072
Park and Recreation Nonreverting	(83,776)	146,856	111,197	(48,117)
Economic Development Redevelopment	37,181	32,449	5,030	64,600
Solid Waste	60,462	321,362	335,614	46,210
Federal Equitable Sharing	96	-	-	96
Housing Authority	70,661	11,788	48	82,401
Law Enforcement Continuing Education	1,112	11,380	11,276	1,216
Riverboat	292,777	44,868	-	337,645
Rainy Day	475,328	183,348	-	658,676
Emergency Telephone System	21,317	10,510	8,079	23,748
Park and Recreation	(108,823)	484,301	345,830	29,648
Fire Insurance	855	80	-	935
Hazardous Materials	128	16	-	144
Operation Pullover	211	2,800	2,800	211
Bicentennial Committee	697	-	-	697
Information Services	6,101	49,732	34,882	20,951
Housing Authority #1	789	2,083	-	2,872
IHCDA Recap Grant	92,038	243	1,000	91,281
Levy Excess	-	10,206	10,206	-
Wayne Waste Financial Assurance	-	55,097	41,769	13,328
Fire Equipment Bond	(30,178)	172,781	117,517	25,086
Debt Service Hazardous Waste	(45,081)	47,116	463	1,572
Cumulative Capital Improvement	4,458	21,700	25,000	1,158
Cumulative Capital Development	(23,821)	118,534	92,773	1,940
Cumulative Bridge	154,134	113,933	95,550	172,517
Cumulative Fire	209,603	80,628	50,797	239,434
Cumulative Park	39,835	39,526	29,200	50,161
General Improvement	16,304	614	-	16,918
TIF Capital Project	159,532	52,420	1,000	210,952
EDIT - CIP Community Development	341,712	325,909	356,938	310,683
Proprietary Funds:				
Water Utility - Operating	145,774	1,584,272	1,661,346	68,700
Water Utility - Bond and Interest	59,457	269,652	270,805	58,304
Water Utility - Depreciation	32,150	65,888	73,274	24,764
Water Utility - Customer Deposit	35,165	3,195	1,330	37,030
Water Utility - Construction	236,153	525	87,060	149,618
Water Utility - Cash Reserve	33,688	24,000	33,000	24,688
Water Utility - Debt Service Reserve	271,703	55,000	55,000	271,703
Wastewater Utility - Operating	33,660	3,488,972	3,646,659	(124,027)
Wastewater Utility - Bond and Interest	792,865	1,450,807	1,493,072	750,600
Wastewater Utility - Depreciation	127,815	5,000	439,208	(306,393)
Wastewater Utility - Cash Reserve	4,856	140,000	135,000	9,856
Wastewater Utility - Debt Service Reserve	945,151	318,366	-	1,263,517
Electric Utility - Operating	576,217	9,755,670	9,595,931	735,956
Electric Utility - Depreciation	30,896	60,000	7,345	83,551
Electric Utility - Customer Deposit	215,955	27,030	21,340	221,645
Electric Utility - Cash Reserve	287,363	110,000	117,000	280,363
Storm Water Utility - Operating	737,790	439,093	411,183	765,700
Self Insurance	445,229	1,068,830	1,008,334	505,725
Self Insurance - Retiree	408	10,381	-	10,789
Fiduciary Funds:				
Police Pension	(16,531)	467,672	192,099	259,042
Cemetery Endowment	18,376	630	-	19,006
Park Donations	26,845	31,633	32,792	25,686
Donation	27,377	9,282	10,257	26,402
Sales Tax	12	330	12	330
Payroll	961	4,103,892	4,100,791	4,062
Totals	<u>\$ 6,598,513</u>	<u>\$ 29,689,202</u>	<u>\$ 28,414,386</u>	<u>\$ 7,873,329</u>

The accompanying notes are an integral part of the financial information.

CITY OF COLUMBIA CITY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The City was established under the laws of the State of Indiana. The City 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.

Note 2. Fund Accounting

The City uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the City in June and 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 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. All property taxes collected by the County Treasurer and available for distribution were distributed to the City on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the City to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

CITY OF COLUMBIA CITY
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

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 this 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 Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% 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. 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 Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Note 7. Subsequent Events

The City has entered into the following projects in 2010:

- A. A highway renovation project in the amount of \$3,996,365, to be funded by an Indiana Department of Transportation Grant of \$3,230,000 (split 80/20 State and local), a \$500,000 highway grant, and the remainder from private contributions.
- B. A brownfield cleanup of an old factory site, to be funded by a USEPA Community Wide Assessment Grant of \$200,000. Also, equipment for this site of \$169,875, to be funded from a Community Development Block Grant of \$125,000 and private contributions of \$44,875.
- C. A park walking trail and a bridge project, to be funded by a Recreational Trail Grant, from the Department of Natural Resources, in the amount of \$150,000.

CITY OF COLUMBIA CITY
NOTES TO FINANCIAL INFORMATION
(Continued)

- D. An Electric Utility project to replace all City street lights, to be funded by a grant from the Office of Energy Development for \$250,000.
- E. A Wastewater Utility project for an equalization basin and interceptor sewers estimated to cost \$8,248,500, to be funded by a grant from the Office of Community and Rural Affairs for \$4,779,500 and a State Revolving Fund loan of \$3,469,000.

CITY OF COLUMBIA CITY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
December 31, 2009

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	2,232,893
Improvements other than buildings	1,427,590
Machinery and equipment	<u>3,262,555</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 15,362,560</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 7,654
Construction in progress	7,900
Capital assets, being depreciated:	
Buildings	1,600,226
Improvements other than buildings	6,357,226
Machinery and equipment	<u>576,921</u>
Total Water Utility capital assets	<u>8,549,927</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	23,396
Construction in progress	7,247,172
Capital assets, being depreciated:	
Buildings	7,648,951
Improvements other than buildings	12,040,332
Machinery and equipment	<u>8,203,791</u>
Total Wastewater Utility capital assets	<u>35,163,642</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	9,395,372
Machinery and equipment	<u>1,777,160</u>
Total Electric Utility capital assets	<u>12,964,400</u>
Storm Water Utility:	
Capital assets, not being depreciated:	
Construction in progress	65,147
Capital assets, being depreciated:	
Machinery and equipment	<u>1,966</u>
Total Storm Water Utility capital assets	<u>67,113</u>
Total business-type activities capital assets	<u>\$ 56,745,082</u>

CITY OF COLUMBIA CITY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

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	\$ 560,000	\$ 121,313
Bonds payable:		
General obligation bonds:		
2001 fire station renovations	<u>645,000</u>	<u>118,634</u>
Total governmental activities long-term debt	<u>\$ 1,205,000</u>	<u>\$ 239,947</u>
Business-type activities:		
Water Utility:		
Revenue bonds:		
2004 refunding	\$ 1,279,000	\$ 140,173
2006 north pressure booster station	<u>1,532,000</u>	<u>129,265</u>
Total Water Utility	<u>2,811,000</u>	<u>269,438</u>
Wastewater Utility:		
Loans payable:		
2005 water pollution control facility upgrade	15,111,000	1,129,846
2006 water pollution control facility upgrade	<u>4,968,545</u>	<u>-</u> *
Total Wastewater Utility	<u>20,079,545</u>	<u>1,129,846</u>
Total business-type activities debt	<u>\$ 22,890,545</u>	<u>\$ 1,399,284</u>

*Project not completed, amortization schedule not available

CITY OF COLUMBIA CITY
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The cash balances of the Park and Recreation Nonreverting Fund, Wastewater Utility - Operating Fund, and Wastewater Utility - Depreciation Fund were overdrawn \$48,117, \$124,027, and \$306,393, respectively, at December 31, 2009. A similar comment appeared in prior Report B34652.

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)

APPROPRIATIONS

The Cumulative Bridge Fund expenditures were \$27,169 in excess of budgeted appropriations for 2009.

IC 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

CITY OF COLUMBIA CITY
EXIT CONFERENCE

The contents of this report were discussed on November 1, 2010, 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 page 12.



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

November 1, 2010

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

**RE: OFFICIAL RESPONSE
2009 Civil City Annual Audit**

This letter is in regards to the Audit comments for 2009.

OVERDRAWN CASH BALANCE

In response to the overdrawn cash balance for the Park & Recreation Non-reverting Fund, the Park Department is well aware of this problem and is trying to rectify this. The current balance in this account is \$-27,712.00 as of November 1, 2010 so you can see that we are making good headway on getting this account back to a positive balance.

Sincerely,

**Rosie Coyle IAMC
City Clerk Treasurer**