

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

ANNUAL FINANCIAL REPORT

2010

CITY OF COLUMBIA CITY

WHITLEY COUNTY, INDIANA



FILED
04/14/2011

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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 Roger Seymoure	01-01-10 to 12-31-10 01-01-11 to 12-31-11
Superintendent of Water Utility	Michael D. Dear	01-01-10 to 12-31-11
Superintendent of Wastewater Utility	Michel C. Cook	01-01-10 to 12-31-11
Superintendent of Electric Utility	Larry G. Whetstone	01-01-10 to 12-31-11



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

TO: THE OFFICIALS OF THE CITY OF 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, 2010, 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, 2010, 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 March 16, 2011, 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 integral part of 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, 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.

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

March 16, 2011



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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, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 16, 2011. 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.

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

March 16, 2011

CITY OF COLUMBIA CITY
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2010

Functions/Programs	Disbursements	Program Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 2,137,222	\$ 359,391	\$ 27,610	\$ -	\$ (1,750,221)	\$ -	\$ (1,750,221)
Public safety	1,733,731	23,262	200	-	(1,710,269)	-	(1,710,269)
Highways and streets	754,623	6,227	185,598	39,052	(523,746)	-	(523,746)
Sanitation	334,696	329,161	-	-	(5,535)	-	(5,535)
Health and welfare	-	8,300	-	-	8,300	-	8,300
Economic development	117,661	-	-	-	(117,661)	-	(117,661)
Culture and recreation	455,844	142,086	-	-	(313,758)	-	(313,758)
Urban redevelopment and housing	4,414	-	-	-	(4,414)	-	(4,414)
Principal and interest on indebtedness	118,633	-	-	-	(118,633)	-	(118,633)
Total governmental activities	<u>5,656,824</u>	<u>868,427</u>	<u>213,408</u>	<u>39,052</u>	<u>(4,535,937)</u>	<u>-</u>	<u>(4,535,937)</u>
Business-type activities:							
Electric	10,015,551	9,964,611	-	249,483	-	198,543	198,543
Storm Water	662,014	689,041	-	-	-	27,027	27,027
Water	1,824,955	1,608,685	-	50,754	-	(165,516)	(165,516)
Wastewater	5,070,053	3,967,200	-	2,245,734	-	1,142,881	1,142,881
Total business-type activities	<u>17,572,573</u>	<u>16,229,537</u>	<u>-</u>	<u>2,545,971</u>	<u>-</u>	<u>1,202,935</u>	<u>1,202,935</u>
Total primary government	<u>\$ 23,229,397</u>	<u>\$ 17,097,964</u>	<u>\$ 213,408</u>	<u>\$ 2,585,023</u>	<u>(4,535,937)</u>	<u>1,202,935</u>	<u>(3,333,002)</u>
General receipts:							
Property taxes					2,026,988	-	2,026,988
Intergovernmental					2,901,619	-	2,901,619
Other local sources					133,521	146,598	280,119
Grants and contributions not restricted to specific programs					37,100	-	37,100
Investment earnings					5,655	7,334	12,989
Total general receipts					<u>5,104,883</u>	<u>153,932</u>	<u>5,258,815</u>
Change in net assets					568,946	1,356,867	1,925,813
Net assets - beginning					<u>3,223,230</u>	<u>4,315,574</u>	<u>7,538,804</u>
Net assets - ending					<u>\$ 3,792,176</u>	<u>\$ 5,672,441</u>	<u>\$ 9,464,617</u>
Assets							
Cash and investments					\$ 3,200,512	\$ 3,338,009	\$ 6,538,521
Restricted assets:							
Cash and investments					<u>591,664</u>	<u>2,334,432</u>	<u>2,926,096</u>
Total assets					<u>\$ 3,792,176</u>	<u>\$ 5,672,441</u>	<u>\$ 9,464,617</u>
Net Assets							
Restricted for:							
General government					\$ 152,976	\$ -	\$ 152,976
Public safety					39,571	-	39,571
Highways and streets					2,019	-	2,019
Culture and recreation					(30,788)	-	(30,788)
Debt service					-	2,334,432	2,334,432
Capital outlay					427,886	-	427,886
Unrestricted					<u>3,200,512</u>	<u>3,338,009</u>	<u>6,538,521</u>
Total net assets					<u>\$ 3,792,176</u>	<u>\$ 5,672,441</u>	<u>\$ 9,464,617</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, 2010

	General	Rainy Day	Other Governmental Funds	Totals
Receipts:				
Taxes	\$ 1,001,276	\$ -	\$ 1,025,712	\$ 2,026,988
Special assessments	-	-	2,381	2,381
Licenses and permits	1,403	-	2,820	4,223
Intergovernmental	1,685,765	574,360	893,954	3,154,079
Charges for services	300,000	-	499,637	799,637
Fines and forfeits	18,181	-	1,383	19,564
Other	74,016	2,107	142,775	218,898
Total receipts	<u>3,080,641</u>	<u>576,467</u>	<u>2,568,662</u>	<u>6,225,770</u>
Disbursements:				
General government	1,167,615	-	225,942	1,393,557
Public safety	1,656,583	-	17,178	1,673,761
Highways and streets	-	-	728,567	728,567
Sanitation	-	-	334,696	334,696
Economic development	-	-	117,661	117,661
Culture and recreation	-	-	455,844	455,844
Urban redevelopment and housing	-	-	96	96
Debt service:				
Principal	-	-	85,000	85,000
Interest	-	-	33,633	33,633
Capital outlay:				
General government	-	49,618	330,508	380,126
Public safety	-	-	59,970	59,970
Highways and streets	-	-	26,056	26,056
Urban redevelopment and housing	-	-	4,318	4,318
Total disbursements	<u>2,824,198</u>	<u>49,618</u>	<u>2,419,469</u>	<u>5,293,285</u>
Excess of receipts over disbursements	<u>256,443</u>	<u>526,849</u>	<u>149,193</u>	<u>932,485</u>
Other financing sources (uses):				
Transfers in	-	100,000	100,000	200,000
Transfers out	(100,000)	-	(100,000)	(200,000)
Total other financing sources (uses)	<u>(100,000)</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
Excess of receipts and other financing sources over disbursements and other financing uses	<u>156,443</u>	<u>626,849</u>	<u>149,193</u>	<u>932,485</u>
Cash and investment fund balance - beginning	<u>243,290</u>	<u>658,676</u>	<u>1,804,749</u>	<u>2,706,715</u>
Cash and investment fund balance - ending	<u>\$ 399,733</u>	<u>\$ 1,285,525</u>	<u>\$ 1,953,942</u>	<u>3,639,200</u>
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.				
				<u>152,976</u>
Net assets of governmental activities				<u>\$ 3,792,176</u>
Cash and Investment Assets - Ending				
Cash and investments	\$ 399,733	\$ 1,285,525	\$ 1,515,254	\$ 3,200,512
Restricted assets:				
Cash and investments	-	-	438,688	438,688
Total cash and investment assets - ending	<u>\$ 399,733</u>	<u>\$ 1,285,525</u>	<u>\$ 1,953,942</u>	<u>\$ 3,639,200</u>
Cash and Investment Fund Balance - Ending				
Restricted for:				
Public safety	\$ -	\$ -	\$ 39,571	\$ 39,571
Highways and streets	-	-	2,019	2,019
Culture and recreation	-	-	(30,788)	(30,788)
Capital outlay	-	-	427,886	427,886
Unrestricted	399,733	1,285,525	1,515,254	3,200,512
Total cash and investment fund balance - ending	<u>\$ 399,733</u>	<u>\$ 1,285,525</u>	<u>\$ 1,953,942</u>	<u>\$ 3,639,200</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
PROPRIETARY FUNDS
As of and for the Year Ended December 31, 2010

	Electric	Storm Water	Water	Wastewater	Totals	Internal Service Funds
Operating receipts:						
Metered/measured	\$ 9,597,100	\$ 680,741	\$ 1,094,810	\$ 3,543,627	\$ 14,916,278	\$ -
Sales	1,000	-	15,200	-	16,200	-
Public street and highway lighting	52,813	-	-	-	52,813	-
Fire protection receipts	-	-	322,402	-	322,402	-
Miscellaneous	313,698	8,300	176,273	423,573	921,844	843,356
Total operating receipts	9,964,611	689,041	1,608,685	3,967,200	16,229,537	843,356
Operating disbursements:						
Salaries and wages	846,068	167,239	557,206	583,147	2,153,660	-
Employee pensions and benefits	116,976	229,567	219,064	47,676	613,283	-
Sludge removal	-	-	-	34,527	34,527	-
Purchased power	6,657,058	-	74,490	387,003	7,118,551	-
Fuel for power production	33,435	-	-	-	33,435	-
Chemicals	-	-	7,553	13,623	21,176	-
Material and supplies	70,357	27,992	32,403	38,895	169,647	-
Contractual services	125,108	35,851	62,900	1,793,609	2,017,468	-
Rents	-	-	6,600	6,600	13,200	-
Transportation	-	-	2,835	-	2,835	-
Insurance claims and expense	-	-	31,369	36,480	67,849	1,206,895
Administration and general	35,902	-	-	-	35,902	-
Refunds	25,186	275	3,306	1,102	29,869	-
Equipment and capital improvements	965,580	179,208	351,176	155,493	1,651,457	-
Miscellaneous	1,139,881	21,882	206,615	436,067	1,804,445	-
Total operating disbursements	10,015,551	662,014	1,555,517	3,534,222	15,767,304	1,206,895
Excess (deficiency) of operating receipts over operating disbursements	(50,940)	27,027	53,168	432,978	462,233	(363,539)
Nonoperating receipts (disbursements):						
Rent	37,872	-	-	-	37,872	-
Investment income	4,359	1,376	1,006	593	7,334	-
Refunds	108,726	-	-	-	108,726	-
Debt service of principal	-	-	(142,000)	(925,000)	(1,067,000)	-
Interest disbursements	-	-	(127,438)	(610,831)	(738,269)	-
Total nonoperating receipts (disbursements)	150,957	1,376	(268,432)	(1,535,238)	(1,651,337)	-
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	100,017	28,403	(215,264)	(1,102,260)	(1,189,104)	(363,539)
Capital contributions	249,483	-	50,754	2,245,734	2,545,971	-
Transfers in	180,000	-	262,808	2,080,854	2,523,662	-
Transfers out	(180,000)	-	(262,808)	(2,080,854)	(2,523,662)	-
Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	349,500	28,403	(164,510)	1,143,474	1,356,867	(363,539)
Cash and investment fund balance - beginning	1,321,515	765,700	634,807	1,593,552	4,315,574	516,515
Cash and investment fund balance - ending	\$ 1,671,015	\$ 794,103	\$ 470,297	\$ 2,737,026	\$ 5,672,441	\$ 152,976
Cash and Investment Assets - December 31						
Cash and investments	\$ 1,671,015	\$ 794,103	\$ 470,297	\$ 402,594	\$ 3,338,009	\$ -
Restricted assets:						
Cash and investments	-	-	-	2,334,432	2,334,432	152,976
Total cash and investment assets - December 31	\$ 1,671,015	\$ 794,103	\$ 470,297	\$ 2,737,026	\$ 5,672,441	\$ 152,976
Cash and Investment Fund Balance - December 31						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 152,976
Debt service	-	-	-	2,334,432	2,334,432	-
Unrestricted	1,671,015	794,103	470,297	402,594	3,338,009	-
Total cash and investment fund balance - December 31	\$ 1,671,015	\$ 794,103	\$ 470,297	\$ 2,737,026	\$ 5,672,441	\$ 152,976

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, 2010

	<u>Pension Trust Fund</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
State	\$ 169,573	\$ -	
Other	<u>-</u>	<u>448,054</u>	
Total contributions	<u>169,573</u>	<u>448,054</u>	
Investment earnings:			
Interest	<u>334</u>	<u>-</u>	
Total additions	<u>169,907</u>	<u>448,054</u>	
Deductions:			
Benefits	189,692	-	
Administrative and general	<u>-</u>	<u>43,459</u>	
Total deductions	<u>189,692</u>	<u>43,459</u>	
Excess (deficiency) of total additions over total deductions	(19,785)	404,595	
Cash and investment fund balance - beginning	<u>259,042</u>	<u>71,094</u>	
Cash and investment fund balance - ending	<u>\$ 239,257</u>	<u>\$ 475,689</u>	<u>\$ 2,948</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, water, wastewater, electric, storm water, and urban redevelopment and housing.

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

Primary Government: City of Columbia City

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

Related Organizations

The City's officials are also responsible for appointing the voting majority of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. The City appoints the voting majority of the Columbia City Environmental Response Taxing District (District).

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.

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.

CITY OF COLUMBIA CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

The Rainy Day Fund is used to account for transfers of unused and unencumbered funds under Indiana Code 36-1-8-5. The Rainy Day Funds may be used solely for the operation of the City and its various departments, including, but not limited to, salaries and wages, costs of services, supplies, equipment, capital improvements, repairs, and similar expenditures.

The City reports the following major enterprise funds:

The Electric Utility Fund accounts for the operation of the electric distribution system.

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 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 funds account for the activities of the 1925 police officers' pension plan, 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.

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

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.

CITY OF COLUMBIA CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 its 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.

When both restricted and unrestricted resources are available for use, the City's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. 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.

3. Property Taxes

Normally, 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. 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 may 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.

CITY OF COLUMBIA CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

4. 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.

5. Long-Term Debt

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

6. 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."

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.

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.

CITY OF COLUMBIA CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

F. Internal and Interfund 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 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.
4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

Government-Wide Financial Statements

Interfund activity, if any, is 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 loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

G. Rounding Differences

The financial statements may contain immaterial differences due to rounding of amounts when the statements were compiled. These differences are considered trivial and do not affect the overall presentation of the financial statements.

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. Prior to November 1, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/

CITY OF COLUMBIA CITY
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the City receives approval of the Indiana Department of Local Government Finance.

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

B. Cash Balance Deficits

At December 31, 2010, the following funds reported deficits in cash, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

Fund	2010
Park and Recreation Non Reverting	\$ 30,788
Cumulative Capital Improvement	2,078

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; 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. IC 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 City does not have a deposit policy for custodial credit risk. At December 31, 2010, the City had deposit balances in the amount of \$10,182,511.

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 government sponsored enterprise. Indiana Code also authorizes the City to invest in

CITY OF COLUMBIA CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 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 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, 2010, were as follows:

Transfer From	Transfer To	2010
General Fund	Rainy Day Fund	\$ 100,000
Other Governmental Funds	Other Governmental Funds	100,000
Total		<u>\$ 200,000</u>

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; 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.

The City has chosen to establish a risk financing fund for risks associated with medical benefits for employees, dependents and retirees. The risk financing fund is accounted for in the Self Insurance Fund, an internal service fund, where assets are set aside for claim settlements. The City purchases commercial insurance for claims in excess of coverage provided by the fund. Amounts are paid into the fund by all insured funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based primarily upon the percentage of each fund's current year payroll as it relates to total payroll, and are reported as quasi-external interfund transactions.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

CITY OF COLUMBIA CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 2010 totaled \$181,706.

C. Subsequent Events

The City has entered into the following projects anticipated to be completed in 2011:

1. A highway renovation project in the amount of \$4,086,903, 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 \$356,903 received in 2010 from private contributions.
2. A brownfield cleanup of an old factory site, to be funded by a U.S. EPA Community Wide Assessment Grant of \$400,000 (received \$8,125 in 2010). Also, equipment for this site of \$169,875, to be funded from a Community Development Block Grant of \$125,000 (received \$19,425 in 2010) and private contributions of \$44,875.
3. A park walking trail and a bridge project, to be funded by a Recreational Trail Grant from the Indiana Department of Natural Resources, in the amount of \$150,000.
4. 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 (received \$1,638,970 in 2010) and a State Revolving Fund loan of \$3,469,000 (received \$1,678,869 in 2010).

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, 2010, the City contributed \$7,056 to the plan for current premiums (approximately 50% of total premiums). Plan members receiving benefits contributed \$7,056, or approximately 50% of the total premiums, through their required contribution of \$147 per month for retiree-only coverage.

CITY OF COLUMBIA CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Loans Receivable – Economic Development

The City makes low interest loans to local businesses for economic development through the Housing rehab loans. Loans receivable under this program are as follows:

Housing Rehab Loans	Beginning Balance	New Loans	Reductions	Ending Balance
Governmental activity:				
Housing Authority Grant I	\$ 1,338	\$ -	\$ 1,338	\$ -
Housing Authority Grant II	5,205	4,225	9,430	-
Housing Authority Grant III	18,730	-	3,870	14,860
Housing Authority Grant IV	33,217	-	18,649	14,568
Revolving Loans	13,067	-	1,800	11,267
Totals	<u>\$ 71,557</u>	<u>\$ 4,225</u>	<u>\$ 35,087</u>	<u>\$ 40,695</u>

F. Rate Structure – Enterprise Funds

Water Utility

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

Wastewater Utility

The current rate structure was approved by the City Council on December 9, 2009.

Electric Utility

The current rate structure was approved by the by the Indiana Utility Regulatory Commission on June 30, 2010.

Storm Water Utility

The current rate structure was approved by the City Council on December 9, 2009.

G. Receipts Pledged

Water Utility Receipts Pledged

The Utility has pledged future customer collection receipts, net of specified operating expenditures, to repay revenue bonds issued in 2004 and 2006. Proceeds from the bonds provided financing for water works improvements. The bonds are payable solely from customer collections and are payable through 2026. Annual principal and interest payments are expected to require less than 20 percent of receipts.

CITY OF COLUMBIA CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Wastewater Utility Receipts Pledged

The Utility has pledged future customer collection receipts, net of specified operating expenditures, to repay revenue bonds issued in 2005, 2006 and 2010. Proceeds from the bonds provided financing for wastewater improvements. The bonds are payable solely from customer collections and are payable through 2028. Annual principal and interest payments are expected to require less than 48% of receipts.

H. Pension Plans

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

a. Public Employees' Retirement Fund

Plan Description

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

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

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

Funding Policy

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the City during the period were \$234,107.

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

CITY OF COLUMBIA CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

On Behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under IC 5-10.3-11. The State of Indiana has contributed \$169,573 on behalf of the City. On behalf contributions from the State of Indiana approximates the amount paid out for benefits.

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 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

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

Funding Policy

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 during the period were \$208,196.

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)
07-01-07	\$ 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%)
07-01-09	2,501,307	3,583,143	(1,081,836)	70%	2,663,221	(41%)

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)
01-01-04	\$ 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
01-01-08	(16,531)	2,463,200	(2,479,731)	(1%)	-	N/A
01-01-09	259,042	3,033,100	(2,774,058)	9%	-	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	12-31-04	\$ 286,000	53%
	12-31-05	170,200	65%
	12-31-06	171,900	59%
	12-31-07	174,100	110%
	12-31-08	181,200	111%
	12-31-09	226,700	206%

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, 2010

	Motor Vehicle Highway	Local Road and Street	Park and Recreation	Cemetery	Parking Meter	Park and Recreation Non Reverting	Economic Development Redevelopment
Receipts:							
Taxes	\$ 347,272	\$ -	\$ 299,650	\$ -	\$ -	\$ -	\$ 14,164
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	274,329	39,052	37,981	-	-	-	1,844
Charges for services	1,440	-	-	15,430	4,787	142,086	-
Fines and forfeits	-	-	-	-	-	-	-
Other	1,694	-	2,615	-	-	-	-
Total receipts	624,735	39,052	340,246	15,430	4,787	142,086	16,008
Disbursements:							
General government	-	-	-	15,827	-	-	-
Public safety	-	-	-	-	5,124	-	-
Highways and streets	611,092	44,558	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	14,773
Culture and recreation	-	-	331,087	-	-	124,757	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Total disbursements	611,092	44,558	331,087	15,827	5,124	124,757	14,773
Excess (deficiency) of receipts over disbursements	13,643	(5,506)	9,159	(397)	(337)	17,329	1,235
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	13,643	(5,506)	9,159	(397)	(337)	17,329	1,235
Cash and investment fund balance - beginning	65,954	7,525	29,649	24,909	8,072	(48,117)	64,600
Cash and investment fund balance - ending	\$ 79,597	\$ 2,019	\$ 38,808	\$ 24,512	\$ 7,735	\$ (30,788)	\$ 65,835
Cash and Investment Assets - Ending							
Cash and investments	\$ 79,597	\$ -	\$ 38,808	\$ 24,512	\$ 7,735	\$ -	\$ 65,835
Restricted assets:							
Cash and investments	-	2,019	-	-	-	(30,788)	-
Total cash and investment assets - ending	\$ 79,597	\$ 2,019	\$ 38,808	\$ 24,512	\$ 7,735	\$ (30,788)	\$ 65,835
Cash and Investment Fund Balance - Ending							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	2,019	-	-	-	-	-
Culture and recreation	-	-	-	-	-	(30,788)	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	79,597	-	38,808	24,512	7,735	-	65,835
Total cash and investment fund balance - ending	\$ 79,597	\$ 2,019	\$ 38,808	\$ 24,512	\$ 7,735	\$ (30,788)	\$ 65,835

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, 2010
 (Continued)

	Solid Waste	EPA Brownfield Grant	Housing Authority	Law Enforcement Continuing Education	Riverboat Gambling	Enhanced 911	Federal Equitable Sharing
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	2,820	-	-	-
Intergovernmental	-	27,610	-	-	44,288	-	-
Charges for services	323,531	-	-	1,732	-	10,615	-
Fines and forfeits	-	-	-	1,358	-	-	-
Other	66	-	33,570	-	600	-	-
Total receipts	323,597	27,610	33,570	5,910	44,888	10,615	-
Disbursements:							
General government	-	27,610	-	-	-	-	-
Public safety	-	-	-	1,804	-	10,050	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	334,696	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	96	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	4,529	-	-	-
Highways and streets	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Total disbursements	334,696	27,610	96	6,333	-	10,050	-
Excess (deficiency) of receipts over disbursements	(11,099)	-	33,474	(423)	44,888	565	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(11,099)	-	33,474	(423)	44,888	565	-
Cash and investment fund balance - beginning	46,210	-	82,401	1,216	337,645	23,748	96
Cash and investment fund balance - ending	<u>\$ 35,111</u>	<u>\$ -</u>	<u>\$ 115,875</u>	<u>\$ 793</u>	<u>\$ 382,533</u>	<u>\$ 24,313</u>	<u>\$ 96</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 35,111	\$ -	\$ 115,875	\$ 793	\$ 382,533	\$ -	\$ 96
Restricted assets:							
Cash and investments	-	-	-	-	-	24,313	-
Total cash and investment assets - ending	<u>\$ 35,111</u>	<u>\$ -</u>	<u>\$ 115,875</u>	<u>\$ 793</u>	<u>\$ 382,533</u>	<u>\$ 24,313</u>	<u>\$ 96</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	24,313	\$ -
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	35,111	-	115,875	793	382,533	-	96
Total cash and investment fund balance - ending	<u>\$ 35,111</u>	<u>\$ -</u>	<u>\$ 115,875</u>	<u>\$ 793</u>	<u>\$ 382,533</u>	<u>\$ 24,313</u>	<u>\$ 96</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, 2010
 (Continued)

	Bicentennial Committee	IHCDA Recap Grant	EDIT - CIP Community Development	Hazardous Materials	Levy Excess	Fire Violations	Operation Pullover
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	403,932	-	-	-	200
Charges for services	-	-	-	16	-	-	-
Fines and forfeits	-	-	-	-	-	25	-
Other	-	131	603	-	7,503	-	-
Total receipts	-	131	404,535	16	7,503	25	200
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	200
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Economic development	-	-	99,815	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	328,127	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Total disbursements	-	-	427,942	-	-	-	200
Excess (deficiency) of receipts over disbursements	-	131	(23,407)	16	7,503	25	-
Other financing sources (uses):							
Transfers in	-	100,000	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	100,000	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	100,131	(23,407)	16	7,503	25	-
Cash and investment fund balance - beginning	697	91,281	310,683	144	-	935	211
Cash and investment fund balance - ending	<u>\$ 697</u>	<u>\$ 191,412</u>	<u>\$ 287,276</u>	<u>\$ 160</u>	<u>\$ 7,503</u>	<u>\$ 960</u>	<u>\$ 211</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 697	\$ 191,412	\$ 287,276	\$ 160	\$ 7,503	\$ 960	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	211
Total cash and investment assets - ending	<u>\$ 697</u>	<u>\$ 191,412</u>	<u>\$ 287,276</u>	<u>\$ 160</u>	<u>\$ 7,503</u>	<u>\$ 960</u>	<u>\$ 211</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 211
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	697	191,412	287,276	160	7,503	960	-
Total cash and investment fund balance - ending	<u>\$ 697</u>	<u>\$ 191,412</u>	<u>\$ 287,276</u>	<u>\$ 160</u>	<u>\$ 7,503</u>	<u>\$ 960</u>	<u>\$ 211</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, 2010
 (Continued)

	Information Services	Housing Authority #1	Wayne Waste Financial Assurance	Fire Equipment Bond	Cumulative Capital Development	Cumulative Bridge
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ 106,095	\$ 64,228	\$ 65,693
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	17,705	8,359	8,551
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	37,100	1,446	55,000	-	-	251
Total receipts	37,100	1,446	55,000	123,800	72,587	74,495
Disbursements:						
General government	43,004	-	42,041	-	73,502	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	72,917
Sanitation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	85,000	-	-
Interest	-	-	-	33,633	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	26,056
Urban redevelopment and housing	-	4,318	-	-	-	-
Total disbursements	43,004	4,318	42,041	118,633	73,502	98,973
Excess (deficiency) of receipts over disbursements	(5,904)	(2,872)	12,959	5,167	(915)	(24,478)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,904)	(2,872)	12,959	5,167	(915)	(24,478)
Cash and investment fund balance - beginning	20,951	2,872	14,900	25,086	1,940	172,518
Cash and investment fund balance - ending	\$ 15,047	\$ -	\$ 27,859	\$ 30,253	\$ 1,025	\$ 148,040
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 27,859	\$ 30,253	\$ -	\$ -
Restricted assets:						
Cash and investments	15,047	-	-	-	1,025	148,040
Total cash and investment assets - ending	\$ 15,047	\$ -	\$ 27,859	\$ 30,253	\$ 1,025	\$ 148,040
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ 15,047	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	1,025	148,040
Unrestricted	-	-	27,859	30,253	-	-
Total cash and investment fund balance - ending	\$ 15,047	\$ -	\$ 27,859	\$ 30,253	\$ 1,025	\$ 148,040

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, 2010
 (Continued)

	Cumulative Fire	Cumulative Park	General Improvement	Cumulative Capital Improvement	TIF Capital Project	Totals
Receipts:						
Taxes	\$ 72,670	\$ 21,491	\$ -	\$ -	\$ 34,449	\$ 1,025,712
Special assessments	-	-	2,381	-	-	2,381
Licenses and permits	-	-	-	-	-	2,820
Intergovernmental	5,563	3,819	-	20,721	-	893,954
Charges for services	-	-	-	-	-	499,637
Fines and forfeits	-	-	-	-	-	1,383
Other	1,755	90	-	-	351	142,775
Total receipts	79,988	25,400	2,381	20,721	34,800	2,568,662
Disbursements:						
General government	-	-	-	23,958	-	225,942
Public safety	-	-	-	-	-	17,178
Highways and streets	-	-	-	-	-	728,567
Sanitation	-	-	-	-	-	334,696
Economic development	-	3,073	-	-	-	117,661
Culture and recreation	-	-	-	-	-	455,844
Urban redevelopment and housing	-	-	-	-	-	96
Debt service:						
Principal	-	-	-	-	-	85,000
Interest	-	-	-	-	-	33,633
Capital outlay:						
General government	-	-	2,381	-	-	330,508
Public safety	55,441	-	-	-	-	59,970
Highways and streets	-	-	-	-	-	26,056
Urban redevelopment and housing	-	-	-	-	-	4,318
Total disbursements	55,441	3,073	2,381	23,958	-	2,419,469
Excess (deficiency) of receipts over disbursements	24,547	22,327	-	(3,237)	34,800	149,193
Other financing sources (uses):						
Transfers in	-	-	-	-	-	100,000
Transfers out	-	-	-	-	(100,000)	(100,000)
Total other financing sources (uses)	-	-	-	-	(100,000)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	24,547	22,327	-	(3,237)	(65,200)	149,193
Cash and investment fund balance - beginning	239,434	50,161	16,918	1,159	210,951	1,804,749
Cash and investment fund balance - ending	\$ 263,981	\$ 72,488	\$ 16,918	\$ (2,078)	\$ 145,751	\$ 1,953,942
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 72,488	\$ -	\$ -	\$ 145,751	\$ 1,515,254
Restricted assets:						
Cash and investments	263,981	-	16,918	(2,078)	-	438,688
Total cash and investment assets - ending	\$ 263,981	\$ 72,488	\$ 16,918	\$ (2,078)	\$ 145,751	\$ 1,953,942
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,571
Highways and streets	-	-	-	-	-	2,019
Culture and recreation	-	-	-	-	-	(30,788)
Capital outlay	263,981	-	16,918	(2,078)	-	427,886
Unrestricted	-	72,488	-	-	145,751	1,515,254
Total cash and investment fund balance - ending	\$ 263,981	\$ 72,488	\$ 16,918	\$ (2,078)	\$ 145,751	\$ 1,953,942

CITY OF COLUMBIA CITY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 INTERNAL SERVICE FUNDS
 As of and for the Year Ended December 31, 2010

	Self Insurance	Self Insurance - Retiree	Totals
Operating receipts:			
Miscellaneous	\$ 835,746	\$ 7,610	\$ 843,356
Operating disbursements:			
Insurance claims and expense	1,206,895	-	1,206,895
Excess (deficiency) of receipts over disbursements	(371,149)	7,610	(363,539)
Cash and investment fund balance - beginning	505,725	10,790	516,515
Cash and investment fund balance - ending	<u>\$ 134,576</u>	<u>\$ 18,400</u>	<u>\$ 152,976</u>
<u>Cash and Investment Assets - December 31</u>			
Restricted assets:			
Cash and investments	<u>\$ 134,576</u>	<u>\$ 18,400</u>	<u>\$ 152,976</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Other purposes	<u>\$ 134,576</u>	<u>\$ 18,400</u>	<u>\$ 152,976</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, 2010

	Cemetery Endowment	Park Donations	Donations	Totals
Additions:				
Contributions:				
Other	\$ 4,430	\$ 77,733	\$ 365,891	\$ 448,054
Deductions:				
Administrative and general	120	23,898	19,441	43,459
Excess of total additions over total deductions	4,310	53,835	346,450	404,595
Cash and investment fund balance - beginning	19,006	25,686	26,402	71,094
Cash and investment fund balance - ending	<u>\$ 23,316</u>	<u>\$ 79,521</u>	<u>\$ 372,852</u>	<u>\$ 475,689</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, 2010

	Payroll	Sales Tax	Totals
Additions:			
Agency fund additions	\$ 4,300,316	\$ 262	\$ 4,300,578
Deductions:			
Agency fund deductions	4,301,678	344	4,302,022
Deficiency of total additions over total deductions	(1,362)	(82)	(1,444)
Cash and investment fund balance - beginning	4,062	330	4,392
Cash and investment fund balance - ending	\$ 2,700	\$ 248	\$ 2,948

CITY OF COLUMBIA CITY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
December 31, 2010

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	8,205,756
Buildings	2,234,275
Improvements other than buildings	1,449,162
Machinery and equipment	<u>3,160,436</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 15,138,304</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 7,654
Construction in progress	14,011
Capital assets, being depreciated:	
Buildings	1,600,226
Improvements other than buildings	6,517,991
Machinery and equipment	<u>575,061</u>
Total Water Utility capital assets	<u>8,714,943</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	23,396
Construction in progress	10,124,397
Capital assets, being depreciated:	
Buildings	7,648,951
Improvements other than buildings	12,084,027
Machinery and equipment	<u>8,181,627</u>
Total Wastewater Utility capital assets	<u>38,062,398</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	9,622,579
Machinery and equipment	<u>1,960,891</u>
Total Electric Utility capital assets	<u>13,375,338</u>
Storm Water Utility:	
Capital assets, being depreciated:	
Improvements other than buildings	240,763
Machinery and equipment	<u>1,966</u>
Total Storm Water Utility capital assets	<u>242,729</u>
Total business-type activities capital assets	<u>\$ 60,395,408</u>

CITY OF COLUMBIA CITY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

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	\$ 416,000	\$ 61,192
Bonds payable:		
General obligation bonds:		
2001 fire station renovations	<u>560,000</u>	<u>117,998</u>
Total governmental activities long-term debt	<u>\$ 976,000</u>	<u>\$ 179,190</u>
Business-type activities:		
Water Utility:		
Revenue bonds:		
2004 refunding	\$ 1,198,000	\$ 140,319
2006 north pressure booster station	<u>1,471,000</u>	<u>130,475</u>
Total Water Utility	<u>2,669,000</u>	<u>270,794</u>
Wastewater Utility:		
Loans payable:		
2005 water pollution control facility upgrade	14,452,000	1,129,930
2006 water pollution control facility upgrade	4,831,499	-
2010 water pollution control facility upgrade	<u>1,678,869</u>	<u>-</u>
Total Wastewater Utility	<u>20,962,368</u>	<u>1,129,930</u>
Total business-type activities debt	<u>\$ 23,631,368</u>	<u>\$ 1,400,724</u>

* - Project not completed, amortization schedule not available

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:

City of Columbia City Municipal Utilities

CITY OF COLUMBIA CITY
AUDIT RESULT AND COMMENT

OVERDRAWN CASH BALANCES

The cash balances of the Park and Recreation Non Reverting Fund and Cumulative Capital Improvement Fund were overdrawn \$30,788 and \$2,078, respectively, at December 31, 2010. A similar comment appeared in prior Report B38145.

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)

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
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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, 2010. 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, 2010.

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.

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)

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 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.

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

March 16, 2011

CITY OF COLUMBIA CITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2010

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 HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Office of Community and Rural Affairs State Administered Small Cities Program Cluster Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	DR2-09-076 DR2-09-128	\$ 1,638,970 <u>19,425</u>
Total for federal grantor agency			<u>1,658,395</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Criminal Justice Institute Highway Safety Cluster Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	OP-10-02-01-45	<u>200</u>
Total for federal grantor agency			<u>200</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Direct Grant ARRA - Brownfields Assessment and Cleanup Cooperative Agreements	66.818	FY 2010	<u>8,185</u>
Pass-Through Indiana Finance Authority Capitalization Grants for Clean Water State Revolving Funds	66.458	WW0503921 WW0911692 03	47,842 <u>613,851</u>
Total for program			<u>661,693</u>
Total for federal grantor agency			<u>669,878</u>
<u>U.S. DEPARTMENT OF ENERGY</u>			
Pass-Through Indiana Office of Energy Development ARRA - State Energy Program	81.041	DE-EE-000725	<u>249,483</u>
Total for federal grantor agency			<u>249,483</u>
Total federal awards expended			<u>\$ 2,577,956</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 cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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 March 16, 2011, with Rosie M. Coyle, Clerk-Treasurer, and James R. Fleck, Mayor.