

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF COLUMBIA CITY

WHITLEY COUNTY, INDIANA

January 1, 2022 to December 31, 2022



FILED

09/14/2023

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Audit Results and Comments:	
Annual Financial Report.....	6-7
Federal and State Agencies - Compliance Requirements.....	7
Motor Vehicle Highway (MVH) - Restricted Fund	8
Supporting Documentation	8
Exit Conference	9

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Rosie M. Coyle	01-01-22 to 12-31-23
Mayor	Ryan L. Daniel	01-01-22 to 12-31-23
President of the Board of Public Works	Ryan L. Daniel	01-01-22 to 12-31-23
President Pro Tempore of the Common Council	Walter C. Crowder	01-01-22 to 12-31-23



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

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

This report is supplemental to the audit report of the City of Columbia City (City), for the period from January 1, 2022 to December 31, 2022. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the City. It should be read in conjunction with the Financial Statement Audit Report of the City, which provides our opinions on the City's financial statement. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

August 30, 2023

(This page intentionally left blank.)

CLERK-TREASURER
CITY OF COLUMBIA CITY

CLERK-TREASURER
CITY OF COLUMBIA CITY
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

Condition and Context

Financial and supplemental information are required to be entered annually into the Annual Financial Report via the Indiana Gateway for Government Units (Gateway) financial reporting system. The City failed to properly review the information prepared and submitted in Gateway. Although one employee prepared and entered the information into Gateway, and another employee reviewed and approved the information entered, the internal control was not effective and did not detect and allow for correction of the following errors prior to submission.

Financial Data

The City paid \$1,879,335 in Wastewater Revenue Bonds related debt payments in January and July 2022. The City did not post these disbursements to its financial accounting system until January 2023 when adjustments were provided by its financial consultant.

Audit adjustments were proposed, accepted by the City, and made to the Financial Statement presented in the Annual Financial Statement Audit Report and to the Combining Schedule presented as Required Supplementary Information.

Grants

1. The Water and Waste Disposal Systems for Rural Communities expenditures were understated by \$1,215,396.
2. The Rural Economic Development Loans and Grants expenditures were understated by \$199,487.
3. The COVID-19 - Coronavirus State and Local Fiscal Recovery Funds expenditures were understated by \$728,441.

Audit adjustments were proposed, accepted by the City, and made to the Schedule of Expenditures of Federal Awards (SEFA) presented in the Federal Compliance Audit Report for the City.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

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

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

A similar comment also appeared in prior Report B60411, entitled *FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS*.

Condition and Context

The accuracy of reporting required by federal and state agencies is facilitated by separation of grant funds. The City did not create a separate fund for the COVID-19 - Coronavirus State and Local Fiscal Recovery Funds grant or the Local Road and Bridge Matching (Community Crossings) fund received during the audit period. Distributions totaling \$29,380 and \$835,644, respectively, were receipted into the Donations fund.

Criteria

When funds are provided by the federal government either directly to a city or town or through a state agency for any program or project, the following procedures should be followed:

A separate Fund for each grant is required.

(Cities and Towns Bulletin and Uniform Compliance Guidelines, June 2020)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND

A similar comment also appeared in prior Report B60411, entitled *MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND*.

Condition and Context

The City created and reported the Motor Vehicle Highway (MVH) - Restricted sub-fund as directed by the State Examiner. However, the City failed to allocate or deposit at least 50 percent of the distributions from the MVH Account at the time of receipt into an MVH Restricted sub-fund for the last eight months of 2022.

Criteria

Indiana Code 8-14-1-5(c) state: "For funds distributed to a city or town from the motor vehicle highway account, the city or town shall use at least fifty percent (50%) of the money for the construction, reconstruction, and preservation of the city's or town's highways."

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

SUPPORTING DOCUMENTATION

Condition and Context

The City was unable to provide supporting documentation for 31 of the 191 credit card charge transactions. Items included police tasers and park department repairs. In addition, numerous transactions for travel and meals were not properly documented.

Criteria

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities, Chapter 1)

CLERK-TREASURER
CITY OF COLUMBIA CITY
EXIT CONFERENCE

The contents of this report were discussed on August 30, 2023, with Rosie M. Coyle, Clerk-Treasurer; Ryan L. Daniel, Mayor; and Daniel Weigold, City Council member.