

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

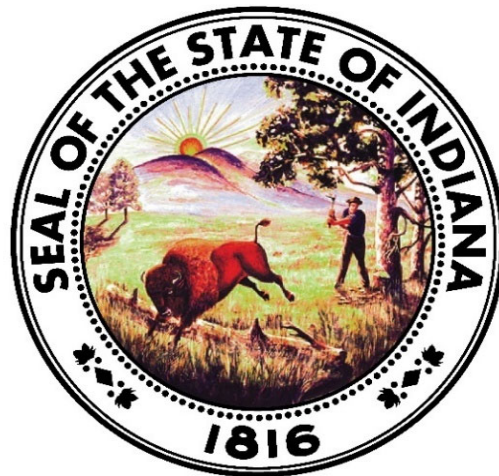
SPECIAL INVESTIGATION REPORT

OF

CITY OF COLUMBIA CITY

WHITLEY COUNTY, INDIANA

January 1, 2018 to March 16, 2023



FILED
09/28/2023

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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

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

This is a special investigation report for the City of Columbia City (City), Whitley County, for the period January 1, 2018 to March 16, 2023, and is in addition to any other report for the City as required under Indiana Code 5-11-1. All reports pertaining to the City may be found at www.in.gov/sboa/.

We performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts and were limited to records associated with the Park Department and disbursements from other departments as they related to uniforms and clothing purchases. The 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 Results and Comments, incorporated within this report, was not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

August 17, 2023

CITY OF COLUMBIA CITY RESULTS AND COMMENTS

BACKGROUND

Mark Green (Green), Park Director, had been an employee of the City for over 20 years. On March 9, 2023, Rosie Coyle (Coyle), Clerk-Treasurer, notified Mayor Ryan Daniel (Mayor) of some irregularities found regarding credit card purchases made by Green. While Coyle was preparing a report for the Park Board, she asked Melinda Leininger (Leininger), the Park Program Coordinator, to review the report. Leininger noted various invoices submitted by Green and paid by the City to a vendor named Sport Spot in Fort Wayne, Indiana. The invoices, which were handwritten and difficult to read, were altered by Green to look like the items purchased were related to the Park Department activities, such as park equipment, nets, and benches. Leininger questioned the items purchased because she was not familiar with anything ever purchased from Sport Spot. Leininger together with Coyle contacted staff from Sport Spot, and determined that Sport Spot did not sell sports equipment, but exclusively sold sports trading cards and sports memorabilia.

The Mayor immediately reported the incident to authorities, including the Indiana State Police (ISP) and the Indiana State Board of Accounts (SBOA). On March 15, 2023, Green confessed to the ISP to selling the sports cards on eBay for personal gain and to altering the Sport Spot invoices to make purchases look like legitimate park purchases. ISP seized fifty-seven (57) boxes of sports trading cards, a computer, and a labeled box containing a bobble-head from Green's house. Green's employment with the City was terminated on March 16, 2023.

On April 18, 2023, criminal charges were filed against Green. Green was charged with four level 5 felony counts of corrupt business influence, three level 5 felony counts of theft of property where the value is over \$50,000, one level 6 felony count of theft where property is between \$750 and \$50,000, and one level 6 felony of official misconduct.

The SBOA examined the records and performed an investigation in accordance with Indiana Code § 5-11-1-27. The results of our investigation are described below.

NONMUNICIPAL RELATED CREDIT CARD PURCHASES

The City's credit card policy states: "Department heads and elected officials will receive a credit card issued by the city for use on official business and travel only."

Sports Trading Cards, and Memorabilia

On October 18, 2018, Green made his first purchase of sports trading cards. Green continued purchasing sports trading cards including baseball, football, and basketball cards, as well as other sports memorabilia and related supplies with the City credit cards through March 14, 2023. While Green primarily purchased the sports trading cards, sports memorabilia, and related supplies from Sport Spot, he also made similar purchases from Walmart stores, and a store located in Iowa, Locker Room Legends, which is a sports memorabilia shop.

For all purchases made with the City issued credit cards or personal credit cards, the purchasers were required to provide the original vendor invoices supporting the purchases and the purpose of the purchase i.e., travel, supplies, etc. When Green would submit invoices to the Clerk-Treasurer's office, standard procedure required him to write a description of the purchases or purposes of the purchases at the bottom of the invoice.

CITY OF COLUMBIA CITY
RESULTS AND COMMENTS
(Continued)

The most frequently used descriptions of purchases or purposes of purchases used by Green on the invoices provided to the Clerk-Treasurer for purchases from Sport Spot were:

- paint
- baseball
- improvements
- repairs
- aquatics
- JFL (Junior Football League)
- nets or netting

The Sport Spot invoices were handwritten, and many were illegible. (See Exhibit 1)

Invoices or portions of invoices from Sport Spot that could be read included such words as:

- Prizm
- Topps
- Panini
- Upper Deck
- Bowman
- Mosaic
- Chronicles
- Chrome
- Optics
- Elite

and included numbers marked as '22' or '22-'23, initials "FB" or "BB", and the words "lot supplies." All such numbers, words, and descriptions used by the vendor were indicative of sports trading cards lingos and brands. Because the vendor invoices were handwritten, Green was able to add additional words to make the description appear to be park related, such as lockers, fence, paint, and bags. (See Exhibits 2 and 3)

CITY OF COLUMBIA CITY
 RESULTS AND COMMENTS
 (Continued)

Sport Spot Inc IN253
 1015 E. Coliseum Blvd
 Fort Wayne, IN 46805
 260-482-5877
 Sportsport1@frontier.com

CUSTOMER'S ORDER NO. _____ PHONE _____ DATE 8/8/22
 NAME CITY OF CC
 ADDRESS _____

SOLD BY	CASH	C.O.D.	CHARGE	ON ACCT.	MDSE. RETD.	PAID OUT	
QTY	DESCRIPTION					PRICE	AMOUNT
						165	330 -
							1750 -
						145	725 -
						6	24 -
							20 -
						155	775 -
							3624 -
RECEIVED BY _____						TAX	
						TOTAL	

All claims and returned goods must be accompanied by this bill.

THANK YOU

Exhibit 1 - Provided by Sport Spot

CITY OF COLUMBIA CITY
RESULTS AND COMMENTS
(Continued)

Sport Spot Inc IN253
 1015 E. Coliseum Blvd
 Fort Wayne, IN 46805
 260-482-5877
 Sportspot1@frontier.com

CUSTOMER'S ORDER NO.	PHONE	DATE	11/22/22		
NAME City of Columbia City					
ADDRESS					

SOLD BY	CASH	C.O.D.	CHARGE	ON ACCT.	MDSE. RET D.	PAID OUT			
QTY	DESCRIPTION					PRICE	AMOUNT		
5						99.00	495.	00	
4						299.00	1196.	00	
1						110.00	110.	00	
5						5.00	5.	00	
3						6.00	18.	00	
RECEIVED BY						TAX			
						TOTAL	1824.	00	

All claims and returned goods must be accompanied by this bill.

THANK YOU

Exhibit 2 - Original Obtained from Sport Spot

**CITY OF COLUMBIA CITY
RESULTS AND COMMENTS
(Continued)**

Sport Spot Inc IN253
 1015 E. Coliseum Blvd
 Fort Wayne, IN 46805
 260-482-5877
 Sportspot1@frontier.com

2211
327 200

CUSTOMER'S ORDER NO.	PHONE	DATE
		11/22/22
NAME <i>City of Columbia City</i>		
ADDRESS		

SOLD BY	CASH	C.O.D.	CHARGE	ON ACCT.	MOSE. RET. D.	PAID OUT		
QTY	DESCRIPTION						PRICE	AMOUNT
5	<i>122-223 Chromeles Bktr Bobby</i>						99.00	495.00
40	<i>122 Bouncing Chrome Hobby Baseball</i>						294.00	1176.00
15	<i>Case Toploaders Bags</i>						110.00	110.00
5	<i>Soft sleeves packs for</i>						5.00	5.00
3	<i>Monster Toys Bags</i>						6.00	18.00
<i>2211 327.300</i>								
<i>MOG Baseball</i>								
<i>Non Rawling</i>								
RECEIVED BY							TAX	
							TOTAL	1824.00

All claims and returned goods must be accompanied by this bill.

THANK YOU

Exhibit 3 - Provided by Green to the City

Sport Spot was open Monday through Saturday from 10 a.m. to 6 p.m. Records, including invoices, indicated Green made most of the purchases on weekdays from Sport Spot, Walmart, and Locker Room Legends. Out of 120 days that purchases were made, 112 were weekdays. A review of his work computer and outlook calendar included the following reminders:

- "Sport Spot"
- "Sport Spot and hair cut"

Green made his first purchase of sports cards and memorabilia on October 18, 2018, and his last purchase on March 14, 2023, just one (1) day prior to his confession to ISP. On average, Green was purchasing sports cards, sports memorabilia, and related supplies every fourteen days, sometimes purchasing sports card one day and then returning the following day.

CITY OF COLUMBIA CITY
RESULTS AND COMMENTS
(Continued)

The following illustrates the number of times Green purchased sports cards per year and amounts purchased from the various vendors and overall totals:

Year	Purchases Per Year	Walmart	Locker Room Legends	Sport Spot	Totals
2018	8	\$ 239.64	\$ -	\$ 3,907.97	\$ 4,147.61
2019	35	616.16	1,380.00	40,261.00	42,257.16
2020	24	-	-	41,495.00	41,495.00
2021	27	-	-	76,208.98	76,208.98
2022	22	-	-	71,923.00	71,923.00
2023	4	-	-	18,650.00	18,650.00
Totals	120	\$ 855.80	\$ 1,380.00	\$ 252,445.95	\$ 254,681.75

Postage and Shipping Supplies

Per the ISP police report and interview with Green on March 16, 2023, Green said that he collected sports cards and would sell them on eBay. A review of Green's outlook calendar located on his work computer showed 30 entries of the word "eBay." The first date was July 19, 2019, with the last being January 9, 2023.

Green made a purchase of bubble wrap on December 4, 2018. This was the first purchase made by Green for shipping supplies such items as bubble wrap, packing tape, boxes, and mailers. Green made these purchases from several vendors including Ace Hardware, Walmart, and Amazon. Green's handwritten descriptions of these purchases included:

- Repair
- Office Supply
- JFL
- Landscapes (when supplies included purchases of mulch (See Exhibit 4 below))

CITY OF COLUMBIA CITY
RESULTS AND COMMENTS
(Continued)

THANK YOU FOR SHOPPING AT
TECHMEYER ACE HARDWARE, INC.
(260) 244-7626

PLEASE RETAIN THIS RECEIPT FOR RETURN.
OUR GOAL: EXCEED YOUR EXPECTATIONS!
02/06/19 9:02AM ANDREW 554 SALE

MOB repair 3/15

Customer Copy

Name: X
Accts: CITY OF COLUMBIA CITY

MOB Land Slaps

05/08/20 14:36:49
CUSTOMER COPY

05/08/20 14:36:37
CHANGE DUE 0.00
ITEMS SOLD 26
TCN 3720 4946 6781 8847 5650

*NO SIGNATURE REQUIRED
TERMINAL # SC070015
TC A608E5587D09811F
AID A0000000031010
PAYMENT SERVICE - E
VALIDATION - NCX9
TRANS ID - 300129669929762
REF # 1042000314
APPROVAL # 318063
Visa Credit **** * 7908 I 2
VISA TEND 37.90
TOTAL 37.90
SUBTOTAL 37.90
PKGTAPE DISP 007535304615 3.97 0
MAILER 007535339561 5.27 0
14 AT 1 FOR 0.64 8.96 0
MAILER 007535339560 1.97 19.70 0
10 AT 1 FOR 1.97 19.70 0
BROWN MULCH 003150519802
ST# 01425 OPH 004617 TEN 07 TRN 09186
COLUMBIA CITY IN 46725
402 W PLAZA DR
260-244-4060 Mar:DAVID

1425438 1 EA 6.99 EA N
RING TAPE EIDGLOCK.94X60 6.99
91623 1 EA 5.99 EA N
PACKING TAPE CLR 54.6YD 5.99
90752 2 EA 2.99 EA N
WRAP DOUBLE 16"X9' 5.98

SUR-TOTAL:\$ 18.96 TAX:\$.00
TOTAL:\$ 18.96
CHANGE AMT: 18.96

=>> JRN#E41510 INV#B336173 <<==
CUST NO: 10869
ACE REWARDS ID # 19812983683

204 211.300

See back of receipt for your chance
to win \$1000 ID #:7P8H24HFHV

Walmart

Exhibit 4 - Provided by the City

There would have been no park related purpose for the items purchased by Green. The Park's Executive Secretary Andrea Pequignot (Pequignot) stated on May 9, 2023, "we don't ship things. We don't use boxes to store our sporting gear we use plastic totes, or plastic barrels." The only reason the park would have items to mail was during covid; mother/daughter and father/son pictures were mailed out.

Review of invoices showed that Green's purchases of shipping supplies began and ended with the time periods surrounding his purchases and sales of sports cards and memorabilia and/or calendar entries that included the word "eBay." Below are the dates he began purchasing both sports memorabilia and shipping supplies:

CITY OF COLUMBIA CITY
RESULTS AND COMMENTS
(Continued)

Description	First Date of Purchase	Last Date of Purchase
Sports Trading Cards, and Memorabilia	10-18-18	03-14-23
Postage and Shipping Supplies	12-04-18	01-06-23

The following summarizes the credit card charges made by Green for shipping supplies related to the selling of sports memorabilia:

Year	Shipping Supplies and Postage
2018	\$ 5.98
2019	339.46
2020	354.64
2021	90.02
2022	52.13
2023	22.17
Total	<u>\$ 864.40</u>

Golf Equipment

The Park Department does not operate a golf course. According to Pequignot and Leininger, the only golf equipment that the park would purchase for golf related activities were trophies, plaques, golf towels, and t-shirts. There is a golf camp sponsored by the Park Department that is held at Eagle Glen and Eel River golf courses, but all golf equipment was provided by either the participants or the golf courses.

Green made purchases of golf balls, golf clubs, a golf umbrella, and a golf pushcart using the City's credit card. Green purchased golf balls totaling \$642 on three occasions from Golf Team Products in Oregon. The purchases were indicated as delivered to Green's house. On April 17, 2019, Green used the City's credit card for the following purchases from Bobick's Golf in Fort Wayne, Indiana:

Time	Vendor	Purchase	Amount
1:31:26 PM	Bobick's Golf Shop and Golf Range	Golf push cart, hand warmers, tour umbrella, and golf balls	\$ 279.97
1:31:56 PM	Bobick's Golf Shop and Golf Range	Golf Gift Certificate	50.00

Five months later, Green returned to Bobick's and redeemed the gift certificate toward the purchase of golf clubs, which cost \$549.99. The balance of the cost of the golf clubs purchase of \$499.99 was also paid for by the City via Greens' City credit card.

CITY OF COLUMBIA CITY
RESULTS AND COMMENTS
(Continued)

The following summarizes the breakdown of purchases golf equipment, including the gift certificate purchased by Green using the City's credit card (Credit for returned items reflects amounts on the credit card statements for a purchase returned to a vendor of seven (7) boxes of golf balls on April 4, 2023):

Purchases	Amount
Golf Equipment	\$ 1,890.96
Postage of Returned Items	46.67
Credit for returned items	(267.00)
Total	\$ 1,670.63

Summary - Sports Trading Cards, and Memorabilia, Postage and Shipping Supplies, and Golf Equipment

The following schedule summarizes all of the nonmunicipal related credit card charges:

Nonmunicipal Related Credit Card Purchases	Amount
Sports Trading Cards, And Memorabilia	\$ 254,681.75
Postage and Shipping Supplies	864.40
Golf Equipment	1,670.63
Total	\$ 257,216.78

The SBOA will not take exception to the use of credit cards by a unit provided the following criteria are observed:

1. The governing body must authorize credit card use through an ordinance/resolution, which has been approved in a meeting and documented in the minutes.
2. Issuance and use must be handled by an official or employee designated by the governing body.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance/resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card must be returned to the custody of the responsible person.
5. The designated responsible official or employee must maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned.

CITY OF COLUMBIA CITY
RESULTS AND COMMENTS
(Continued)

6. Credit cards must not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing body and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. Payment cannot be made on the basis of a statement or a credit card slip only. Procedures for payments must be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee may be the personal obligation of the responsible officer or employee.
8. If authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the unit. Any personal expenses paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

We requested Green reimburse the City \$257,216.78 for the nonmunicipal related credit card purchases. (See Summary of Charges, page 29)

SALES TAX NOT COLLECTED ON NONMUNICIPAL RELATED PURCHASES

Indiana Department of Revenue (DOR) Sales Tax Information Bulletin #4 states, in part:

". . . The state of Indiana and its local governments are not subject to sales or use tax on any purchases to be used primarily to carry out a governmental function. . . . A purchase is used 'primarily' for a governmental function if the purchase is used more than 50 percent of the time in the performance of that function. To qualify for the exemption, the purchase must be invoiced directly to the state or local government making the purchase. . . ."

Per Coyle, employees are given the City sales tax exemption certificate when they are given a City credit card. Green used this tax-exempt certificate for the various purchases of sports cards, shipping supplies, and other golf related items including golf clubs and golf balls. The first purchase made by Green from Sport Spot was on October 26, 2018. This invoice included the City's tax-exempt number. These purchases served no governmental purpose as they were not related to Green's duties as the Park Director, nor to the activities conducted at the park.

The following is a breakdown of sales tax per year that should have been paid and collected by the various vendors and remitted to the DOR:

CITY OF COLUMBIA CITY
RESULTS AND COMMENTS
(Continued)

Year	Sports Trading Cards and Memorabilia	Postage and Shipping Supplies	Golf Equipment	Totals
2018	\$ 290.33	\$ 0.42	\$ -	\$ 290.75
2019	2,958.00	23.76	61.60	3,043.36
2020	3,085.25	24.82	-	3,110.07
2021	5,726.63	5.41	-	5,732.03
2022	4,462.01	3.65	-	4,465.66
2023	1,305.50	1.55	-	1,307.05
Totals	<u>\$ 17,827.72</u>	<u>\$ 59.61</u>	<u>\$ 61.60</u>	<u>\$ 17,948.93</u>

Included in the table above was the purchase from Locker Room Legends in Iowa. Per the invoice, sales tax was not charged or collected. Per an interview of an employee at Locker Room Legends, they do charge sales tax for the goods they sell unless they are presented with a sales tax exemption certificate, but he was not sure if this would have included out-of-state sales tax exemption certificates. The DOR requires Indiana residents to pay sales tax for non-tax exempt purchases made out of state if local out of state sales tax was not paid.

Government funds are exempt from the payment of sales taxes on qualifying purchases. Units should reference Internal Revenue Service and/or Indiana Department of Revenue guidance to determine what are or are not qualifying purchases. DOR information bulletin #4 addresses this: <http://www.in.gov/dor/reference/files/sib04.pdf>. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the unit. Any personal expenses paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any official or employee may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1).

We requested Green reimburse the State of Indiana \$17,948.93 for the sales tax not collected on nonmunicipal related purchases. (See Summary of Charges, page 29)

UNRETURNED UNIFORMS AND CLOTHES

The City contracts with a clothing supplier, Cintas Corporation (Cintas) to supply and clean clothes for various employees including Green.

The following are the items Green received as part of the City contract:

CITY OF COLUMBIA CITY
RESULTS AND COMMENTS
(Continued)

<u>Number of Items</u>	<u>Description</u>
2	Lined windshirts
5	Cargo khaki shorts
6	Carpenter jeans
5	Pleated khaki pants

Each week Cintas would pick up the clothing, clean the clothing, and return the items on hangers.

When Green was terminated, he did not return the rented clothes provided by Cintas. The City paid Cintas \$462.91 for these non-returned items.

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance in office of any official or employee may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

We requested Green reimburse the City \$462.91 for the unreturned uniforms and clothes. (See Summary of Charges, page 29)

SPECIAL INVESTIGATION COSTS

The State of Indiana incurred costs, in the amount of \$61,736.33, due to the special investigation of the City.

Indiana Code 5-11-1-27(m) states:

"If the attorney general institutes civil proceedings related to this section or under [IC 5-11-5-1](#), the attorney general shall seek, in addition to the recovery of any funds misappropriated, diverted, or unaccounted for, restitution of

- (1) costs incurred by the state board of accounts; and
- (2) all costs and reasonable attorney's fees incurred by the attorney general;

in connection with the civil proceedings."

Audit costs incurred because of poor records, nonexistent records, or any other inadequate book-keeping practices, or because of theft or a shortage may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Manual for Cities and Towns, Chapter 1)

We requested Green reimburse the State of Indiana for the special investigation costs in the amount of \$61,736.33. (See Summary of Charges, page 29)

CITY OF COLUMBIA CITY
RESULTS AND COMMENTS
(Continued)

CRIME INSURANCE COVERAGE

The following is information regarding crime insurance obtained by the City:

<u>Period</u>	<u>Amount</u>
01-01-18 to 01-01-19	\$ 100,000
01-01-19 to 11-14-19	100,000
11-14-19 to 11-14-20	100,000
11-14-20 to 11-14-21	100,000
11-14-21 to 11-14-22	100,000
11-14-22 to 11-14-23	100,000

CREDIT CARD USAGE

Credit Cards Used

Per Coyle, each employee assigned a credit card starts off with a spending limit of \$1,000, and Coyle is the only one authorized to increase the spending limit. In 2018, Green's credit card limit was \$3,000. Between 2019 and 2021, Green's credit limit was raised three times at a thousand dollar increase each time until Green's credit card limit was \$6,000.

Records, documents, and interviews showed Green was borrowing other City employees' credit cards including those belonging to Coyle and Leininger to make purchases of sports cards and memorabilia when he reached his credit card limit. Green used Coyle's card, card number ending in 8362, five (5) times and Leininger's card, card number ending in 7608, three (3) times. For one of the purchases made on April 5, 2021, Green used his and Leininger's credit card to charge \$5,000, and \$1,240, respectively, to pay one invoice totaling \$6,240. (The invoice is illustrated below)

CITY OF COLUMBIA CITY
RESULTS AND COMMENTS
(Continued)

Sport Spot Inc IN253

1015 E. Coliseum Blvd
Fort Wayne, IN 46805
260-482-5877
Sportspot1@frontier.com

444

362000

CUSTOMER'S ORDER NO. _____ PHONE _____ DATE 4/5/21


NAME City of Columbia City
ADDRESS _____

SOLD BY	CASH	C.O.D.	CHARGE	ON ACCT.	MOSE. RETD.	PAID OUT	
QTY	DESCRIPTION					PRICE	AMOUNT
30	720-721 Rizem BK Bobby					1750	5250.00
10	514-820 Foots Rizem stack BK dello					450	450.00
3	520-721 Rizem BK Hanger					180	540.00
	Bathrooms						
	mo's fert. fertilizers						
						TAX	
RECEIVED BY						TOTAL	6240.00

All claims and returned goods must be accompanied by this bill.

THANK YOU

CITY OF COLUMBIA CITY
RESULTS AND COMMENTS
(Continued)

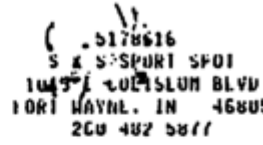

 Form ID: 005 Ref #: 009

Sale

XXXXXXXXXXXXX7908
 VISA Entry Method: Chip
 04/05/21 15:25:04
 Inv #: 000009 Appr Code: 515041
 Batch#: 000059
 Total: \$ 5,000.00

Visa Credit
 AID: A0000000031010
 ISI: 6000
 IPR: 800000000

Customer Copy
THANK YOU!


 Form ID: 005 Ref #: 010

Sale

XXXXXXXXXXXXX7608
 VISA Entry Method: Chip
 04/05/21 15:25:41
 Inv #: 000010 Appr Code: 515051
 Batch#: 000059
 Total: \$ 1,240.00

VISA CREDIT
 AID: A0000000031010
 ISI: 6000
 IPR: 800000000

Customer Copy
THANK YOU!

The increased credit limits and the ability to borrow other employee credit cards enabled Green to spend increasing amounts on sports memorabilia.

The following summarizes the breakdown of purchases of sports card memorabilia per employee credit card:

Year	Mark Green	Rosie Coyle	Melinda Leninger	Totals
2018	\$ 4,147.61	\$ -	\$ -	\$ 4,147.61
2019	40,908.16	-	1,349.00	42,257.16
2020	41,495.00	-	-	41,495.00
2021	69,550.00	3,993.98	2,665.00	76,208.98
2022	59,159.00	12,764.00	-	71,923.00
2023	10,225.00	8,425.00	-	18,650.00
Totals	\$ 225,484.77	\$ 25,182.98	\$ 4,014.00	\$ 254,681.75

CITY OF COLUMBIA CITY
RESULTS AND COMMENTS
(Continued)

Bypassing the City's Accounting System

The City purchased many of the Park Department supplies (aquatic or pool chemicals, field paint) in bulk directly from the vendors known to deal in those items. These bulk supply purchases followed procedures that included a purchase order, accounts payable voucher, and the issuance of a check directly to the vendor. Such purchases were not made using a credit card, which would have bypassed the City's accounting system for normal purchasing procedures.

Between 2018 to 2022, the City purchased \$120,623.29 in pool chemicals from a pool chemical supplier through the City's accounting system. Green mislabeled additional purchases of sports cards and sports memorabilia he purchased from Sport Spot as "chemicals for pool," "aquatics chemicals," and "aquatics." Those mislabeled purchases totaled \$52,098. Green was able to bypass the City's accounting system under this scheme. This was not questioned or flagged by the Clerk-Treasurer or City Council.

Sport Spot Inc IN253
1015 E. Coliseum Blvd
Fort Wayne, IN 46805
260-482-5877
Sportspot1@frontier.com

211 350,000

CUSTOMER'S ORDER NO.	PHONE	DATE 7-24-19				
NAME CITY OF COLUMBIA CITY						
ADDRESS						
SOLD BY	CASH	C.O.D.	CHARGE	ON ACCT.	MOSE. RETD.	PAID OUT
QTY	DESCRIPTION				PRICE	AMOUNT
5	FOTL CERTIFIED					800 -
6	CERTIFIED					750 -
	SUPPLIES					30 -
	Chemicals for pool					
	ADG Aquatics Chemicals					
RECEIVED BY					TAX	
					TOTAL	1580 -

THANK YOU

CITY OF COLUMBIA CITY
RESULTS AND COMMENTS
(Continued)

Sport Spot Inc IN253
1015 E. Coliseum Blvd
Fort Wayne, IN 46805
260-482-5877
Sportsport1@frontier.com

CUSTOMER'S ORDER NO. _____ PHONE _____ DATE 10/26/21

NAME City of CC

ADDRESS _____

SOLD BY	CASH	C.O.D.	CHARGE	ON ACCT.	MOSE. RETD.	PNL OUT
QTY	DESCRIPTION				PRICE	AMOUNT
	<u>40 AG SOLAR 2021</u>				<u>525</u>	<u>2100 -</u>
	<u>CD Recm 4/K</u>				<u>375</u>	<u>2250 -</u>
						<u>4350 -</u>
	<u>10 AGS 7/3</u>				<u>525</u>	<u>4875 -</u>
	<u>21 250000</u>					
	<u>2022 Aquatic Chemicals</u>					
	<u>MOG</u>					
	<u>Aquatics</u>					
RECEIVED BY _____					TAX	
					TOTAL	

All claims and returned goods must be accompanied by this bill.

THANK YOU

The City's Credit Card policy states the following and specifically addresses approved charges and unapproved charges:

- "1. Department heads and elected officials will receive a credit card issued by the City for use on official business and travel only. . . .

3. The Clerk-Treasurer is responsible for issuing the credit card. Elected officials and Department Heads will be allowed to keep their credit cards once they are signed out or until they are no longer considered a Department Head. . . .

5. Approved charges are listed below: (All charges MUST be itemized showing individual charges and not just submitted as a total charge.)

CITY OF COLUMBIA CITY
RESULTS AND COMMENTS
(Continued)

- (a) Room reservations;
 - (b) Meals that are not furnished by registrations; (see 6.1-4a)
 - (c) Fuel for City-owned vehicles; and
 - (d) Legal expenses which are chargeable to the City. Check with the Clerk-Treasurer for these charges. . . .
6. Charges not approved are listed below.
- (a) Personal telephone calls;
 - (b) Movies;
 - (c) Alcohol or drugs; or
 - (d) Any personal expenses.
7. Payment for any personal expenses will be the employee, department head or elected official's responsibility. An Employee who abuses the credit card use will be restricted from future credit card use and subject to disciplinary action. . . . "

The SBOA will not take exception to the use of credit cards by a unit provided the following criteria are observed:

1. The governing body must authorize credit card use through an ordinance/resolution, which has been approved in a meeting and documented in the minutes.
2. Issuance and use must be handled by an official or employee designated by the governing body.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance/resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card must be returned to the custody of the responsible person.
5. The designated responsible official or employee must maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned.
6. Credit cards must not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing body and other officials with timely and accurate accounting information and monitoring of the accounting system.

CITY OF COLUMBIA CITY
RESULTS AND COMMENTS
(Continued)

7. Payment cannot be made on the basis of a statement or a credit card slip only. Procedures for payments must be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee may be the personal obligation of the responsible officer or employee.
8. If authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

PURCHASES OF UNIFORMS AND CLOTHES

The City contracts with a clothing supplier, Cintas Corporation (Cintas) to supply and clean clothes for various employees including Green.

Green used the City issued credit cards to pay for various articles of clothing that he purchased for himself and others including some of the same types of items provided by the City through the contract with Cintas.

The following are the items that Green purchased from various vendors including Walmart, Dunham's Sports, and Golf Team Products:

<u>Item Description</u>	<u>Number of items</u>	<u>Amount</u>
Shorts	13	\$ 386.52
Tees	6	128.35
Pants	8	317.00
Polos	52	1,784.00
Sweater	4	186.00
1/4 zip shirt	11	459.50
Jackets	1	41.79
Sunglasses	1	19.00
Shoes (pairs)	9	791.50
Hoodies	11	275.00
Tour Belt	1	31.50
Totals	<u>117</u>	<u>\$ 4,420.16</u>

These items included various sizes, both men's and women's clothing, as well as accessories. The clothes purchased by Green were primarily Green's size and gender based upon the information from the returned clothes with the exception of tees and ¼ zip shirts.

CITY OF COLUMBIA CITY
RESULTS AND COMMENTS
(Continued)

Golf Team Products was the primary vendor that Green used to purchase the above listed clothing items. Review of the vendor invoices from Golf Team Products showed that Green had been purchasing from this vendor prior to 2018. Prior to 2016, Green had the clothing items shipped to Huntington University. In 2016, Green was employed by the Columbia City Whitley County Consolidated Schools as the boy's golf coach. Billing and shipping addresses were changed on the Golf Team Products invoices to Green's home residence with such wording included in the shipping and billing address as "Columbia City High School" or "HS Boys' Golf Coach." Being a coach qualified Green to receive promotional items from the vendor. From January 16, 2018 to October 15, 2021, Green received \$94 worth of items including sunglasses, a jacket, and a hat from Golf Team Products.

The Park Department also purchased items such as shirts or T-shirts from Running Around Screen Printing. In an interview, Pequignot stated that shirts or T-shirts purchased from Running Around Screen Printing were customized to include either the park logo or park sports team names.

The clothing purchases were posted as expenditures from the Park Department's **uniform** budget. The Park Department's **uniform** budget was \$4,500 per year. In 2020 and 2022, the Park Department's **uniform** budget was exceeded by \$568.64 and \$577.90, respectively. The clothes purchased by Green from Golf Team Products were over 20 percent of the Park Department's **uniform** budget for years 2018, 2019, 2021, and 2022.

Green is not the only employee purchasing clothing. Other employees also purchased various articles of clothing including the IT Director, the Police Chief, and the Water Superintendent using the City issued credit cards. These purchases also included such items as shorts, shoes, pants, and shirts.

The Salary Ordinances only provided for clothing allowances for the police and fire departments. None of the employee or personnel policies provided for the investigation addressed providing clothes for employees, other than uniforms. The value of the clothes and accessories provided and paid for by the City for employees, including Green, was not reported to the federal or state government as fringe benefits on the Employee Wages and Tax Statements, Federal Forms W-2.

When inquiry was made of Coyle regarding all of the clothing purchases, Coyle stated that the employees were expected to look nice and provided the personal appearance section of the employee handbook, which references "**uniforms**" provided by the City.

The Employee Non-Public Safety Policy Book 2016 under the personal appearance section, states:

- "1. The Employer reserves the right to prescribe appropriate dress and grooming and to set standards which are deemed to be in the Employer's best interest.
2. The Employer requires that an Employee's clothing, grooming, and appearance be appropriate, in good taste, present a favorable public image, and be in conformity with regulations established by the Employer due to the specialized nature of service provided to the citizens of Columbia City.
3. Clothing shall be conducive to the safe and effective performance of required job duties as determined by the department head.
4. Employees furnished with uniforms are required to wear the uniforms while on duty.

CITY OF COLUMBIA CITY
RESULTS AND COMMENTS
(Continued)

5. Shorts may be worn during summer months if approved by Department Head and are furnished by the City's Uniform supplier. Additional clothing may be purchased during the year according to the guidelines established by the Clerk Treasurer. (i.e. Sweatshirts, t-shirts, boots, jackets)"

Every effort should be made by the unit to avoid unreasonable or excessive costs. Unreasonable or excessive costs may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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)

INTERNAL CONTROLS

Deficiencies were noted in the internal control system as related to disbursements and capital assets.

Credit Card Usage and Purchase Approval

For the Park Department, reliance was placed upon Green to accurately note on the invoices for the purchases he made on his credit card the purchase category or type. No other Park Department employee reviewed or certified that the goods or services Green purchased were received by the park. No one was signing the accounts payable voucher certifying that the goods or services were received.

Furthermore, although credit card purchases were reviewed and audited by the Clerk-Treasurer, the purchases were not monitored for compliance with the City's credit card policy as to the uses of the card.

Inadequate Vendor Verification

When a new vendor is established by the City, the Clerk-Treasurer performs a credit check and has the vendor complete a Request for Taxpayer Identification Number and Certification Federal Form W-9 to keep on file. This procedure is not performed for vendors paid with City issued credit cards.

CITY OF COLUMBIA CITY
RESULTS AND COMMENTS
(Continued)

Lack of Oversight of Employee Work Hours

Only one (1) out of twenty-two (22) of Green's timesheets were signed as approved. The Mayor was in charge of approving the time sheets of the department heads. The Mayor would not typically have knowledge of daily attendance and work hours. The Mayor relied upon the department heads to self-report leave time or dates and hours worked, but not scheduled, which were worked in exchange of scheduled hours (flextime). Since Green was also employed at Columbia City Whitley County Consolidated Schools as a coach, he should have been maintaining time sheets to reflect the times of day he worked, as well as the number of hours worked each day; however, he only reported the total hours worked.

Capital Assets and Electronics

There is not an independent review or comparison of items included on the capital assets listing to either invoices or periodic inventories taken by departments to ensure the listing is complete, accurate, and in compliance with the City's Fixed Asset Policy.

In February 2016, Green used his City issued credit card to purchase an Apple branded tablet and computer where the cost exceeded \$300. These items were not listed on the City's capital asset listing and they were not returned to the City by Green upon his termination. The IT Director stated that he had never seen the two Apple branded products.

Computers and tablets exceeding the City's \$300 to \$1,000 for inclusion as capital assets were not included on the City's capital asset listing. Based upon the items we tested, if the computer or tablet was purchased on the City's credit card it was not included. Per interviews, the Clerk-Treasurer will review the invoices and mark the ones involving the purchase of assets, exceeding \$1,000 so they can be added to the list; however, we also noted some computers purchased by credit card that exceeded the purchase price of \$1,000 that were not marked and were not recorded as capital assets.

The City's Fixed Asset Policy dated May 28, 2013, states in part:

"Limits set for recording of fixed assets purchased or installed and infrastructure or major repairs done. \$1,000.00 or higher is to be recorded in the City's fixed assets. \$300.00-\$999.99 is only recorded if it is a computer, radios, guns, etc that would have a depreciation value over three years. . . ."

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. These 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.

CITY OF COLUMBIA CITY
RESULTS AND COMMENTS
(Continued)

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

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. . . ."

CITY OF COLUMBIA CITY
EXIT CONFERENCE

The contents of this report were discussed on September 19, 2023, with Ryan Daniel, Mayor; Rosie Coyle, Clerk-Treasurer; Walter (Walt) C. Crowder, President of the Common Council; Daniel Weigold, Common Council member; Jennifer Zartman-Romano, Common Council member; Keith Nickolson, President of the Park Board; Karen Koday, Secretary of the Park Board, Roger Ferrell, Park Board member; and Matthew Heiden, Park Director.



City of Columbia City

OFFICIAL RESPONSE

Mayor

Ryan L. Daniel
112 S. Chauncey Street
Columbia City, IN 46725
OFFICE: 260-248-5111
FAX 260-248-5134
rdaniel@columbiacity.net

Date: 9/22/2023

Indiana State Board of Accounts
302 West Washington St. Room E418
Indianapolis, IN 46204-2765

Re: Special Investigation Report of City of Columbia City

The City of Columbia City wishes to thank the Indiana State Board of Accounts for their thorough investigation and review of the situation concerning the previous Columbia City Parks Director. The City appreciates the guidance provided by the staff and recommendations on ways to improve operations to prevent these sorts of events from happening in the future. In this response letter, the City wishes to address some items that we believe need additional clarity regarding city policies or procedures. These comments are not intended to negate the facts listed in the Report, but rather to add context.

PURCHASE OF UNIFORMS AND CLOTHES

The term used in the report regarding clothing worn by employees is "uniforms" and it points to the City's usage of Cintas as its uniform supplier. This is true – the City utilizes Cintas to supply many employees with a uniform. However, it should also be noted that Cintas does not supply every department with uniforms. It should also be noted that there are additional items that Cintas does not supply to the city departments including some shirts and work boots. The working policy of the City is that additional t-shirts, polos, or other types of shirts may be purchased, with the approval of the department head, as a part of their daily uniforms *if* it has City of Columbia City or specific department branding attached to the item. Clerk-Treasurer Coyle asserts that Green was the only department head who erroneously bought shorts and pants for this purpose. These items are accepted as *personal purchases and not items purchased for city purposes*. Further, it should be clarified that Work Boots are an allowable part of the uniform, per written policy, for *some* departments based on the duties of the employee's job description (primarily blue-collar employees). Nonetheless, the City will review and amend the employee uniform policies for clarity and transparency.

LACK OF OVERSIGHT OF EMPLOYEE HOURS

Regarding the department heads, the report correctly states that:
"The Mayor would not typically have knowledge of daily attendance and work hours. The Mayor relied upon the department heads to self-report leave time or dates and hours worked but not scheduled which were worked in exchange of scheduled hours (flex time)."

At some unknown point in the past 5-7 years, the State Board of Accounts encouraged, through its annual audit of city finances, that the Mayor begin signing off on department

head timesheets. At that point, the Mayor began signing off on department head timesheets prior to submission to the Deputy Clerk-Treasurer for payroll. However, after an internal review, some timesheets are missing a signature from the Mayor. This can occur due the multiple factors including an absence of the Mayor due to travel, or accidental submission by the department head without a signature. Before this investigation, timesheets that were turned in to the Deputy Clerk-Treasurer without a signature were not re-routed back to the Mayor for his signature. Moving forward, all timesheets are mandated to have the Mayor's signature prior to submission.

Further, the Mayor relies on his salaried department heads to monitor and submit hours worked as well as flex scheduled hours. It should be noted that in a few rare cases in the past where questions have arisen from the public regarding hours being worked by department heads, an internal review has always been initiated to ensure staff are working the required hours. The City is committed to strengthening this review process to ensure additional accountability is applied to salaried employees.

CAPITAL ASSETS AND ELECTRONICS

Each year, the Department Heads review and verify the printed list of capital assets provided by the Clerk-Treasurer. Further, the City was informed in a previous State Board of Accounts audit that any assets that will last 3 or less years should not be included in the Capital Assets List. Many times, with technology changes, these electronic items are changed out within a three-year period. It is also noted in the report that the Apple-branded tablet and computer referred to in the report was not accounted for because the City was unaware of these purchases and the devices were never returned. However, the City recognizes the need to ensure all electronics over \$300 are accounted for and is currently undergoing an internal accounting of *all* electronic devices.

FINAL COMMENTS

The City thanks the State Board of Accounts, Indiana State Police, and many others for their assistance during this event. The SBOA was thorough in their investigation and helpful in understanding ways in which the City can improve internal controls to prevent future events like this from happening. The deception and malfeasance committed by Green, who was a 20-year department head, provided the City an opportunity to raise our standards and ensure that proper checks and balances are in place and being enforced. The City is committed to ensure restitution is paid by Green for the theft of taxpayer dollars.

While there is no way to completely prevent an individual from committing these types of crimes, the City is focused on improving these measures for taxpayers, while rebuilding trust with its citizens.

Sincerely,



Ryan L. Daniel
Mayor



Rosie M. Coyle
Clerk-Treasurer

CITY OF COLUMBIA CITY
SUMMARY OF CHARGES
(Due to Malfeasance, Misfeasance, or Nonfeasance)

	Charges	Credits	Balance Due
Mark Green, former Park Director:			
Nonmunicipal Related Credit Card Purchases, pages 3 through 12	\$ 257,216.78	\$ -	\$ 257,216.78
Sales Tax Not Collected on Nonmunicipal Related Purchases, pages 12 and 13	17,948.93	-	17,948.93
Unreturned Uniforms and Clothes, pages 13 and 14	462.91	-	462.91
Special Investigation Costs, page 14	61,736.33	-	61,736.33
Totals	\$ 337,364.95	\$ -	\$ 337,364.95

This report was forwarded to the Office of the Indiana Attorney General and the local prosecuting attorney.

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AFFIDAVIT

STATE OF INDIANA)
)
 Noble COUNTY)

I, Susan Keenan, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the City of Columbia City, Whitley County, Indiana, for the period from January 1, 2018 to March 16, 2023, is true and correct to the best of my knowledge and belief.

Susan Keenan
Field Examiner

Subscribed and sworn to before me this 25 day of September, 2023

Michelle Gillespie
Notary Public

My Commission Expires: _____
County of Residence: _____

