

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

CITY OF COLUMBIA CITY  
WHITLEY COUNTY, INDIANA

January 1, 2016 to December 31, 2016



**FILED**

02/01/2019



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Rosie Coyle	01-01-16 to 12-31-19
Mayor	Ryan L. Daniel	01-01-16 to 12-31-19
President of the Board of Public Works and Safety	Ryan L. Daniel	01-01-16 to 12-31-19
President Pro Tempore of the Common Council	Walter C. Crowder	01-01-16 to 12-31-18



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statement**

We have audited the accompanying financial statement of the City of Columbia City (City), which comprises the financial position and results of operations for the year ended December 31, 2016, and the related notes to the financial statement as listed in the Table of Contents.

### ***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement 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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As discussed in Note 1 to the financial statement, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2016.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2016, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated December 11, 2018, 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 solely 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

  
Paul D. Joyce, CPA  
State Examiner

December 11, 2018



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, 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, the financial statement of the City of Columbia City (City), which comprises the financial position and results of operations for the year ended December 31, 2016, and the related notes to the financial statement, and have issued our report thereon dated December 11, 2018, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001, that we consider to be a material weakness.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
(Continued)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statement is 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001.

**City of Columbia City's Response to Findings**

The City's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

December 11, 2018

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the City. The financial statement and notes are presented as intended by the City.

CITY OF COLUMBIA CITY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2016

Fund	Cash and Investments		Cash and Investments	
	01-01-16	Receipts	Disbursements	12-31-16
General	\$ (27,103)	\$ 3,202,441	\$ 3,284,131	\$ (108,793)
Motor Vehicle Highway	146,075	600,221	654,226	92,070
Local Road and Street	3,091	43,605	45,000	1,696
Parking Meter	11,169	1,608	2,632	10,145
Park and Recreation Non Reverting	(24,121)	180,164	222,602	(66,559)
Economic Dev - Redevelop	7,640	75,421	9,420	73,641
Sanitation	84,751	318,647	320,412	82,986
Housing Authority	125,466	15,009	57,448	83,027
Law Enforcement Training	19,965	19,714	21,662	18,017
Riverboat Gambling	7,522	51,837	51,873	7,486
Emergency Telephone System	(1,934)	11,267	8,355	978
Park and Recreation	(6,494)	346,247	358,163	(18,410)
Rainy Day	884,376	1,314	53,573	832,117
Special LOIT Distribution Fund	-	37,352	37,352	-
Hazardous Material Response	868	3	-	871
Cumulative Capital Development	215,533	123,759	53,250	286,042
Revolving Loan - Redevelopment	92,473	34,150	22,915	103,708
Fire Equipment Bond	62,507	1,166	63,673	-
Cumulative Bridge and Street	340,616	248,787	248,343	341,060
Cumulative Capital Improvement	7,638	22,301	7,440	22,499
Cumulative Fire Spec	70,787	82,710	37,066	116,431
Cumulative Park and Recreation	9,152	41,446	36,162	14,436
General Improvement	10,949	2,723	4,382	9,290
County Economic Development Income Tax	246,477	432,818	358,118	321,177
Information Services	34,981	48,930	70,416	13,495
Police Pension	229,811	180,070	184,552	225,329
LOIT - Public Safety	-	462,574	239,285	223,289
Petty Cash	500	-	-	500
Cemetery	15,191	18,640	22,955	10,876
Bicentennial Fund	697	-	-	697
Fire Violations	146	3	-	149
Donation Park	28,919	33,936	37,878	24,977
Donations	42,242	37,639	26,508	53,373
Federal Equitable Sharing	96	-	-	96
Group Insurance	(3,651)	1,700,907	1,658,166	39,090
Group Insurance - Retiree Fund	88,712	44,495	-	133,207
Sales Tax	278	537	294	521
Wayne Waste Financial Assurance	1,008	75,000	67,990	8,018
Police OPO Grant	211	-	-	211
TIF Redevelopment	41,076	23,481	41,196	23,361
Cash Change Drawers (4)	800	-	-	800
Cemetery Endowment	18,349	1,586	325	19,610
Payroll Clearing Account	1,567	4,899,974	4,897,712	3,829
Electric Operating	327,662	12,123,220	12,462,794	(11,912)
Electric Meter Deposit	250,485	32,510	23,553	259,442
Electric Depreciation	686,690	450,000	464,739	671,951
Electric Cash Reserve	1,232,421	471,986	126,000	1,578,407
Stormwater	381,399	756,041	840,769	296,671
Sewage Operating	(11,554)	4,803,939	4,542,209	250,176
Sewage Improvement	(976)	450,000	441,996	7,028
Sewage Bond and Interest	980,561	1,817,902	1,816,822	981,641
Sewage Debt Reserve	1,748,701	60,118	-	1,808,819
Sewage Cash Reserve	31,856	300,000	252,000	79,856
Water Operating	(104,425)	2,107,350	2,095,527	(92,602)
Water Meter Deposit	47,925	4,200	4,605	47,520
Water Depreciation	67,455	63,000	130,251	204
Water Bond and Interest	105,938	398,009	408,537	95,410
Water Construction Fund	523,077	-	196,345	326,732
Water Cash Reserve	119,188	30,000	72,000	77,188
Water Debt Reserve	374,789	33,667	-	408,456
Totals	\$ 9,549,528	\$ 37,324,424	\$ 37,083,622	\$ 9,790,330

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

CITY OF COLUMBIA CITY  
NOTES TO FINANCIAL STATEMENT

**Note 1. 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 some or all of 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, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the City.

**B. Basis of Accounting**

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory 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.

**C. Cash and Investments**

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

**D. Receipts**

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

*Taxes.* Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

*Licenses and permits.* Amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction, or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF COLUMBIA CITY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Intergovernmental receipts.* Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

*Charges for services.* Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable TV receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

*Fines and forfeits.* Amounts received from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

*Utility fees.* Amounts received from charges for current services.

*Other receipts.* Amounts received from various sources, including, but not limited to, the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

**E. Disbursements**

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

*Personal services.* Amounts disbursed for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

*Supplies.* Amounts disbursed for articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

*Other services and charges.* Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

*Debt service - principal and interest.* Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

CITY OF COLUMBIA CITY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Capital outlay.* Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

*Utility operating expenses.* Amounts disbursed for operating the utilities.

*Other disbursements.* Amounts disbursed for various other purposes including, but not limited to, the following: interfund loan payments; loans made to other funds; internal service disbursements; and transfers out that are authorized by statute, ordinance, resolution, or court order.

**F. Interfund Transfers**

The City may, from time to time, make transfers from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

**G. Fund Accounting**

Separate funds are established, maintained, and reported by the City. Each fund is used to account for amounts received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The amounts accounted for in a specific fund may only be available for use for certain, legally-restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and, therefore, the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon

CITY OF COLUMBIA CITY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

the preceding year's lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

**Note 4. Deposits and Investments**

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

State statutes authorize the City to invest in securities including, but not limited to, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

**Note 5. Risk Management**

The City may be 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.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third-party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) 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 members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

CITY OF COLUMBIA CITY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

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

*B. 1925 Police Officers' Pension Plan*

*Plan Description*

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

*Funding Policy*

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 Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

*C. 1977 Police Officers' and Firefighters' Pension and Disability Fund*

*Plan Description*

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS) 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.

CITY OF COLUMBIA CITY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

INPRS 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:

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy*

The contribution requirements of plan members and the City are established by the Board of Trustees of INPRS.

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of fund disbursements exceeding receipts and insufficient electric and water revenues to cover operating expenses.

**Note 8. Subsequent Events**

On July 27, 2017, the City issued \$1,125,000 of general obligation bonds for the construction of an aquatics center. The bonds have a final maturity on January 1, 2027, at interest rates of 2 percent to 3 percent.

**Note 9. Other Postemployment Benefits**

The City provides health insurance benefits to eligible retirees and their spouses. These benefits pose a liability to the City for this year and in future years. Information regarding the benefits can be obtained by contacting the City.

#### OTHER INFORMATION - UNAUDITED

The City's Annual Financial Report information can be found on the Indiana Gateway for Government Units website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the City's Annual Financial Report referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the City. It is presented as intended by the City.

CITY OF COLUMBIA CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016

	General	Motor Vehicle Highway	Local Road and Street	Parking Meter	Park and Recreation Non Reverting	Economic Dev - Redevelop
Cash and investments - beginning	\$ (27,103)	\$ 146,075	\$ 3,091	\$ 11,169	\$ (24,121)	\$ 7,640
Receipts:						
Taxes	1,121,801	215,609	-	-	-	67,822
Licenses and permits	37,584	-	-	-	-	-
Intergovernmental receipts	1,917,896	380,535	43,605	-	-	7,599
Charges for services	19,800	1,728	-	1,608	180,046	-
Fines and forfeits	104,152	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	1,208	2,349	-	-	118	-
Total receipts	<u>3,202,441</u>	<u>600,221</u>	<u>43,605</u>	<u>1,608</u>	<u>180,164</u>	<u>75,421</u>
Disbursements:						
Personal services	2,620,786	332,881	-	-	30,603	-
Supplies	140,460	95,186	-	2,062	67,137	-
Other services and charges	499,489	226,159	45,000	570	124,862	9,420
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	23,396	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>3,284,131</u>	<u>654,226</u>	<u>45,000</u>	<u>2,632</u>	<u>222,602</u>	<u>9,420</u>
Excess (deficiency) of receipts over disbursements	<u>(81,690)</u>	<u>(54,005)</u>	<u>(1,395)</u>	<u>(1,024)</u>	<u>(42,438)</u>	<u>66,001</u>
Cash and investments - ending	<u>\$ (108,793)</u>	<u>\$ 92,070</u>	<u>\$ 1,696</u>	<u>\$ 10,145</u>	<u>\$ (66,559)</u>	<u>\$ 73,641</u>

CITY OF COLUMBIA CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016

	Sanitation	Housing Authority	Law Enforcement Training	Riverboat Gambling	Emergency Telephone System	Park and Recreation
Cash and investments - beginning	\$ 84,751	\$ 125,466	\$ 19,965	\$ 7,522	\$ (1,934)	\$ (6,494)
Receipts:						
Taxes	-	-	-	-	-	306,573
Licenses and permits	-	-	8,180	-	-	-
Intergovernmental receipts	-	-	-	51,832	-	37,655
Charges for services	318,647	-	5,709	-	11,267	-
Fines and forfeits	-	-	2,041	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	15,009	3,784	5	-	2,019
Total receipts	318,647	15,009	19,714	51,837	11,267	346,247
Disbursements:						
Personal services	772	-	-	-	8,355	266,626
Supplies	-	-	-	-	-	22,078
Other services and charges	319,640	57,448	21,662	-	-	69,459
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	51,873	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	320,412	57,448	21,662	51,873	8,355	358,163
Excess (deficiency) of receipts over disbursements	(1,765)	(42,439)	(1,948)	(36)	2,912	(11,916)
Cash and investments - ending	\$ 82,986	\$ 83,027	\$ 18,017	\$ 7,486	\$ 978	\$ (18,410)

CITY OF COLUMBIA CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016

	Rainy Day	Special LOIT Distribution Fund	Hazardous Material Response	Cumulative Capital Development	Revolving Loan - Redevelopment	Fire Equipment Bond
Cash and investments - beginning	\$ 884,376	\$ -	\$ 868	\$ 215,533	\$ 92,473	\$ 62,507
Receipts:						
Taxes	-	-	-	110,211	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	37,352	-	13,548	-	1,166
Charges for services	-	-	3	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	1,314	-	-	-	34,150	-
Total receipts	<u>1,314</u>	<u>37,352</u>	<u>3</u>	<u>123,759</u>	<u>34,150</u>	<u>1,166</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	18,053	37,352	-	4,500	22,915	-
Debt service - principal and interest	-	-	-	-	-	59,563
Capital outlay	35,520	-	-	48,750	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	4,110
Total disbursements	<u>53,573</u>	<u>37,352</u>	<u>-</u>	<u>53,250</u>	<u>22,915</u>	<u>63,673</u>
Excess (deficiency) of receipts over disbursements	<u>(52,259)</u>	<u>-</u>	<u>3</u>	<u>70,509</u>	<u>11,235</u>	<u>(62,507)</u>
Cash and investments - ending	<u>\$ 832,117</u>	<u>\$ -</u>	<u>\$ 871</u>	<u>\$ 286,042</u>	<u>\$ 103,708</u>	<u>\$ -</u>

CITY OF COLUMBIA CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016

	Cumulative Bridge and Street	Cumulative Capital Improvement	Cumulative Fire Spec	Cumulative Park and Recreation	General Improvement	County Economic Development Income Tax
Cash and investments - beginning	\$ 340,616	\$ 7,638	\$ 70,787	\$ 9,152	\$ 10,949	\$ 246,477
Receipts:						
Taxes	221,108	-	73,550	36,890	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	27,178	22,301	9,041	4,536	-	378,328
Charges for services	-	-	-	-	2,723	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	501	-	119	20	-	54,490
Total receipts	<u>248,787</u>	<u>22,301</u>	<u>82,710</u>	<u>41,446</u>	<u>2,723</u>	<u>432,818</u>
Disbursements:						
Personal services	-	-	-	-	1,610	-
Supplies	-	-	21,005	-	-	-
Other services and charges	90,063	7,440	4,500	36,162	2,772	214,342
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	158,280	-	11,561	-	-	143,776
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>248,343</u>	<u>7,440</u>	<u>37,066</u>	<u>36,162</u>	<u>4,382</u>	<u>358,118</u>
Excess (deficiency) of receipts over disbursements	<u>444</u>	<u>14,861</u>	<u>45,644</u>	<u>5,284</u>	<u>(1,659)</u>	<u>74,700</u>
Cash and investments - ending	<u>\$ 341,060</u>	<u>\$ 22,499</u>	<u>\$ 116,431</u>	<u>\$ 14,436</u>	<u>\$ 9,290</u>	<u>\$ 321,177</u>

CITY OF COLUMBIA CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016

	Information Services	Police Pension	LOIT - Public Safety	Petty Cash	Cemetery	Bicentennial Fund
Cash and investments - beginning	\$ 34,981	\$ 229,811	\$ -	\$ 500	\$ 15,191	\$ 697
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	462,574	-	-	-
Charges for services	-	-	-	-	18,640	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	48,930	180,070	-	-	-	-
Total receipts	48,930	180,070	462,574	-	18,640	-
Disbursements:						
Personal services	148	184,552	-	-	2,779	-
Supplies	43,158	-	-	-	2,595	-
Other services and charges	27,110	-	-	-	17,581	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	239,285	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	70,416	184,552	239,285	-	22,955	-
Excess (deficiency) of receipts over disbursements	(21,486)	(4,482)	223,289	-	(4,315)	-
Cash and investments - ending	\$ 13,495	\$ 225,329	\$ 223,289	\$ 500	\$ 10,876	\$ 697

CITY OF COLUMBIA CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016

	Fire Violations	Donation Park	Donations	Federal Equitable Sharing	Group Insurance	Group Insurance - Retiree Fund
Cash and investments - beginning	\$ 146	\$ 28,919	\$ 42,242	\$ 96	\$ (3,651)	\$ 88,712
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	3	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	33,936	37,639	-	1,700,907	44,495
Total receipts	3	33,936	37,639	-	1,700,907	44,495
Disbursements:						
Personal services	-	-	-	-	62,847	-
Supplies	-	-	26,153	-	-	-
Other services and charges	-	37,878	355	-	1,595,319	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	37,878	26,508	-	1,658,166	-
Excess (deficiency) of receipts over disbursements	3	(3,942)	11,131	-	42,741	44,495
Cash and investments - ending	\$ 149	\$ 24,977	\$ 53,373	\$ 96	\$ 39,090	\$ 133,207

CITY OF COLUMBIA CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016

	Sales Tax	Wayne Waste Financial Assurance	Police OPO Grant	TIF Redevelopment	Cash Change Drawers (4)
Cash and investments - beginning	\$ 278	\$ 1,008	\$ 211	\$ 41,076	\$ 800
Receipts:					
Taxes	537	-	-	23,481	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	-	75,000	-	-	-
Total receipts	<u>537</u>	<u>75,000</u>	<u>-</u>	<u>23,481</u>	<u>-</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	294	67,990	-	41,196	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	<u>294</u>	<u>67,990</u>	<u>-</u>	<u>41,196</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>243</u>	<u>7,010</u>	<u>-</u>	<u>(17,715)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 521</u>	<u>\$ 8,018</u>	<u>\$ 211</u>	<u>\$ 23,361</u>	<u>\$ 800</u>

CITY OF COLUMBIA CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016

	Cemetery Endowment	Payroll Clearing Account	Electric Operating	Electric Meter Deposit	Electric Depreciation
Cash and investments - beginning	\$ 18,349	\$ 1,567	\$ 327,662	\$ 250,485	\$ 686,690
Receipts:					
Taxes	-	-	214	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	1,586	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	11,696,296	32,510	-
Other receipts	-	4,899,974	426,710	-	450,000
Total receipts	<u>1,586</u>	<u>4,899,974</u>	<u>12,123,220</u>	<u>32,510</u>	<u>450,000</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	325	-	-	-	-
Debt service - principal and interest	-	-	149,640	-	-
Capital outlay	-	-	-	-	464,739
Utility operating expenses	-	-	11,488,154	23,553	-
Other disbursements	-	4,897,712	825,000	-	-
Total disbursements	<u>325</u>	<u>4,897,712</u>	<u>12,462,794</u>	<u>23,553</u>	<u>464,739</u>
Excess (deficiency) of receipts over disbursements	<u>1,261</u>	<u>2,262</u>	<u>(339,574)</u>	<u>8,957</u>	<u>(14,739)</u>
Cash and investments - ending	<u>\$ 19,610</u>	<u>\$ 3,829</u>	<u>\$ (11,912)</u>	<u>\$ 259,442</u>	<u>\$ 671,951</u>

CITY OF COLUMBIA CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016

	Electric Cash Reserve	Stormwater	Sewage Operating	Sewage Improvement	Sewage Bond and Interest
Cash and investments - beginning	\$ 1,232,421	\$ 381,399	\$ (11,554)	\$ (976)	\$ 980,561
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	755,576	4,467,132	-	-
Other receipts	471,986	465	336,807	450,000	1,817,902
Total receipts	471,986	756,041	4,803,939	450,000	1,817,902
Disbursements:					
Personal services	-	115,164	678,399	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	39,443	-	-
Debt service - principal and interest	-	3,244	-	-	1,816,822
Capital outlay	-	125,204	-	438,696	-
Utility operating expenses	-	500,171	1,196,347	3,300	-
Other disbursements	126,000	96,986	2,628,020	-	-
Total disbursements	126,000	840,769	4,542,209	441,996	1,816,822
Excess (deficiency) of receipts over disbursements	345,986	(84,728)	261,730	8,004	1,080
Cash and investments - ending	\$ 1,578,407	\$ 296,671	\$ 250,176	\$ 7,028	\$ 981,641

CITY OF COLUMBIA CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016

	Sewage Debt Reserve	Sewage Cash Reserve	Water Operating	Water Meter Deposit	Water Depreciation
Cash and investments - beginning	\$ 1,748,701	\$ 31,856	\$ (104,425)	\$ 47,925	\$ 67,455
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	1,848,626	4,200	-
Other receipts	60,118	300,000	258,724	-	63,000
Total receipts	60,118	300,000	2,107,350	4,200	63,000
Disbursements:					
Personal services	-	-	541,621	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	46,919	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	119,187
Utility operating expenses	-	-	895,825	4,605	11,064
Other disbursements	-	252,000	611,162	-	-
Total disbursements	-	252,000	2,095,527	4,605	130,251
Excess (deficiency) of receipts over disbursements	60,118	48,000	11,823	(405)	(67,251)
Cash and investments - ending	\$ 1,808,819	\$ 79,856	\$ (92,602)	\$ 47,520	\$ 204

CITY OF COLUMBIA CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016

	Water Bond and Interest	Water Construction Fund	Water Cash Reserve	Water Debt Reserve	Totals
Cash and investments - beginning	\$ 105,938	\$ 523,077	\$ 119,188	\$ 374,789	\$ 9,549,528
Receipts:					
Taxes	-	-	-	-	2,177,796
Licenses and permits	-	-	-	-	45,764
Intergovernmental receipts	-	-	-	-	3,395,146
Charges for services	-	-	-	-	561,757
Fines and forfeits	-	-	-	-	106,196
Utility fees	-	-	-	-	18,804,340
Other receipts	398,009	-	30,000	33,667	12,233,425
Total receipts	398,009	-	30,000	33,667	37,324,424
Disbursements:					
Personal services	-	-	-	-	4,847,143
Supplies	-	-	-	-	419,834
Other services and charges	-	-	-	-	3,686,218
Debt service - principal and interest	408,537	-	-	-	2,437,806
Capital outlay	-	196,345	-	-	2,056,612
Utility operating expenses	-	-	-	-	14,123,019
Other disbursements	-	-	72,000	-	9,512,990
Total disbursements	408,537	196,345	72,000	-	37,083,622
Excess (deficiency) of receipts over disbursements	(10,528)	(196,345)	(42,000)	33,667	240,802
Cash and investments - ending	\$ 95,410	\$ 326,732	\$ 77,188	\$ 408,456	\$ 9,790,330

CITY OF COLUMBIA CITY  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2016

<u>Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Electric	\$ 26,128	\$ 213,596
Storm Water	638	29,318
Wastewater	21,826	71,627
Water	<u>6,156</u>	<u>17,599</u>
Totals	<u>\$ 54,748</u>	<u>\$ 332,140</u>

CITY OF COLUMBIA CITY  
SCHEDULE OF LEASES AND DEBT  
December 31, 2016

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Electric:			
USDA REDLG	Economic Development	\$ 71,921	\$ 10,404
USDA REDLG	Economic Development	420,162	50,424
USDA REDLG	Economic Development	<u>747,443</u>	<u>88,812</u>
Total Electric		<u>1,239,526</u>	<u>149,640</u>
Wastewater:			
Revenue bonds	Sewer Expansion	570,000	43,465
Revenue bonds	Sewer Expansion	2,793,000	193,828
Revenue bonds	Sewer Expansion	10,034,000	1,129,661
Revenue bonds	Sewer Expansion	<u>4,382,000</u>	<u>450,729</u>
Total Wastewater		<u>17,779,000</u>	<u>1,817,683</u>
Water:			
Revenue bonds	Infrastructure Repairs	1,566,000	162,752
Revenue bonds	Plant Expansion	621,000	130,197
Revenue bonds	Plant Expansion	<u>1,037,000</u>	<u>120,321</u>
Total Water		<u>3,224,000</u>	<u>413,270</u>
Totals		<u>\$ 22,242,526</u>	<u>\$ 2,380,593</u>

CITY OF COLUMBIA CITY  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2016

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.

	Ending Balance
Governmental activities:	
Land	\$ 88,675
Infrastructure	8,210,124
Buildings	2,304,554
Improvements other than buildings	1,894,399
Machinery, equipment, and vehicles	<u>4,338,212</u>
Total governmental activities	<u>16,835,964</u>
Electric:	
Land	223,573
Infrastructure	8,730
Buildings	1,626,799
Improvements other than buildings	10,485,381
Machinery, equipment, and vehicles	<u>2,260,487</u>
Total Electric	<u>14,604,970</u>
Storm Water:	
Infrastructure	351,378
Improvements other than buildings	4,602
Machinery, equipment, and vehicles	269,287
Construction in progress	<u>2</u>
Total Storm Water	<u>625,269</u>
Wastewater:	
Land	23,396
Infrastructure	6,573,915
Buildings	7,648,950
Improvements other than buildings	23,286,490
Machinery, equipment, and vehicles	<u>8,737,211</u>
Total Wastewater	<u>46,269,962</u>
Water:	
Land	7,654
Infrastructure	1,013,375
Buildings	2,520,414
Improvements other than buildings	6,507,498
Machinery, equipment, and vehicles	<u>1,031,447</u>
Total Water	<u>11,080,388</u>
Total capital assets	<u>\$ 89,416,553</u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

**Report on Compliance for the Major Federal Program**

We have audited the City of Columbia City's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2016. 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.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on the Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2016.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)


**Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

December 11, 2018

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the City. The schedule and notes are presented as intended by the City.

CITY OF COLUMBIA CITY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended December 31, 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Agriculture</u>					
Cooperative Forestry Assistance	Indiana Department of Natural Resources	10.664	FY16	\$ -	\$ 10,000
Rural Economic Development Loans and Grants	Direct	10.854	REDLG-0641	-	1,239,526
Total - Department of Agriculture				-	1,249,526
<u>Department of Housing and Urban Development</u>					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii Planning Grant	Indiana Office of Community and Rural Affairs	14.228	FY15	-	16,068
Total - Department of Housing and Urban Development				-	16,068
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction SR 205 Improvements From SR205 to US 30	Indiana Department of Transportation	20.205	A249-09-320952	-	37,472
Total - Department of Transportation				-	37,472
Total federal awards expended				\$ -	\$ 1,303,066

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

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

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the City under programs of the federal government for the year ended December 31, 2016. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the City, it is not intended to and does not present the financial position of the City.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 3. Loans Outstanding**

The City had the following loan balances, with continuing federal compliance requirements, outstanding at December 31, 2016. These loan balances outstanding are also included in the federal expenditures presented in the SEFA.

Program Title	Federal CFDA Number	2016
Rural Economic Development Loans and Grants	10.854	\$ <u>1,239,526</u>

CITY OF COLUMBIA CITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weakness identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major program:	
Material weakness identified?	no
Significant deficiency identified?	none reported
Any audit finding disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	no

Identification of Major Program and type of auditor's report issued on compliance for it:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
10.854	Rural Economic Development Loans and Grants	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
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**Section II - Financial Statement Findings**

**FINDING 2016-001**

Subject: Preparation of the Schedule of Expenditures of Federal Awards  
Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-001.

*Condition*

The City did not have a proper system of internal controls in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The Clerk-Treasurer prepared the federal award information entered into the Indiana Gateway for Government Units financial reporting system without a control in place to prevent, or detect and correct, errors prior to submission.

CITY OF COLUMBIA CITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Context*

The SEFA presented for audit contained the following errors:

1. The Cooperative Forestry Assistance expenditures were understated by \$10,000.
2. The Rural Economic Development Loans and Grants expenditures were understated by \$1,239,526.
3. The Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii expenditures were understated by \$16,068.

Audit adjustments were proposed, accepted by the City, and made to the SEFA.

*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. . . .

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. . . ."

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards*. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

CITY OF COLUMBIA CITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

*Cause*

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

*Effect*

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Context*.

*Recommendation*

We recommended that the City establish a system of internal controls to ensure that federal expenditures will be properly reported on the SEFA.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**Section III - Federal Award Findings and Questioned Costs**

No matters are reportable.

#### AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the City. The documents are presented as intended by the City.

ROSIE COYLE  
CITY CLERK TREASURER  
112 S. CHAUNCEY ST  
COLUMBIA CITY, IN 46725

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

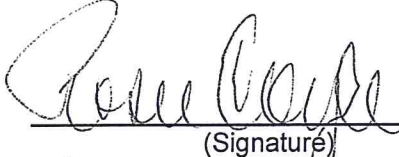
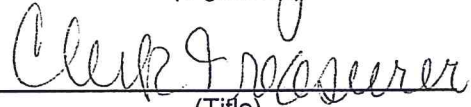

**FINDING 2015-001**

Fiscal year in which the finding initially occurred: 2015  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: n/a  
Contact Person Responsible for Corrective Action: Rosie Coyle, City Clerk Treasurer  
Contact Phone Number: 260 248 5112

Status of Audit Finding:

The City Clerk Treasurer's office now has internal controls in place to ensure that all appropriate personnel will oversee the schedule of expenditures for all grants and other federal monies that are received and/or disbursed as to be in compliance with the State Board of Accounts requirements.

Dated this 27<sup>th</sup> day of November, 2018

  
\_\_\_\_\_  
(Signature)  
  
\_\_\_\_\_  
(Title)  
  
\_\_\_\_\_  
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

**City Clerk –Treasurer  
112 S. Chauncey St  
Columbia City, IN 46725  
260 248 5112**

**November 20, 2018**

**CORRECTIVE ACTION PLAN**

**FINDING 2016-001**

**Contact Person Responsible for Corrective Action: City Clerk Treasurer**

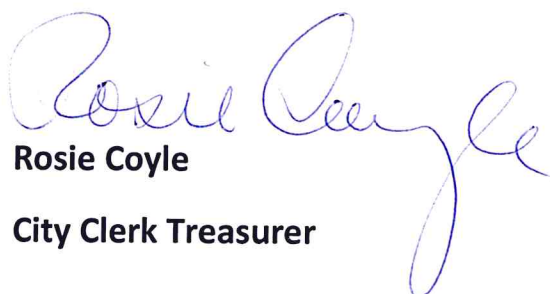
**Contact Phone: 260 248 5112**

**Views of Responsible Official: Clerk Treasurer concurs with finding.**

**Description of Corrective Action Plan:**

**The Clerk Treasurer will work with the Deputy Clerk to review the information that is submitted to ensure that the SEFA is correct**

**Anticipated Completion Date: This will be correct with the 2018 submission**

  
**Rosie Coyle**  
**City Clerk Treasurer**

#### OTHER REPORTS

In addition to this report, other reports may have been issued for the City. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.