

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF COLUMBIA CITY

WHITLEY COUNTY, INDIANA

January 1, 2019 to December 31, 2019



FILED

09/16/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Rosie Coyle	01-01-19 to 12-31-20
Mayor	Ryan L. Daniel	01-01-19 to 12-31-20
President of the Board of Public Works and Safety	Ryan L. Daniel	01-01-19 to 12-31-20
President Pro Tempore of the Common Council	Walter C. Crowder	01-01-19 to 12-31-20



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our audit report of the City of Columbia City (City), for the period from January 1, 2019 to December 31, 2019. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the City. It should be read in conjunction with our Financial Statement Audit Report of the City, which provides our opinions on the City's financial statement. This report may be found at www.in.gov/sboa/.

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

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

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

September 10, 2020

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CLERK-TREASURER
CITY OF COLUMBIA CITY

CLERK-TREASURER
CITY OF COLUMBIA CITY
AUDIT RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The same comment also appeared in prior Report B53143.

Condition and Context

The financial statement presented for audit included the following funds with overdrawn cash balances at December 31, 2019. Funds with overdrawn cash balances due to the timing of reimbursements for expenditures were not included in this comment.

Fund	Amount Overdrawn
Park Nonreverting	\$ 22,779
Riverboat Gambling	5,530
Group Insurance	358,881
Payroll- American Family Life	1,527
Payroll- Phone Deduction	508
Payroll- Anytime Fitness	159
Payroll- Transamerican Life	132
Electric Utl Operating	121,349
Electric Utl Depreciation	15,345

Criteria

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

FINANCIAL TRANSACTIONS

The same comment also appeared in prior Report B53143.

Condition and Context

On May 7, 2018, the City secured a bank loan for \$730,000. As of December 31, 2018, the City had drawn down \$489,922 of the loan. During 2019, it had drawn down the remaining loan amount of \$240,078. The City did not record the loan proceeds in 2018 or 2019, nor any of the corresponding disbursements in their financial records. Therefore, these financial transactions were not reported in the 2018 or 2019 financial statement submitted through the Indiana Gateway for Government Units financial reporting system.

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

Criteria

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

MVH RESTRICTED FUND

Condition and Context

In 2019, the City failed to create and report the MVH Restricted sub-fund as directed by the State Examiner. Therefore, the City failed to allocate or deposit at least 50 percent of the distributions from the State Motor Vehicle Highway (MVH) Account at the time of receipt into an MVH Restricted sub-fund. The City did note this in a subsidiary ledger on its Revenue Detail History report; but it did not properly allocate 50 percent of the MVH receipts into the MVH Restricted subsidiary fund. Since the MVH Restricted sub-fund had not been created, we were not able to determine if the City used at least 50 percent for the purposes specified in Indiana Code 8-14-1-5(c).

Criteria

The purpose of this Directive is to authorize and require . . . cities, and towns that receive distributions from the State Motor Vehicle Highway Account to create a new sub-fund within the MVH Fund to properly manage and account for the usage restrictions that were included in House Enrolled Act 1002-2017 and House Enrolled Act 1290-2018.

On the chart of accounts, the MVH Fund and MVH Restricted sub-fund shall be shown as follows: . . . Cities and Towns Fund 201 MVH Fund 203 MVH Restricted. Together, MVH and MVH Restricted shall constitute the total MVH Fund. MVH and MVH Restricted will be shown separately on the Annual Financial Report . . .

Starting on January 1, 2019, the political subdivision must post at the time of receipt of the distribution from the State Motor Vehicle Highway Account fifty percent (50%) of the distribution to MVH Restricted. (State Examiner Directive 2018-2)

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

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

CLERK-TREASURER
CITY OF COLUMBIA CITY
EXIT CONFERENCE

The contents of this report were discussed on September 10, 2020, with Rosie Coyle, Clerk-Treasurer, and Ryan Daniel, Mayor.