

**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, 2020 to December 31, 2020



**FILED**  
03/11/2022



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Clerk-Treasurer:	
Audit Results and Comments:	
Annual Financial Report.....	6
Overdrawn Cash Balances .....	6-7
Motor Vehicle Highway (MVH) - Restricted Fund .....	7-8
Exit Conference .....	9

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Rosie M. Coyle	01-01-20 to 12-31-22
Mayor	Ryan L. Daniel	01-01-20 to 12-31-22
President of the Board of Public Works	Ryan L. Daniel	01-01-20 to 12-31-22
President Pro Tempore of the Common Council	Walter C. Crowder	01-01-20 to 12-31-22



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

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, 2020 to December 31, 2020. 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/](http://www.in.gov/sboa/).

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

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

Beth Kelley, CPA, CFE  
Deputy State Examiner

February 24, 2022

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CLERK-TREASURER  
CITY OF COLUMBIA CITY

CLERK-TREASURER  
CITY OF COLUMBIA CITY  
AUDIT RESULTS AND COMMENTS

**ANNUAL FINANCIAL REPORT**

A similar comment also appeared in prior Reports B53143 and B55774, entitled *FINANCIAL TRANSACTIONS*.

*Condition and Context*

The City took out a State Revolving Fund Loan for the purpose of updating the sewage utility system. The contracted vendors were paid directly by the Bank of New York from the loan account. The City did not record the financial activity for the loan account in its records in 2020.

The City also did not report the financial activity in the Indiana Gateway for Government Units financial reporting system, which is the source of the Annual Financial Report (AFR) and financial statement. As a result, the 2018 Sewage SRF Construction fund was not reported: underreporting receipts and disbursements by \$507,213.

Audit adjustments were proposed, accepted by the City, and made to the AFR and financial statement.

*Criteria*

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

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

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

**OVERDRAWN CASH BALANCES**

A similar comment also appeared in prior Reports B53143 and B55774, entitled *OVERDRAWN CASH BALANCES*.

*Condition and Context*

The financial statement presented for audit included the following funds with overdrawn cash balances on December 31, 2020. Funds with overdrawn cash balances due to the timing of reimbursements for expenditures were not included in this comment.

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

Fund	Amount Overdrawn
Park Nonreverting	\$ 21,769
Park & Recreation	7,527
Payroll - American Family Life	1,864
Electric Utility Operating	8,697

*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)

**MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND**

The same comment also appeared in prior Report B55774.

*Condition and Context*

In 2020, 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 . . .

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

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 February 24, 2022, with Rosie M. Coyle, Clerk-Treasurer, and Ryan L. Daniel, Mayor.