

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, 2021 to December 31, 2021



FILED

12/19/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Rosie M. Coyle	01-01-21 to 12-31-22
Mayor	Ryan L. Daniel	01-01-21 to 12-31-22
President of the Board of Public Works	Ryan L. Daniel	01-01-21 to 12-31-22
President Pro Tempore of the Common Council	Walter C. Crowder	01-01-21 to 12-31-22



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, 2021 to December 31, 2021. 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.

Beth Kelley, CPA, CFE
Deputy State Examiner

December 1, 2022

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CLERK-TREASURER
CITY OF COLUMBIA CITY

CLERK-TREASURER
CITY OF COLUMBIA CITY
AUDIT RESULTS AND COMMENTS

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND

The same comment also appeared in prior Report B58777.

Condition and Context

The City failed to create and report the Motor Vehicle Highway (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 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 and did properly allocate 50 percent of the MVH receipts into the MVH Restricted subsidiary fund. However, 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
AUDIT RESULTS AND COMMENTS
(Continued)

OVERDRAWN CASH BALANCES

The similar comment also appeared in prior Report B58777, entitled *OVERDRAWN CASH BALANCES*.

Condition and Context

The financial statement presented for audit included the following funds with overdrawn cash balances on December 31, 2021:

Fund	Amount Overdrawn
Motor Vehicle Highway	\$ 88,300
Payroll - American Family Life	627
Water Utility Operating	2,283

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)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

Condition and Context

The accuracy of reporting required by federal and state agencies is facilitated by separation of grant funds. The City did not create a separate fund for the COVID-19 funds received during the audit period.

Criteria

A separate Fund for each grant is required. (Cities and Towns Bulletin and Uniform Compliance Guidelines, June 2020, page 14)

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 December 1, 2022, with Rosie M. Coyle, Clerk-Treasurer; Ryan L. Daniel, Mayor; and Walter C. Crowder, President Pro Tempore of the Common Council.