

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

EXAMINATION REPORT
OF
CITY OF ATTICA
FOUNTAIN COUNTY, INDIANA
January 1, 2006 to December 31, 2006



FILED
05/02/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sharon Negele	01-01-04 to 12-31-07
Mayor	Deon H. Swift II	01-01-04 to 12-31-07
President of the Board of Public Works and Safety	Deon H. Swift II	01-01-04 to 12-31-07
President of the Common Council	Deon H. Swift II	01-01-04 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF ATTICA, FOUNTAIN COUNTY, INDIANA

We have examined the financial information presented herein of the City of Attica (City), for the period of January 1, 2006 to December 31, 2006. The City's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the City for the year ended December 31, 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Asset and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

April 9, 2007

CITY OF ATTICA
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2006

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 42,210	\$ 847,939	\$ 718,895	\$ 171,254
Motor Vehicle Highway	61,340	236,712	195,452	102,600
Local Road and Street	21,180	13,377	22,418	12,139
Street Sign Donations	-	959	959	-
Park and Recreation	8,561	105,383	86,176	27,768
Riverside Cemetery	24,540	110,990	83,252	52,278
Park Non-Reverting Operating	15,164	32,810	10,640	37,334
Alcohol and Drug Services	7,364	92	-	7,456
Probation User Fees	15,501	1,477	-	16,978
McDonald Park Donation	2,882	1,000	883	2,999
Police Donation	2,010	604	501	2,113
Building Demolition	4,950	2,757	2,834	4,873
Law Enforcement Continuing Education	13	8,916	7,656	1,273
Pretrial Diversion and Deferral	6,084	2,341	-	8,425
Riverboat Gambling	28,561	21,968	16,307	34,222
Rainy Day	150,859	-	-	150,859
Excess Levy	8,441	-	8,441	-
Cumulative Capital Improvement	51,162	14,629	-	65,791
Cumulative Capital Development	187,268	58,966	25,000	221,234
Downtown Restoration	-	5,000	2,500	2,500
Proprietary Funds:				
Water Utility - Operating	366,711	587,017	586,777	366,951
Water Utility - Bond and Interest	-	203,519	203,519	-
Water Utility - Depreciation	245,943	13,817	-	259,760
Water Utility - Customer Deposit	37,153	21,950	17,009	42,094
Wastewater Utility - Operating	289,204	324,925	291,142	322,987
Wastewater Utility - Bond and Interest	-	101,318	101,318	-
Wastewater Utility - Depreciation	94,694	10,049	4,875	99,868
Wastewater Utility - EPA Replacement	291,928	50,938	-	342,866
Sanitation	14,899	141,592	132,453	24,038
Fiduciary Funds:				
Police Pension	32,070	38,274	47,970	22,374
Allen Trust - General	834	-	-	834
Allen Trust - Cemetery	12,823	1,891	-	14,714
Allen Trust - Perpetual Care	7,000	-	-	7,000
Cemetery Perpetual Care	24,023	1,787	-	25,810
Rozelle Trust	432	9	-	441
Allen Trust - Principal	20,000	-	-	20,000
Hayes Trust - Perpetual Care	-	2,106	-	2,106
Payroll	2,801	758,933	760,839	895
City Court	14,502	51,465	52,357	13,610
Law Enforcement Continuing Education	2,949	441	414	2,976
Totals	<u>\$ 2,096,056</u>	<u>\$ 3,775,951</u>	<u>\$ 3,380,587</u>	<u>\$ 2,491,420</u>

The accompanying notes are an integral part of the financial information.

CITY OF ATTICA
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides 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, and trash.

Note 2. Fund Accounting

The City uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the City in June and December. 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 the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% 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 become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the City on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes the City to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

CITY OF ATTICA
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent 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 PERF 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% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

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

CITY OF ATTICA
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2006

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.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Infrastructure	3,659,704	-	-	3,659,704
Buildings	316,193	-	-	316,193
Improvements other than buildings	29,960	-	-	29,960
Machinery and equipment	<u>1,666,982</u>	<u>110,498</u>	<u>115,655</u>	<u>1,661,825</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 5,697,839</u>	<u>\$ 110,498</u>	<u>\$ 115,655</u>	<u>\$ 5,692,682</u>
Business-type activities:				
Water Utility:				
Capital assets, being depreciated:				
Infrastructure	\$ 1,980,000	\$ -	\$ -	\$ 1,980,000
Buildings	819,817	-	-	819,817
Machinery and equipment	884,438	21,000	-	905,438
Less accumulated depreciation for:				
Infrastructure	(356,400)	-	-	(356,400)
Buildings	(146,966)	-	-	(146,966)
Machinery and equipment	<u>(184,969)</u>	<u>-</u>	<u>-</u>	<u>(184,969)</u>
Total Water Utility capital assets, net	<u>2,995,920</u>	<u>21,000</u>	<u>-</u>	<u>3,016,920</u>
Wastewater Utility:				
Capital assets, being depreciated:				
Infrastructure	5,700,210	-	-	5,700,210
Buildings	798,294	-	-	798,294
Machinery and equipment	68,756	-	6,500	62,256
Less accumulated depreciation for:				
Infrastructure	(1,417,872)	-	-	(1,417,872)
Buildings	(607,097)	-	-	(607,097)
Machinery and equipment	<u>(49,402)</u>	<u>-</u>	<u>-</u>	<u>(49,402)</u>
Total Wastewater Utility capital assets, net	<u>4,492,889</u>	<u>-</u>	<u>6,500</u>	<u>4,486,389</u>
Total business-type activities capital assets, net	<u>\$ 7,488,809</u>	<u>\$ 21,000</u>	<u>\$ 6,500</u>	<u>\$ 7,503,309</u>

CITY OF ATTICA
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Loans payable	\$ 105,596	\$ -	\$ 18,770	\$ 86,826	\$ 19,877
Capital Leases	<u>-</u>	<u>28,800</u>	<u>-</u>	<u>28,800</u>	<u>9,316</u>
Total governmental activities long-term liabilities	<u>\$ 105,596</u>	<u>\$ 28,800</u>	<u>\$ 18,770</u>	<u>\$ 115,626</u>	<u>\$ 29,193</u>
Business-type activities:					
Water Utility:					
Revenue bonds payable	\$ 885,000	\$ -	\$ 160,000	\$ 725,000	\$ 160,000
Capital Leases	<u>10,690</u>	<u>-</u>	<u>10,690</u>	<u>-</u>	<u>-</u>
Total Water Utility Long-term liabilities	<u>895,690</u>	<u>-</u>	<u>170,690</u>	<u>725,000</u>	<u>160,000</u>
Wastewater Utility:					
Loans payable	<u>942,433</u>	<u>-</u>	<u>75,000</u>	<u>867,433</u>	<u>75,000</u>
Total business-type activities Long-term liabilities	<u>\$ 1,838,123</u>	<u>\$ -</u>	<u>\$ 245,690</u>	<u>\$ 1,592,433</u>	<u>\$ 235,000</u>

CITY OF ATTICA
EXAMINATION RESULT AND COMMENT

DELINQUENT WASTEWATER ACCOUNTS

Delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

Indiana Code 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) a list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
 - (A) the name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent;
 - (B) a description of the premises, as shown by the records of the county auditor; and
 - (C) the amount of the delinquent fees, together with the penalty; or
- (2) an individual instrument for each lot or parcel of real property on which the fees are delinquent."

"(c) The officer shall record a copy of each list or each individual instrument with the county recorder . . ."

"(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May. . . ."

CITY OF ATTICA
EXIT CONFERENCE

The contents of this report were discussed on April 9, 2007, with Sharon Negele, Clerk-Treasurer.