

**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, 2008 to December 31, 2008



**FILED**  
09/18/2009



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sharon Negele	01-01-08 to 12-31-11
Mayor	Deon H. Swift II	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	Deon H. Swift II	01-01-08 to 12-31-11
President of the Common Council	Valerie Maus	01-01-08 to 12-31-09



**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, 2008 to December 31, 2008. 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, 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets 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

August 18, 2009

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, 2008

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
<b>Governmental Funds:</b>				
General	\$ 267,335	\$ 1,164,361	\$ 1,363,794	\$ 67,902
Motor Vehicle Highway	72,472	169,722	237,701	4,493
Local Road and Street	25,751	12,915	-	38,666
Park and Recreation	49,979	68,858	109,561	9,276
Riverside Cemetery	60,113	69,212	99,551	29,774
Park Non-Reverting Operating	56,029	17,769	30,154	43,644
Alcohol and Drug Services	7,557	21	7,578	-
Probation User Fees	19,098	1,580	5,680	14,998
McDonald Park Donation	2,859	-	-	2,859
Police Donation	942	1,197	618	1,521
Building Demolition	11,023	8,796	7,700	12,119
Law Enforcement Continuing Education	733	6,133	5,856	1,010
Pretrial Diversion and Deferral	9,295	10,010	-	19,305
Riverboat Gambling	34,262	21,899	10,489	45,672
Rainy Day	259,614	126,039	-	385,653
Cumulative Capital Improvement	81,669	13,897	-	95,566
Cumulative Capital Development	281,431	38,836	-	320,267
Downtown Restoration	622	17,500	39	18,083
<b>Proprietary Funds:</b>				
Water Utility - Operating	479,091	787,522	708,529	558,084
Water Utility - Bond and Interest	-	202,675	202,675	-
Water Utility - Depreciation	275,515	8,628	-	284,143
Water Utility - Customer Deposit	46,635	17,715	15,430	48,920
Wastewater Utility - Operating	329,062	439,134	394,656	373,540
Wastewater Utility - Bond and Interest	-	100,968	100,968	-
Wastewater Utility - Depreciation	108,829	3,461	-	112,290
Wastewater Utility - EPA Replacement	401,181	51,946	-	453,127
Sanitation	35,188	142,147	129,010	48,325
<b>Fiduciary Funds:</b>				
Police Pension	9,037	76,804	79,896	5,945
Allen Trust - General	834	-	-	834
Allen Trust - Cemetery	16,819	1,153	-	17,972
Allen Trust - Perpetual Care	7,000	-	-	7,000
Cemetery Perpetual Care	27,800	1,090	-	28,890
Rozelle Trust	788	132	-	920
Allen Trust - Principal	20,000	-	-	20,000
Hayes Trust - Perpetual Care	2,234	70	-	2,304
Payroll	1,258	789,136	777,372	13,022
City Court	10,484	85,577	82,710	13,351
Law Enforcement Continuing Education	2,988	903	3,891	-
<b>Totals</b>	<u>\$ 3,015,527</u>	<u>\$ 4,457,806</u>	<u>\$ 4,373,858</u>	<u>\$ 3,099,475</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 provides the following services: public safety, highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater and trash services.

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.

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 District 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, 2008

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>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 25,000
Infrastructure	3,659,704
Buildings	316,193
Improvements other than buildings	44,485
Machinery and equipment	<u>1,664,167</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 5,709,549</u>
<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Infrastructure	\$ 1,980,000
Buildings	819,817
Machinery and equipment	<u>905,438</u>
Total Water Utility capital assets	<u>3,705,255</u>
Wastewater Utility:	
Infrastructure	5,700,210
Buildings	798,294
Machinery and equipment	<u>46,073</u>
Total Wastewater Utility capital assets	<u>6,544,577</u>
Total business-type activities capital assets	<u>\$ 10,249,832</u>

CITY OF ATTICA  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2008

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Fire Truck	\$ 47,756	\$ 25,000
Loader/Backhoe	<u>9,959</u>	<u>10,296</u>
Total governmental activities debt	<u>\$ 57,715</u>	<u>\$ 35,296</u>
Business-type activities:		
Water Utility:		
Revenue bonds:		
Waterworks Revenue Bonds of 1995	\$ 385,000	\$ 9,384
Wastewater Utility:		
State Revolving Fund loan	<u>714,000</u>	<u>10,353</u>
Total business-type activities debt	<u>\$ 1,099,000</u>	<u>\$ 19,737</u>

CITY OF ATTICA  
EXAMINATION RESULTS AND COMMENTS

TIMELY DEPOSITS

Six of fifteen receipts tested were deposited later than the next business day.

IC 5-13-6-1(d) states:

"A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Police Pension	2008	<u>\$ 1,088</u>

IC 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

CITY OF ATTICA  
EXIT CONFERENCE

The contents of this report were discussed on August 18, 2009, with Deon H. Swift II, Mayor. The official concurred with our findings.

The contents of this report were discussed on August 18, 2009, with Sharon Negele, Clerk-Treasurer. The official response has been made a part of this report and may be found on page 11.

DEON H. (Butch) SWIFT II, MAYOR  
SHARON NEGELE, CLERK-TREASURER  
MARK W. MASON, CITY JUDGE  
THOMAS P. O'CONNOR, CITY ATTORNEY



CITY COUNCIL  
BILL CRAFT, AT LARGE  
DALE WILSON, DISTRICT 1  
VALARIE MAUS, DISTRICT 2  
LARRY ASKREN, DISTRICT 3  
LARRY GRANT, DISTRICT 4

# City of Attica

A BICENTENNIAL CITY  
305 East Main St., Attica, Indiana 47918 • 765-762-2467

August 21, 2009

State Board of Accounts  
302 West Washington St.  
4<sup>th</sup> Floor, Room E418  
Indianapolis, IN 46204

Re: Official Response

As the current Clerk/Treasurer I am filing the following official response to be bound in the official report.

The examination results and comment included two items. The first item relates to timely deposits. At the end of each day all monies are deposited at the local CNB branch. We have experienced numerous times upon picking up the night drop bags that the deposits were never performed. Unfortunately these discoveries were not always made the next day due to the timing of picking up the bags and/or emptying. I have advised my staff to always note on a go forward basis when this occurs and have also spoken with the branch manager to help alleviate this type of error. In addition, immediately upon picking up the bags my office is to confirm the completion of the deposit.

The second item was the excess amount expended in the Police Pension appropriation in excess of budget. The expenditure in excess of \$1,088 was a result of an untimely death of a retired officer which includes a onetime death payment payable to his surviving spouse.

In conclusion, each of these findings was discussed with the auditor. Her findings were appreciated and acted upon judiciously.

Respectfully,

Sharon Negele  
Clerk/Treasurer