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

EXAMINATION REPORT  
OF  
CITY OF ANGOLA  
STEUBEN COUNTY, INDIANA  
January 1, 2009 to December 31, 2009



**FILED**  
08/10/2010



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Debra A. Twitchell	01-01-08 to 12-31-11
Mayor	Richard M. Hickman	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	Richard M. Hickman	01-01-08 to 12-31-11
President of the Common Council	Richard M. Hickman	01-01-08 to 12-31-11
Superintendent of Water Utility	Daniel D. Olis	01-01-09 to 12-31-10
Superintendent of Wastewater Utility	Craig Williams	01-01-09 to 12-31-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF ANGOLA, STEUBEN COUNTY, INDIANA

We have examined the financial information presented herein of the City of Angola (City), for the period of January 1, 2009 to December 31, 2009. 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, 2009, 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

July 7, 2010

CITY OF ANGOLA  
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, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 1,004,812	\$ 5,109,516	\$ 4,986,212	\$ 1,128,116
Motor Vehicle Highway	775,272	1,194,999	1,531,618	438,653
Local Road and Street	63,396	36,427	64,556	35,267
Parks and Recreation	265,921	327,509	397,520	195,910
Park Nonreverting Capital	12,220	6,256	-	18,476
Law Enforcement Continuing Education	26,155	9,379	14,710	20,824
Police Operations	1,450	350	-	1,800
Hazmat Response	17,925	-	5,391	12,534
Riverboat	108,026	45,959	66,614	87,371
Rainy Day	96,399	36,565	118,343	14,621
Donation	52,924	14,965	9,972	57,917
Capital Projects Fund - Other	-	1,974,965	-	1,974,965
Cumulative Capital Improvement	38,815	22,519	3,630	57,704
CEDIT	506,189	468,064	485,801	488,452
Cumulative Capital Development	45,987	181,956	-	227,943
Local Major Moves Construction	4,267,170	33,884	382,633	3,918,421
LOIT Public Safety	-	399,746	-	399,746
Federal Grants	-	81,525	81,525	-
Proprietary Funds:				
Water Utility - Operating	187,568	1,688,682	1,703,208	173,042
Water Utility - Bond & Interest	496,289	477,103	440,778	532,614
Water Utility - Customer Deposit	42,910	20,630	18,735	44,805
Water Utility - Construction	565,487	16,122	438,159	143,450
Water Utility - Improvement	978,024	54,754	276,462	756,316
Wastewater Utility - Operating	305,485	3,192,059	3,259,618	237,926
Wastewater Utility - Bond & Interest	778,889	2,253,049	1,588,738	1,443,200
Wastewater Utility - Improvement	344,701	216,513	392,017	169,197
Wastewater Utility - Construction	-	3,500,299	-	3,500,299
Wastewater Utility - SRF County Contribution	-	2,000,171	-	2,000,171
Self-Insurance	11,822	1,038,849	1,041,917	8,754
Fiduciary Funds:				
Police Officers' Pension	259,564	278,033	234,790	302,807
Payroll	49,968	1,302,275	1,289,556	62,687
Escrow	25,135	40,716	25,476	40,375
Totals	<u>\$ 11,328,503</u>	<u>\$ 26,023,839</u>	<u>\$ 18,857,979</u>	<u>\$ 18,494,363</u>

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

CITY OF ANGOLA  
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 (police and fire), highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, water wastewater, and urban development.

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 ANGOLA  
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.

Note 7. Subsequent Event

March 22, 2010, the City awarded the Streetscape and Public Square Improvement Project to Parrish Excavating for \$556,094. This project is being funded by a \$500,000 Community Development Block Grant with the City contributing \$56,094.

Note 8. Remediation

The Indiana Department of Environmental Management Dana Corporation Weatherhead Facility Site Remediation Project is being completed by Indiana Department of Environmental Management (IDEM) for \$5,555,000. These funds are being provided by a City \$3,555,000 SRF Loan and contributions of \$1,000,000 from Univertical Corporation and \$1,000,000 from Steuben County. These restricted funds are being held in the City's name with the Bank of New York and recorded as payables on the Wastewater Utility records.

CITY OF ANGOLA  
NOTES TO FINANCIAL INFORMATION  
(Continued)

On October 29, 2009, the City received 262,212 shares of Dana Holding Corporation Stock valued at \$1,484,120. These funds are to be used to relieve or supplement the Common Council pledge of local dollars to the sewage works to pay a portion of the sewage service rates known as the sewer service replacement credit and for any additional expenditures related to the Indiana Department of Environmental Management Dana Corporation Weatherhead Facility Site Remediation Project located at 203 Weatherhead Street.

On December 28, 2009, the City sold 105,300 shares for a net amount of \$1,112,450 and on December 29, 2009, the City sold 82,000 shares for a net amount of \$862,514. The proceeds of the sold stock were deposited into the Capital Projects - Other Fund that was created December 21, 2009, to account for these funds.

As of December 31, 2009, the City still held 74,912 shares of the stock and had a fair market value of \$812,046.

CITY OF ANGOLA  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended December 31, 2009

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	\$ 2,879,769
Infrastructure	8,755,569
Buildings	4,478,256
Improvements other than buildings	391,420
Machinery and equipment	3,417,061
Construction in progress	<u>948,824</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 20,870,899</u></u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 56,533
Construction in progress	621,726
Capital assets, being depreciated:	
Buildings	3,579,347
Improvements other than buildings	7,390
Infrastructure	5,726,258
Machinery and equipment	<u>2,042,998</u>
 Total Water Utility capital assets	 <u>12,034,252</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	26,625
Construction in progress	253,690
Capital assets, being depreciated:	
Buildings	6,957,403
Improvements other than buildings	85,931
Infrastructure	17,075,660
Machinery and equipment	<u>1,935,688</u>
 Total Wastewater Utility capital assets	 <u>26,334,997</u>
 Total business-type activities capital assets	 <u><u>\$ 38,369,249</u></u>

CITY OF ANGOLA  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 For The Year Ended December 31, 2009

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Water Utility:		
Revenue bonds:		
1998 Waterworks revenue bonds	\$ 1,210,000	\$ 154,308
2002 Waterworks revenue bonds	790,000	83,615
2007 Waterworks revenue bonds	<u>2,310,000</u>	<u>192,915</u>
Total Water Utility	<u>4,310,000</u>	<u>430,838</u>
Wastewater Utility:		
Revenue bonds:		
1997 Sewage works revenue bonds	1,385,000	157,106
2004 Sewage works revenue bonds	2,520,000	337,516
2002 State revolving fund loan	3,440,000	223,563
2009 State revolving fund loan	3,555,000	55,000
IDEM payable	<u>2,000,000</u>	<u>-</u>
Total Wastewater Utility	<u>12,900,000</u>	<u>773,185</u>
Total business-type activities long-term debt	<u>\$ 17,210,000</u>	<u>\$ 1,204,023</u>

CITY OF ANGOLA  
EXIT CONFERENCE

The contents of this report were discussed on July 7, 2010, with Debra A Twitchell, Clerk-Treasurer; Richard M. Hickman, Mayor; and Tammy Onofrietti, Deputy Clerk. Our examination disclosed no material items that warrant comment at this time.