

B37453

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

ANNUAL FINANCIAL REPORT

2009

CITY OF ATTICA

FOUNTAIN COUNTY, INDIANA



**FILED**  
08/24/2010



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sharon K. Negele	01-01-08 to 12-31-11
Mayor	Deon H. Swift II Valerie Maus (Interim) Robert Shepherd	01-01-08 to 12-09-09 12-10-09 to 01-09-10 01-10-10 to 12-31-11
President of the Board of Public Works	Deon H. Swift II Valerie Maus (Interim) Robert Shepherd	01-01-08 to 12-09-09 12-10-09 to 01-09-10 01-10-10 to 12-31-11
President of the Common Council	Valerie Maus	01-01-09 to 12-31-10
Superintendent of Streets and Utilities	Ronald Jean	01-01-09 to 12-31-10



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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Attica (City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the City prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2009, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated July 1, 2010, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress and Schedule of Contributions from the Employer and Other Contributing Entities are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The City has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The City's response to the Audit Result and Comment identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the City's response and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

July 1, 2010



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Attica (City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 1, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the City's management, Common Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

July 1, 2010

CITY OF ATTICA  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2009

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$ 874,112	\$ 43,328	\$ -	\$ -	\$ (830,784)	\$ -	\$ (830,784)
Public safety	491,407	102,386	-	-	(389,021)	-	(389,021)
Highways and streets	241,268	60	91,222	12,245	(137,741)	-	(137,741)
Sanitation	-	484,531	-	-	484,531	-	484,531
Health and welfare	31,348	372	-	-	(30,976)	-	(30,976)
Economic development	574,587	-	-	494,832	(79,755)	-	(79,755)
Culture and recreation	122,695	272,540	-	-	149,845	-	149,845
<b>Total governmental activities</b>	<b>2,335,417</b>	<b>903,217</b>	<b>91,222</b>	<b>507,077</b>	<b>(833,901)</b>	<b>-</b>	<b>(833,901)</b>
<b>Business-type activities:</b>							
Attica Sanitation	128,127	138,815	-	-	-	10,688	10,688
Attica Wastewater	402,757	312,740	-	-	-	(90,017)	(90,017)
Attica Water	723,223	600,870	-	13,000	-	(109,353)	(109,353)
<b>Total business-type activities</b>	<b>1,254,107</b>	<b>1,052,425</b>	<b>-</b>	<b>13,000</b>	<b>-</b>	<b>(188,682)</b>	<b>(188,682)</b>
<b>Total primary government</b>	<b>\$ 3,589,524</b>	<b>\$ 1,955,642</b>	<b>\$ 91,222</b>	<b>\$ 520,077</b>	<b>(833,901)</b>	<b>(188,682)</b>	<b>(1,022,583)</b>
<b>General receipts:</b>							
Property taxes					1,009,806	-	1,009,806
Intergovernmental					165,447	-	165,447
Other local sources					66,033	19,311	85,344
Grants and contributions not restricted to specific programs					81,000	-	81,000
Investment earnings					5,071	9,676	14,747
<b>Total general receipts</b>					<b>1,327,357</b>	<b>28,987</b>	<b>1,356,344</b>
<b>Change in net assets</b>					<b>493,456</b>	<b>(159,695)</b>	<b>333,761</b>
<b>Net assets - beginning</b>					<b>1,139,699</b>	<b>1,878,231</b>	<b>3,017,930</b>
<b>Net assets - ending</b>					<b>\$ 1,633,155</b>	<b>\$ 1,718,536</b>	<b>\$ 3,351,691</b>
<b>Assets</b>							
Cash and investments					\$ 188,521	\$ 1,718,536	\$ 1,907,057
Restricted assets:							
Cash and investments					1,444,634	-	1,444,634
<b>Total assets</b>					<b>\$ 1,633,155</b>	<b>\$ 1,718,536</b>	<b>\$ 3,351,691</b>
<b>Net Assets</b>							
Restricted for:							
General government					\$ 655,482	\$ -	\$ 655,482
Public safety					46,118	-	46,118
Highways and streets					127,880	-	127,880
Economic development					11,514	-	11,514
Culture and recreation					119,733	-	119,733
Capital outlay					483,907	-	483,907
Unrestricted					188,521	1,718,536	1,907,057
<b>Total net assets</b>					<b>\$ 1,633,155</b>	<b>\$ 1,718,536</b>	<b>\$ 3,351,691</b>

The notes to the financial statements are an integral part of this statement.

CITY OF ATTICA  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2009

	General Fund	Motor Vehicle Highway	Downtown Restoration	Rainy Day	Cumulative Capital Development	Other Governmental Funds	Totals
<b>Receipts:</b>							
Taxes	\$ 486,596	\$ 180,944	\$ -	\$ -	\$ 51,810	\$ 290,456	\$ 1,009,806
Licenses and permits	303,997	-	-	-	-	1,160	305,157
Intergovernmental	49,124	130,893	494,832	21,979	5,724	75,171	777,723
Charges for services	527,233	1,444	-	-	-	50,191	578,868
Fines and forfeits	10,972	-	-	-	-	8,220	19,192
Other	22,940	-	73,187	2,440	9,263	10,535	118,365
<b>Total receipts</b>	<b>1,400,862</b>	<b>313,281</b>	<b>568,019</b>	<b>24,419</b>	<b>66,797</b>	<b>435,733</b>	<b>2,809,111</b>
<b>Disbursements:</b>							
General government	291,854	-	-	-	-	108,507	400,361
Public safety	395,011	-	-	-	-	21,098	416,109
Highways and streets	-	205,407	-	-	-	-	205,407
Health and welfare	31,348	-	-	-	-	-	31,348
Economic development	-	-	574,587	-	-	-	574,587
Culture and recreation	-	-	-	-	-	119,128	119,128
<b>Capital outlay:</b>							
General government	437,884	-	-	-	10,000	25,867	473,751
Public safety	69,302	-	-	-	-	5,996	75,298
Highways and streets	-	23,005	-	-	-	12,856	35,861
Culture and recreation	-	-	-	-	-	3,567	3,567
<b>Total disbursements</b>	<b>1,225,399</b>	<b>228,412</b>	<b>574,587</b>	<b>-</b>	<b>10,000</b>	<b>297,019</b>	<b>2,335,417</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>175,463</b>	<b>84,869</b>	<b>(6,568)</b>	<b>24,419</b>	<b>56,797</b>	<b>138,714</b>	<b>473,694</b>
<b>Other financing sources (uses):</b>							
Transfers in	66,962	-	-	120,266	7,500	14,100	208,828
Transfers out	(136,013)	-	-	(50,000)	(7,500)	(15,315)	(208,828)
Other receipts	14,207	463	-	-	-	5,092	19,762
<b>Total other financing sources (uses)</b>	<b>(54,844)</b>	<b>463</b>	<b>-</b>	<b>70,266</b>	<b>-</b>	<b>3,877</b>	<b>19,762</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>120,619</b>	<b>85,332</b>	<b>(6,568)</b>	<b>94,685</b>	<b>56,797</b>	<b>142,591</b>	<b>493,456</b>
<b>Cash and investment fund balance - beginning</b>	<b>67,902</b>	<b>4,493</b>	<b>18,082</b>	<b>385,654</b>	<b>320,267</b>	<b>343,301</b>	<b>1,139,699</b>
<b>Cash and investment fund balance - ending</b>	<b>\$ 188,521</b>	<b>\$ 89,825</b>	<b>\$ 11,514</b>	<b>\$ 480,339</b>	<b>\$ 377,064</b>	<b>\$ 485,892</b>	<b>\$ 1,633,155</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 188,521	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 188,521
<b>Restricted assets:</b>							
Cash and investments	-	89,825	11,514	480,339	377,064	485,892	1,444,634
<b>Total cash and investment assets - ending</b>	<b>\$ 188,521</b>	<b>\$ 89,825</b>	<b>\$ 11,514</b>	<b>\$ 480,339</b>	<b>\$ 377,064</b>	<b>\$ 485,892</b>	<b>\$ 1,633,155</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
General government	\$ -	\$ -	\$ -	\$ 480,339	\$ -	\$ 175,143	\$ 655,482
Public safety	-	-	-	-	-	46,118	46,118
Highways and streets	-	89,825	-	-	-	38,055	127,880
Economic development	-	-	11,514	-	-	-	11,514
Culture and recreation	-	-	-	-	-	119,733	119,733
Capital outlay	-	-	-	-	377,064	106,843	483,907
Unrestricted	188,521	-	-	-	-	-	188,521
<b>Total cash and investment fund balance - ending</b>	<b>\$ 188,521</b>	<b>\$ 89,825</b>	<b>\$ 11,514</b>	<b>\$ 480,339</b>	<b>\$ 377,064</b>	<b>\$ 485,892</b>	<b>\$ 1,633,155</b>

The notes to the financial statements are an integral part of this statement.

CITY OF ATTICA  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As of and for the Year Ended December 31, 2009

	Attica Sanitation	Attica Wastewater	Attica Water	Totals
<b>Operating receipts:</b>				
Unmetered/flat rate	\$ 138,815	\$ -	\$ -	\$ 138,815
Metered/measured	-	312,726	520,883	833,609
Fire protection receipts	-	-	52,573	52,573
Miscellaneous	-	14	27,414	27,428
	<u>138,815</u>	<u>312,740</u>	<u>600,870</u>	<u>1,052,425</u>
<b>Total operating receipts</b>				
<b>Operating disbursements:</b>				
Salaries and wages	-	91,427	81,186	172,613
Employee pensions and benefits	-	14,301	11,065	25,366
Purchased water	-	10,092	-	10,092
Purchased power	-	25,654	34,694	60,348
Material and supplies	-	43,466	59,389	102,855
Contractual services	128,127	57,043	95,519	280,689
Rents	-	5,149	5,149	10,298
Insurance claims and expense	-	15,721	15,721	31,442
Refunds	-	267	15,979	16,246
Equipment and capital improvements	-	26,259	41,474	67,733
Miscellaneous	-	12,672	158,903	171,575
	<u>128,127</u>	<u>302,051</u>	<u>519,079</u>	<u>949,257</u>
<b>Total operating disbursements</b>				
Excess of operating receipts over operating disbursements	<u>10,688</u>	<u>10,689</u>	<u>81,791</u>	<u>103,168</u>
<b>Nonoperating receipts (disbursements):</b>				
Rent	-	-	16,487	16,487
Investment income	167	5,446	4,063	9,676
Refunds	-	-	2,824	2,824
Interest disbursements	-	(100,706)	(204,144)	(304,850)
	<u>167</u>	<u>(95,260)</u>	<u>(180,770)</u>	<u>(275,863)</u>
<b>Total nonoperating receipts (disbursements)</b>				
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	10,855	(84,571)	(98,979)	(172,695)
Capital contributions	-	-	13,000	13,000
Transfers in	-	140,096	204,144	344,240
Transfers out	-	-	(344,240)	(344,240)
<b>Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out</b>				
	10,855	55,525	(226,075)	(159,695)
Cash and investment fund balance - beginning	<u>48,325</u>	<u>938,858</u>	<u>891,048</u>	<u>1,878,231</u>
Cash and investment fund balance - ending	<u>\$ 59,180</u>	<u>\$ 994,383</u>	<u>\$ 664,973</u>	<u>\$ 1,718,536</u>
<b><u>Cash and Investment Assets - December 31</u></b>				
Cash and investments	<u>\$ 59,180</u>	<u>\$ 994,383</u>	<u>\$ 664,973</u>	<u>\$ 1,718,536</u>
Total cash and investment assets - December 31	<u>\$ 59,180</u>	<u>\$ 994,383</u>	<u>\$ 664,973</u>	<u>\$ 1,718,536</u>
<b><u>Cash and Investment Fund Balance - December 31</u></b>				
Unrestricted	<u>\$ 59,180</u>	<u>\$ 994,383</u>	<u>\$ 664,973</u>	<u>\$ 1,718,536</u>
Total cash and investment fund balance - December 31	<u>\$ 59,180</u>	<u>\$ 994,383</u>	<u>\$ 664,973</u>	<u>\$ 1,718,536</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ATTICA  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2009

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Employer	\$ 15,739	\$ -	
State	44,851	-	
Other	-	16	
	60,590	16	
Total contributions			
	60,590	16	
Investment earnings:			
Interest	-	259	
	-	259	
Total additions			
	60,590	275	
Deductions:			
Benefits	36,643	-	
Administrative and general	10,000	-	
	46,643	-	
Total deductions			
	46,643	-	
Excess of total additions over total deductions			
	13,947	275	
Cash and investment fund balance - beginning			
	5,945	49,030	
Cash and investment fund balance - ending			
	\$ 19,892	\$ 49,305	\$ 24,636

The notes to the financial statements are an integral part of this statement.

CITY OF ATTICA  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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, trash, and urban redevelopment.

The City's financial reporting entity is composed of the following:

Primary Government: City of Attica

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The motor vehicle highway fund (MVH) accounts for state and local monies collected for highway and street construction and improvements.

The downtown restoration fund is used to account for the operating receipts and disbursements in connection with the renovating of the downtown facades with participating property owners.

CITY OF ATTICA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The rainy day fund is used to account for transfers of unused and unencumbered funds under Indiana Code 36-1-8-5. The rainy day funds may be used solely for the operation of the City and its various departments, including, but not limited to, salaries and wages, costs of services, supplies, equipment, capital improvements, repairs, and similar expenditures.

The cumulative capital development fund is used to account for receipts and disbursements of taxes levied under Indiana Code IC 36-9-15.5 for capital project uses.

The City reports the following major enterprise funds:

The water utility fund accounts for the operation of the water distribution system.

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations, and collection systems.

The trash utility fund accounts for the operation of the trash collection system.

Additionally, the City reports the following fund types:

The pension trust fund accounts for the activities of the 1925 police pension fund which accumulates resources for pension benefit payments.

The private-purpose trust funds report a trust arrangement under which principal and income benefit certain family gravesites.

The agency funds account for assets held by the City as an agent for federal and state revenue agencies and serve as control of accounts for cash transactions during the time they are a liability to the City.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

CITY OF ATTICA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City and its enterprise funds. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily within the government. The City does not have any internal service funds.

When both restricted and unrestricted resources are available for use, the City's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

3. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the City in June and in 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. 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 may 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.

4. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

5. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as a liability in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

CITY OF ATTICA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

6. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

CITY OF ATTICA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

Government-Wide Financial Statements

Interfund activity, if any, is eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the City submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. Prior to November 1, the governing board, through the passage of a resolution/ ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the City receives approval of the Indiana Department of Local Government Finance.

The City's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

III. Detailed Notes on All Funds

Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state

CITY OF ATTICA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

funds and has a principal office or branch that qualifies to receive public funds of the political sub-division. Any bank used by the City must be on the approved depositor list. At December 31, 2009, the City had deposit balances in the amount of \$3,445,525.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

IV. Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, and dependents; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, and dependents; and natural disasters are covered by commercial insurance from independent third parties.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Rate Structure – Enterprise Funds

Water Utility

On September 17, 1990, the City Council adopted Ordinance 7 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on June 11, 2001.

Wastewater Utility

The current rate structure was approved by the City Council on May 14, 2001.

Trash Utility

The current rate structure was approved by the City Council on November 1, 2009.

C. Receipts Pledged

Water Utility Receipts Pledged

The City has pledged future water utility receipts, net of specified operating expenditures, to repay revenue bonds issued in 1995. Proceeds from the bonds provided financing for water system upgrades. The bonds are payable solely from water utility net receipts and are payable through 2011. Annual principal and interest payments are expected to require less than 39 percent of net receipts.

CITY OF ATTICA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Wastewater Utility Receipts Pledged

The City has pledged future wastewater utility receipts, net of specified operating expenditures, to repay revenue bonds issued in 1997. Proceeds from the bonds provided financing for wastewater treatment plant upgrades. The bonds are payable solely from wastewater utility net receipts and are payable through 2010. Annual principal and interest payments are expected to require less than 22 percent of net receipts.

D. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. 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 the 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 member's 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. The 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

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the City during the period were \$5,862.

b. 1925 Police Officers' Pension Plan

Plan Description

The City contributes to the 1925 Police Officers' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and

CITY OF ATTICA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

On-behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under IC 5-10.3-11. The State of Indiana has contributed \$44,851 on behalf of the City. On behalf contributions from the State of Indiana approximates the amount paid out for benefits.

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The City contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

PERF 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

The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan during the period were \$42,182.

CITY OF ATTICA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-07	\$ 634,850	\$ 320,204	\$ 314,646	198%	\$ 312,314	101%
07-01-08	689,742	348,817	340,925	198%	293,119	116%
07-01-09	596,666	384,726	211,940	155%	307,428	69%

CITY OF ATTICA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS FROM THE  
 EMPLOYER AND OTHER CONTRIBUTING ENTITIES

1925 Police Officers' Pension Plan				
Year	Annual Required Contribution		Percentage of ARC Contributed	
Ending	(ARC)		City	State
12-31-04	\$	47,400	*	*
12-31-05		31,000	*	*
12-31-06		31,200	*	*
12-31-07		31,400	*	*
12-31-08		31,900	*	*
12-31-09		53,500	83%	17%

\*Information not available.

CITY OF ATTICA  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009

	Local Road and Street	Park and Recreation	Cemetery	Park Nonreverting Operating	Probation	Donation Police	Building Demolition	Local Law Enforcement Continuing Education
<b>Receipts:</b>								
Taxes	\$ -	\$ 151,466	\$ 138,990	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	1,160
Intergovernmental	12,245	15,875	14,499	-	-	-	-	-
Charges for services	-	7,028	27,850	14,866	-	-	-	447
Fines and forfeits	-	-	-	-	3,032	-	-	1,004
Other	-	3,280	-	5,957	52	229	-	-
<b>Total receipts</b>	<b>12,245</b>	<b>177,649</b>	<b>181,339</b>	<b>20,823</b>	<b>3,084</b>	<b>229</b>	<b>-</b>	<b>2,611</b>
<b>Disbursements:</b>								
General government	-	-	103,075	-	-	232	-	-
Public safety	-	-	-	-	5,636	-	13,083	1,475
Culture and recreation	-	105,977	-	13,151	-	-	-	-
<b>Capital outlay:</b>								
General government	-	-	21,327	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	1,096
Highways and streets	12,856	-	-	-	-	-	-	-
Culture and recreation	-	-	-	3,567	-	-	-	-
<b>Total disbursements</b>	<b>12,856</b>	<b>105,977</b>	<b>124,402</b>	<b>16,718</b>	<b>5,636</b>	<b>232</b>	<b>13,083</b>	<b>2,571</b>
Excess (deficiency) of receipts over disbursements	(611)	71,672	56,937	4,105	(2,552)	(3)	(13,083)	40
<b>Other financing sources (uses):</b>								
Transfers in	-	100	-	-	-	-	11,000	3,000
Transfers out	-	(12,315)	-	-	-	-	-	-
Other receipts	-	-	-	192	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(12,215)</b>	<b>-</b>	<b>192</b>	<b>-</b>	<b>-</b>	<b>11,000</b>	<b>3,000</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(611)	59,457	56,937	4,297	(2,552)	(3)	(2,083)	3,040
Cash and investment fund balance - beginning	38,666	9,276	29,774	43,644	14,999	1,521	12,119	1,010
Cash and investment fund balance - ending	<u>\$ 38,055</u>	<u>\$ 68,733</u>	<u>\$ 86,711</u>	<u>\$ 47,941</u>	<u>\$ 12,447</u>	<u>\$ 1,518</u>	<u>\$ 10,036</u>	<u>\$ 4,050</u>
<b>Cash and Investment Assets - Ending</b>								
<b>Restricted assets:</b>								
Cash and investments	<u>\$ 38,055</u>	<u>\$ 68,733</u>	<u>\$ 86,711</u>	<u>\$ 47,941</u>	<u>\$ 12,447</u>	<u>\$ 1,518</u>	<u>\$ 10,036</u>	<u>\$ 4,050</u>
<b>Total cash and investment assets - ending</b>	<u><b>\$ 38,055</b></u>	<u><b>\$ 68,733</b></u>	<u><b>\$ 86,711</b></u>	<u><b>\$ 47,941</b></u>	<u><b>\$ 12,447</b></u>	<u><b>\$ 1,518</b></u>	<u><b>\$ 10,036</b></u>	<u><b>\$ 4,050</b></u>
<b>Cash and Investment Fund Balance - Ending</b>								
<b>Restricted for:</b>								
General government	\$ -	\$ -	\$ 86,711	\$ -	\$ -	\$ 1,518	\$ -	\$ -
Public safety	-	-	-	-	12,447	-	10,036	4,050
Highways and streets	38,055	-	-	-	-	-	-	-
Culture and recreation	-	68,733	-	47,941	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
<b>Total cash and investment fund balance - ending</b>	<u><b>\$ 38,055</b></u>	<u><b>\$ 68,733</b></u>	<u><b>\$ 86,711</b></u>	<u><b>\$ 47,941</b></u>	<u><b>\$ 12,447</b></u>	<u><b>\$ 1,518</b></u>	<u><b>\$ 10,036</b></u>	<u><b>\$ 4,050</b></u>

CITY OF ATTICA  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Deferral Program	Riverboat Gambling	Cemetery, Perpetual Care Interest	Park Donations	Local Law Enforcement Education Holding	Street Sign	Cumulative Capital Improvement	Totals
<b>Receipts:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 290,456
Licenses and permits	-	-	-	-	-	-	-	1,160
Intergovernmental	-	21,847	-	-	-	-	10,705	75,171
Charges for services	-	-	-	-	-	-	-	50,191
Fines and forfeits	3,280	-	-	-	904	-	-	8,220
Other	-	-	245	200	-	-	572	10,535
<b>Total receipts</b>	<b>3,280</b>	<b>21,847</b>	<b>245</b>	<b>200</b>	<b>904</b>	<b>-</b>	<b>11,277</b>	<b>435,733</b>
<b>Disbursements:</b>								
General government	-	5,200	-	-	-	-	-	108,507
Public safety	-	-	-	-	904	-	-	21,098
Culture and recreation	-	-	-	-	-	-	-	119,128
<b>Capital outlay:</b>								
General government	-	4,540	-	-	-	-	-	25,867
Public safety	-	-	-	-	-	4,900	-	5,996
Highways and streets	-	-	-	-	-	-	-	12,856
Culture and recreation	-	-	-	-	-	-	-	3,567
<b>Total disbursements</b>	<b>-</b>	<b>9,740</b>	<b>-</b>	<b>-</b>	<b>904</b>	<b>4,900</b>	<b>-</b>	<b>297,019</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>3,280</b>	<b>12,107</b>	<b>245</b>	<b>200</b>	<b>-</b>	<b>(4,900)</b>	<b>11,277</b>	<b>138,714</b>
<b>Other financing sources (uses):</b>								
Transfers in	-	-	-	-	-	-	-	14,100
Transfers out	(3,000)	-	-	-	-	-	-	(15,315)
Other receipts	-	-	-	-	-	4,900	-	5,092
<b>Total other financing sources (uses)</b>	<b>(3,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,900</b>	<b>-</b>	<b>3,877</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>280</b>	<b>12,107</b>	<b>245</b>	<b>200</b>	<b>-</b>	<b>-</b>	<b>11,277</b>	<b>142,591</b>
Cash and investment fund balance - beginning	19,305	45,672	28,890	2,859	-	-	95,566	343,301
<b>Cash and investment fund balance - ending</b>	<b>\$ 19,585</b>	<b>\$ 57,779</b>	<b>\$ 29,135</b>	<b>\$ 3,059</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 106,843</b>	<b>\$ 485,892</b>
<b>Cash and Investment Assets - Ending</b>								
<b>Restricted assets:</b>								
Cash and investments	\$ 19,585	\$ 57,779	\$ 29,135	\$ 3,059	\$ -	\$ -	\$ 106,843	\$ 485,892
<b>Total cash and investment assets - ending</b>	<b>\$ 19,585</b>	<b>\$ 57,779</b>	<b>\$ 29,135</b>	<b>\$ 3,059</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 106,843</b>	<b>\$ 485,892</b>
<b>Cash and Investment Fund Balance - Ending</b>								
<b>Restricted for:</b>								
General government	\$ -	\$ 57,779	\$ 29,135	\$ -	\$ -	\$ -	\$ -	\$ 175,143
Public safety	19,585	-	-	-	-	-	-	46,118
Highways and streets	-	-	-	-	-	-	-	38,055
Culture and recreation	-	-	-	3,059	-	-	-	119,733
Capital outlay	-	-	-	-	-	-	106,843	106,843
<b>Total cash and investment fund balance - ending</b>	<b>\$ 19,585</b>	<b>\$ 57,779</b>	<b>\$ 29,135</b>	<b>\$ 3,059</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 106,843</b>	<b>\$ 485,892</b>

CITY OF ATTICA  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For The Year Ended December 31, 2009

	Allen Trust Cemetery Principal	Allen Trust General	Allen Trust Perptual Care	Hayes Trust Perpetual Care	Rozelle Trust Cemetery	Allen Trust Cemetery	Totals
Additions:							
Contributions:							
Other	\$ -	\$ -	\$ -	\$ 16	\$ -	\$ -	\$ 16
Total contributions	-	-	-	16	-	-	16
Investment earnings:							
Interest	-	-	-	-	-	259	259
Total investment earnings	-	-	-	-	-	259	259
Net investment earnings	-	-	-	-	-	259	259
Total additions	-	-	-	16	-	259	275
Total deductions	-	-	-	-	-	-	-
Excess of total additions over total deductions	-	-	-	16	-	259	275
Cash and investment fund balance - beginning	20,000	834	7,000	2,304	920	17,972	49,030
Cash and investment fund balance - ending	<u>\$ 20,000</u>	<u>\$ 834</u>	<u>\$ 7,000</u>	<u>\$ 2,320</u>	<u>\$ 920</u>	<u>\$ 18,231</u>	<u>\$ 49,305</u>

CITY OF ATTICA  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2009

	Court	Payroll	Totals
Additions:			
Agency fund additions	\$ 80,300	\$ 778,157	\$ 858,457
Deductions:			
Agency fund deductions	84,753	775,446	860,199
Excess (deficiency) of total additions over total deductions	(4,453)	2,711	(1,742)
Cash and investment fund balance - beginning	13,356	13,022	26,378
Cash and investment fund balance - ending	\$ 8,903	\$ 15,733	\$ 24,636

CITY OF ATTICA  
 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	\$ 25,000
Infrastructure	3,659,704
Buildings	329,193
Improvements other than buildings	44,485
Machinery and equipment	<u>1,687,306</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 5,745,688</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Buildings	\$ 814,723
Improvements other than buildings	1,980,000
Machinery and equipment	<u>905,438</u>
 Total Water Utility capital assets	 <u>3,700,161</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Buildings	798,294
Improvements other than buildings	5,700,210
Machinery and equipment	<u>46,073</u>
 Total Wastewater Utility capital assets	 <u>6,544,577</u>
 Total business-type activities capital assets	 <u>\$ 10,244,738</u>

CITY OF ATTICA  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2009

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	\$ 23,607	\$ 25,000
Total governmental activities debt	<u>\$ 23,607</u>	<u>\$ 25,000</u>
Business-type activities:		
Water Utility:		
Revenue bonds:		
Water Tower	\$ 200,000	\$ 209,750
Total Water Utility	<u>200,000</u>	<u>209,750</u>
Wastewater Utility:		
Revenue bonds:		
Wastewater Plant Improvements	<u>634,000</u>	<u>101,386</u>
Total Wastewater Utility	<u>634,000</u>	<u>101,386</u>
Total business-type activities debt	<u>\$ 834,000</u>	<u>\$ 311,136</u>

CITY OF ATTICA  
AUDIT RESULT AND COMMENT

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest totaling \$275.48 and \$242.54 were paid to the Indiana Department of Revenue on February 18, 2010, and July 20, 2010, for the sales tax periods November 2008 and March 2009, respectively.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**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  
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the City of Attica (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2009. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

A control deficiency in a City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the City's management, Common Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

July 1, 2010

CITY OF ATTICA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For The Year Ended December 31, 2009

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Total Federal Awards Expended
<u>U.S. HOUSING AND URBAN DEVELOPMENT</u>		
Indiana Office of Community and Rural Affairs Community Development Block Grants/State's Program and Non-Entitlement Grants Downtown Facade Renovation	14.228	\$ 494,832
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>		
Indiana Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction Perry Street Phase I and II	20.205	106,687
Indiana Criminal Justice Institute State and Community Highway Safety Cluster Operation Pullover Seat Belt Enforcement Program	20.600	2,797
Total for federal grantor agency		109,484
Total federal awards expended		\$ 604,316

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF ATTICA  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Attica (City) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

CITY OF ATTICA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Cluster
14.228	Community Development Block Grant/State's Program and Non-Entitlement Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF ATTICA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF ATTICA  
EXIT CONFERENCE

The contents of this report were discussed on July 1, 2010, with Robert Shepherd, Mayor, and Sharon K. Negele, Clerk-Treasurer. The official response has been made a part of this report and may be found on page 37.

ROBERT G. SHEPHERD, 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

July 7, 2010

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 one item resulting in two interest payments made on sales tax due to mail not being taken to the post office in a timely manner. The local post office had changed their drop off time from 4:45pm to 4:00 and since the office closes at 4:00PM the mail was received after the box was emptied resulting in a one day late interest on two returns. We have now changed the procedure and process the tax payments on the 15<sup>th</sup> to allow room for error in postage timing.

In conclusion, this finding was discussed with the auditor. His findings were appreciated and acted upon judiciously.

Respectfully,

Sharon Negele  
Clerk/Treasurer