

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

ANNUAL FINANCIAL REPORT

2010

CITY OF ANGOLA

STEBEN COUNTY, INDIANA



FILED
08/08/2011

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SCHEDULE OF 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	01-01-10 to 12-31-11
Superintendent of Wastewater Utility	Craig Williams	01-01-10 to 12-31-11



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
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

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

We have audited the accompanying financial statement of the City of Angola (City), for the year ended December 31, 2010. This financial statement is the responsibility of the City's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

As discussed in Note 1, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated July 18, 2011, 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
(Continue)

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. 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 financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement. The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, 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 financial statement and, accordingly, we express no opinion on them.

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 18, 2011



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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 ANGOLA, STEUBEN COUNTY, INDIANA

We have audited the financial statement of the City of Angola (City), for the year ended December 31, 2010, and have issued our report thereon dated July 18, 2011. 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 opinion on the financial statement, 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 deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be 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 statement is 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 18, 2011

FINANCIAL STATEMENT(S)

CITY OF ANGOLA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 1,126,916	\$ 5,344,419	\$ 4,848,407	\$ 1,622,928
Petty Cash	300	-	-	300
Cash Change Fund	900	-	-	900
Motor Vehicle Highway	438,653	1,385,721	1,098,965	725,409
Local Road and Street	35,267	37,789	50,381	22,675
Parks and Recreation	195,910	381,980	316,845	261,045
Donation	57,917	69,510	56,834	70,593
Riverboat	87,371	45,959	49,542	83,788
Hazmat Response	12,534	6,028	12,631	5,931
Rainy Day	14,621	118,532	2,025	131,128
Escrow Fund	40,375	172,540	178,440	34,475
Law Enforcement Continuing Education	20,824	6,613	19,416	8,021
Levy Excess	-	12,298	-	12,298
Local Major Moves Construction	3,918,421	526,808	736,502	3,708,727
LOIT Public Safety	399,746	642,296	523,000	519,042
Police Operations	1,800	-	-	1,800
Cumulative Capital Improvement	57,704	56,754	36,716	77,742
Cumulative Capital Development	227,943	226,906	365,000	89,849
Park Nonreverting Capital	18,476	7,248	233	25,491
Federal Grants	-	18,273	18,273	-
CEDIT	488,452	429,560	435,649	482,363
Capital Projects Fund - Other	1,974,965	6,008	1,980,973	-
Self Insurance	8,754	1,091,213	1,092,157	7,810
Police Officers' Pension	302,807	205,581	226,589	281,799
Payroll Withholding Fund	62,687	1,206,886	1,208,651	60,922
Wastewater Utility - Operating	237,926	2,641,872	2,614,449	265,349
Wastewater Utility - Bond & Interest	1,443,200	1,851,865	2,402,089	892,976
Wastewater Utility - Improvement	169,197	362,784	359,103	172,878
Wastewater Utility - Construction	5,500,470	856	631,568	4,869,758
Water Utility - Operating	173,042	1,667,738	1,694,757	146,023
Water Utility - Bond & Interest	532,614	471,251	430,838	573,027
Water Utility - Improvement	756,316	27,238	148,286	635,268
Water Utility - Customer Deposit	44,805	22,310	18,345	48,770
Water Utility - Construction	143,450	-	143,450	-
Totals	<u>\$ 18,494,363</u>	<u>\$ 19,044,836</u>	<u>\$ 21,700,114</u>	<u>\$ 15,839,085</u>

The notes to the financial statement(s) are an integral part of this statement.

CITY OF ANGOLA
NOTES TO FINANCIAL STATEMENT(S)

Note 1. 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 some or all of 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, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement(s) present(s) the financial information for the City (primary government), and does not include financial information for any of the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the City (primary government).

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), 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 regulatory 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.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF ANGOLA
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

CITY OF ANGOLA
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the City. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

CITY OF ANGOLA
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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.

Note 5. Risk Management

The City may be 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, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the City by recording as a disbursement and replacement items purchased.

Note 6. Subsequent Event

On April 25, 2011, the City entered into a \$595,000 lease with Regions Equipment Finance Corporation for a 2008 Aerial Truck for the fire department. The lease has an interest rate of 2.5889% with semi-annual payments of \$103,708 for 3 years.

Note 7. Pension Plan(s)

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

CITY OF ANGOLA
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

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.

B. 1925 Police Officers' Pension Plan

Plan Description

The 1925 Police Officers' Pension Plan 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 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 Indiana Code 5-10.3-11.

C. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is 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 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

CITY OF ANGOLA
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

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.

Note 8. Remediation

As of 2009, 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 until the funds are paid for the project.

Also, in 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. During 2009, the City sold 187,300 shares for a total of \$1,974,964 which was deposited into the Capital Projects Fund-Other that was created to account for these funds. This left a balance of 74,912 shares of the stock with a fair market value of \$812,046 at the end of 2009.

As of December 31, 2010, the City still held 74,912 shares of the stock and had a fair market value of \$1,289,236, for a net increase of \$477,190.

Note 9. Differences Between Regulatory Statements And City Annual Report

Immaterial differences exist between the Regulatory Statements and the 2010 City Annual Report. These differences are due to either audit adjustments or audited amounts for city departments which differ from unaudited amounts shown in the 2010 City Annual Report.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City of Angola's Annual Report(s) can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

CITY OF ANGOLA
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General	Petty Cash	Cash Change	Motor Vehicle Highway	Local Road and Street	Parks and Recreation	Donation
Cash and investments - beginning	\$ 1,126,916	\$ 300	\$ 900	\$ 438,653	\$ 35,267	\$ 195,910	\$ 57,917
Receipts:							
Taxes	2,709,847	-	-	1,118,303	-	360,894	-
Licenses and permits	30,229	-	-	-	-	-	-
Intergovernmental	1,308,605	-	-	254,748	37,789	20,235	-
Charges for services	1,024,079	-	-	1,992	-	-	-
Fines and forfeits	10,803	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	260,856	-	-	10,678	-	851	69,510
Total receipts	<u>5,344,419</u>	<u>-</u>	<u>-</u>	<u>1,385,721</u>	<u>37,789</u>	<u>381,980</u>	<u>69,510</u>
Disbursements:							
Personal services	2,950,796	-	-	539,213	-	238,707	-
Supplies	184,110	-	-	151,678	-	17,890	-
Other services and charges	1,356,451	-	-	401,709	50,381	47,329	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	155,309	-	-	6,365	-	12,793	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	201,741	-	-	-	-	126	56,834
Total disbursements	<u>4,848,407</u>	<u>-</u>	<u>-</u>	<u>1,098,965</u>	<u>50,381</u>	<u>316,845</u>	<u>56,834</u>
Excess (deficiency) of receipts over disbursements	<u>496,012</u>	<u>-</u>	<u>-</u>	<u>286,756</u>	<u>(12,592)</u>	<u>65,135</u>	<u>12,676</u>
Cash and investments - ending	<u>\$ 1,622,928</u>	<u>\$ 300</u>	<u>\$ 900</u>	<u>\$ 725,409</u>	<u>\$ 22,675</u>	<u>\$ 261,045</u>	<u>\$ 70,593</u>

CITY OF ANGOLA
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Riverboat	Hazmat Response	Rainy Day	Escrow Fund	Law Enforcement Continuing Education	Levy Excess	Local Major Moves Construction
Cash and investments - beginning	\$ 87,371	\$ 12,534	\$ 14,621	\$ 40,375	\$ 20,824	\$ -	\$ 3,918,421
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	2,220	-	-
Intergovernmental	45,959	4,000	118,532	-	-	-	500,000
Charges for services	-	2,028	-	-	1,355	-	-
Fines and forfeits	-	-	-	-	2,109	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	172,540	929	12,298	26,808
Total receipts	<u>45,959</u>	<u>6,028</u>	<u>118,532</u>	<u>172,540</u>	<u>6,613</u>	<u>12,298</u>	<u>526,808</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	10,556	-	-	-	14,856	-	-
Other services and charges	13,810	-	-	-	4,560	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	25,176	-	2,025	-	-	-	736,502
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	12,631	-	178,440	-	-	-
Total disbursements	<u>49,542</u>	<u>12,631</u>	<u>2,025</u>	<u>178,440</u>	<u>19,416</u>	<u>-</u>	<u>736,502</u>
Excess (deficiency) of receipts over disbursements	<u>(3,583)</u>	<u>(6,603)</u>	<u>116,507</u>	<u>(5,900)</u>	<u>(12,803)</u>	<u>12,298</u>	<u>(209,694)</u>
Cash and investments - ending	<u>\$ 83,788</u>	<u>\$ 5,931</u>	<u>\$ 131,128</u>	<u>\$ 34,475</u>	<u>\$ 8,021</u>	<u>\$ 12,298</u>	<u>\$ 3,708,727</u>

CITY OF ANGOLA
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	LOIT Public Safety	Police Operations	Cumulative Capital Improvement	Cumulative Capital Development	Park Nonreverting Capital	Federal Grants	CEDIT
Cash and investments - beginning	\$ 399,746	\$ 1,800	\$ 57,704	\$ 227,943	\$ 18,476	\$ -	\$ 488,452
Receipts:							
Taxes	-	-	-	148,576	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	372,296	-	56,754	8,330	-	18,273	429,560
Charges for services	-	-	-	-	4,591	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	270,000	-	-	70,000	2,657	-	-
Total receipts	<u>642,296</u>	<u>-</u>	<u>56,754</u>	<u>226,906</u>	<u>7,248</u>	<u>18,273</u>	<u>429,560</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	80,597
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	253,000	-	36,716	295,000	-	-	355,052
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	270,000	-	-	70,000	233	18,273	-
Total disbursements	<u>523,000</u>	<u>-</u>	<u>36,716</u>	<u>365,000</u>	<u>233</u>	<u>18,273</u>	<u>435,649</u>
Excess (deficiency) of receipts over disbursements	<u>119,296</u>	<u>-</u>	<u>20,038</u>	<u>(138,094)</u>	<u>7,015</u>	<u>-</u>	<u>(6,089)</u>
Cash and investments - ending	<u>\$ 519,042</u>	<u>\$ 1,800</u>	<u>\$ 77,742</u>	<u>\$ 89,849</u>	<u>\$ 25,491</u>	<u>\$ -</u>	<u>\$ 482,363</u>

CITY OF ANGOLA
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Capital Projects Fund - Other	Self Insurance	Police Officers' Pension	Payroll Withholding Fund	Wastewater Utility Operating	Wastewater Utility Bond & Interest	Wastewater Utility Improvement
Cash and investments - beginning	\$ 1,974,965	\$ 8,754	\$ 302,807	\$ 62,687	\$ 237,926	\$ 1,443,200	\$ 169,197
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	205,581	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	2,234,392	-	-
Other receipts	6,008	1,091,213	-	1,206,886	407,480	1,851,865	362,784
Total receipts	6,008	1,091,213	205,581	1,206,886	2,641,872	1,851,865	362,784
Disbursements:							
Personal services	-	-	226,339	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	1,980,973	-	250	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	827,042	-
Capital outlay	-	-	-	-	-	-	340,076
Utility operating expenses	-	-	-	-	1,453,209	-	-
Other disbursements	-	1,092,157	-	1,208,651	1,161,240	1,575,047	19,027
Total disbursements	1,980,973	1,092,157	226,589	1,208,651	2,614,449	2,402,089	359,103
Excess (deficiency) of receipts over disbursements	(1,974,965)	(944)	(21,008)	(1,765)	27,423	(550,224)	3,681
Cash and investments - ending	\$ -	\$ 7,810	\$ 281,799	\$ 60,922	\$ 265,349	\$ 892,976	\$ 172,878

CITY OF ANGOLA
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Wastewater Utility Construction	Water Utility Operating	Water Utility Bond & Interest	Water Utility Improvement	Water Utility Customer Deposit	Water Utility Construction	Totals
Cash and investments - beginning	\$ 5,500,470	\$ 173,042	\$ 532,614	\$ 756,316	\$ 44,805	\$ 143,450	\$ 18,494,363
Receipts:							
Taxes	-	-	-	-	-	-	4,337,620
Licenses and permits	-	-	-	-	-	-	32,449
Intergovernmental	-	-	-	-	-	-	3,380,662
Charges for services	-	-	-	-	-	-	1,034,045
Fines and forfeits	-	-	-	-	-	-	12,912
Utility fees	-	1,638,733	-	-	-	-	3,873,125
Other receipts	856	29,005	471,251	27,238	22,310	-	6,374,023
Total receipts	856	1,667,738	471,251	27,238	22,310	-	19,044,836
Disbursements:							
Personal services	-	-	-	-	-	-	3,955,055
Supplies	-	-	-	-	-	-	379,090
Other services and charges	-	-	-	-	-	-	3,936,060
Debt service - principal and interest	-	-	430,838	-	-	-	1,257,880
Capital outlay	-	-	-	148,286	-	143,450	2,509,750
Utility operating expenses	631,568	1,135,174	-	-	18,345	-	3,238,296
Other disbursements	-	559,583	-	-	-	-	6,423,983
Total disbursements	631,568	1,694,757	430,838	148,286	18,345	143,450	21,700,114
Excess (deficiency) of receipts over disbursements	(630,712)	(27,019)	40,413	(121,048)	3,965	(143,450)	(2,655,278)
Cash and investments - ending	\$ 4,869,758	\$ 146,023	\$ 573,027	\$ 635,268	\$ 48,770	\$ -	\$ 15,839,085

CITY OF ANGOLA
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2010

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	11,728,230
Buildings	4,546,911
Improvements other than buildings	473,685
Machinery and equipment	3,818,395
Construction in progress	<u>734,350</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 24,181,340</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 56,533
Construction in progress	834,302
Capital assets, being depreciated:	
Buildings	3,579,347
Infrastructure	5,833,631
Improvements other than buildings	7,390
Machinery and equipment	<u>2,063,061</u>
 Total Water Utility capital assets	 <u>12,374,264</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 26,625
Construction in progress	557,822
Capital assets, being depreciated:	
Buildings	6,970,643
Infrastructure	18,285,315
Improvements other than buildings	85,931
Machinery and equipment	<u>1,942,456</u>
 Total Wastewater Utility capital assets	 <u>27,868,792</u>
 Total business-type activities capital assets	 <u>\$ 40,243,056</u>

CITY OF ANGOLA
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

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	1,115,000	154,890
2002 Waterworks revenue bonds	745,000	81,702
2007 Waterworks revenue bonds	<u>2,215,000</u>	<u>194,115</u>
Total Water Utility	<u>4,075,000</u>	<u>430,707</u>
Wastewater Utility:		
Revenue bonds:		
2010 Sewage Works refunding revenue bonds, series A	4,555,000	239,198
Loans payable:		
2010 State revolving fund loan	3,500,000	262,500
2009 forgivable taxable BANs, Series A	1,393,072	-
IDEM payable	<u>1,368,432</u>	<u>-</u>
Total Wastewater Utility	<u>10,816,504</u>	<u>501,698</u>
Total business-type activities debt	<u>\$ 14,891,504</u>	<u>\$ 932,405</u>

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
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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 ANGOLA, STEUBEN COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Angola (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, 2010. 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, 2010.

Internal Control Over Compliance

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the City's management, Common Council, others within the entity, 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 18, 2011

CITY OF ANGOLA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Year Ended December 31, 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Office of Community and Rural Affairs CDBG-State Administered Small Cities Program Cluster Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	CF-09-101	\$ <u>500,000</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass-Through Indiana Criminal Justice Institute Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX0049	<u>8,773</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Town of Hudson Highway Safety Cluster Alcohol Impaired Driving Countermeasures Incentive Grants Operation Pull Over-Blitz Grant	20.601		<u>10,952</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Financial Authority ARRA-Capitalization Grants for Clean Water State Revolving Funds	66.458	2W-00E73001-0	<u>1,181,814</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct Grant Assistance to Firefighters Grant	97.044	EMW-2009-FP-01150	<u>9,500</u>
Total federal awards expended			<u>\$ <u>1,711,039</u></u>

The accompanying note(s) are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF ANGOLA
NOTE(S) TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Angola (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 ANGOLA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement(s):

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	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 Program or Cluster
14.228	CDBG-State Administered Small Cities Program Cluster
66.458	ARRA-Capitalization Grants for Clean Water State Revolving Funds

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

Auditee qualified as low-risk auditee?	no
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Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF ANGOLA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF ANGOLA
EXIT CONFERENCE

The contents of this report were discussed on July 18, 2011, with Debra A. Twitchell, Clerk-Treasurer, and Richard M. Hickman, Mayor. Our audit disclosed no material items that warrant comment at this time.