

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

CITY OF ANGOLA  
STEUBEN COUNTY, INDIANA

January 1, 2011 to December 31, 2011



**FILED**  
05/11/2012



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report .....	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance With Government Auditing Standards .....	5-6
Financial Statement:	
Statement of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	8
Notes to Financial Statement .....	9-14
Supplementary Information:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	16-20
Schedule of Capital Assets .....	21
Schedule of Long-Term Debt .....	22
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 .....	24-25
Schedule of Expenditures of Federal Awards .....	28
Note to Schedule of Expenditures of Federal Awards .....	29
Schedule of Findings and Questioned Costs .....	30
Auditee Prepared Schedule:	
Summary Schedule of Prior Audit Findings .....	31
Exit Conference .....	32

### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Debra A. Twitchell	01-01-08 to 12-31-15
Mayor	Richard M. Hickman	01-01-08 to 12-31-15
President of the Board of Public Works and Safety	Richard M. Hickman	01-01-11 to 12-31-12
President of the Common Council	Richard M. Hickman	01-01-11 to 12-31-12
Superintendent of Water Utility	Daniel D. Olis	01-01-11 to 12-31-12
Superintendent of Wastewater Utility	Craig Williams	01-01-11 to 12-31-12



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

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, 2011. 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.

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, 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated April 17, 2012, 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.

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.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule 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. They 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, 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

April 17, 2012



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
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, 2011, and have issued our report thereon dated April 17, 2012. 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 THE FINANCIAL STATEMENT  
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, 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

April 17, 2012

## FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the City. The financial statement and notes are presented as intended by the City.

CITY OF ANGOLA  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 1,622,928	\$ 4,765,885	\$ 4,581,352	\$ 1,807,461
Motor Vehicle Highway	725,409	1,381,927	1,206,195	901,141
Local Road & Street	22,675	36,735	28,778	30,632
Riverboat	83,788	74,036	25,000	132,824
Parks and Recreation	261,045	364,732	342,156	283,621
Hazmat Response	5,931	762	1,081	5,612
Rainy Day	131,128	-	-	131,128
Levy Excess	12,298	-	12,298	-
Local Major Moves Construction	3,708,727	50,834	249,434	3,510,127
Police Operations	1,800	-	300	1,500
Cumulative Capital Improvement	77,742	21,090	-	98,832
Cumulative Capital Development	89,849	216,646	103,708	202,787
Park Nonreverting Capital	25,491	6,320	253	31,558
CEDIT	482,363	351,773	165,666	668,470
Self Insurance	7,810	1,059,591	1,067,401	-
Police Officers' Pension	281,799	218,005	231,098	268,706
Redevelopment General	-	66	-	66
Petty Cash	300	-	-	300
Cash Change Fund	900	-	-	900
Donation	70,593	20,044	14,276	76,361
Escrow Fund	34,475	50,136	39,436	45,175
Law Enforcement Continuing Education	8,021	7,747	6,666	9,102
LOIT Public Safety	519,042	346,752	-	865,794
Federal Grants	-	33,321	33,321	-
Capital Projects Fund - Other	-	942,466	-	942,466
Payroll Withholding Fund	60,922	1,281,582	1,279,923	62,581
Wastewater Utility - Operating	265,349	2,223,831	2,240,073	249,107
Wastewater Utility - Bond & Interest	892,976	1,305,520	1,480,515	717,981
Wastewater Utility - Improvement	172,878	351,514	255,123	269,269
Wastewater Utility - Construction	4,869,758	73,342	2,456,240	2,486,860
Water Utility - Operating	146,023	1,667,280	1,657,215	156,088
Water Utility - Bond & Interest	573,027	473,003	430,708	615,322
Water Utility - Improvement	635,268	29,529	32,513	632,284
Water Utility - Customer Deposit	48,770	20,700	22,980	46,490
Totals	<u>\$ 15,839,085</u>	<u>\$ 17,375,169</u>	<u>\$ 17,963,709</u>	<u>\$ 15,250,545</u>

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

CITY OF ANGOLA  
NOTES TO FINANCIAL STATEMENT

**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, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, storm water, trash, and urban redevelopment and housing.

The accompanying financial statement presents 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 statement is 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 statement. 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, 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 non-businesses 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  
(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, recycling fees, dog pound fees, park rental fees, cable tv receipts, ordinance violations, and fines and fees.

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 statement. 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.

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

CITY OF ANGOLA  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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  
(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 settlement. The self-insurance fund would be included in the financial statement. 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 any replacement items purchased.

**Note 6. Subsequent Event**

On February 2, 2012, the Water Utility issued \$2,075,000 Waterworks Revenue and Refunding Bonds. \$1,622,916 of the proceeds of these bonds is for the defeasance of Waterworks Revenue Bonds of 1998 and Waterworks Revenue Bonds of 2002. The outstanding principal balance of these bonds at December 31, 2011, was \$1,015,000 and \$700,000, respectively. The remaining balance of \$410,584 will be used for waterworks improvements.

**Note 7. Pension Plans**

*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 Indiana Public Retirement System (INPRS) 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  
(Continued)

INPRS 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:

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

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

*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 Retirement System (INPRS) 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.

INPRS 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:

CITY OF ANGOLA  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy*

The contribution requirements of plan members and the City are established by the Board of Trustees of INPRS.

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City's 2011 Annual Report information can be found on the Indiana Transparency Portal website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the City which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was prepared and/or approved by management of the City. It is presented as intended by the City.

CITY OF ANGOLA  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011

	General	Motor Vehicle Highway	Local Road & Street	Riverboat	Parks and Recreation	Hazmat Response	Rainy Day
Cash and investments - beginning	\$ 1,622,928	\$ 725,409	\$ 22,675	\$ 83,788	\$ 261,045	\$ 5,931	\$ 131,128
Receipts:							
Taxes	2,506,038	1,090,119	-	-	341,251	-	-
Licenses and permits	21,331	-	-	-	-	-	-
Intergovernmental	1,309,689	263,353	36,735	45,959	22,185	-	-
Charges for services	890,614	7,740	-	-	-	762	-
Fines and forfeits	7,062	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	31,151	20,715	-	28,077	1,296	-	-
Total receipts	<u>4,765,885</u>	<u>1,381,927</u>	<u>36,735</u>	<u>74,036</u>	<u>364,732</u>	<u>762</u>	<u>-</u>
Disbursements:							
Personal services	3,012,187	537,625	-	-	224,953	-	-
Supplies	235,710	157,891	-	-	24,708	-	-
Other services and charges	1,214,459	333,368	28,778	25,000	56,353	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	117,737	177,311	-	-	36,142	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	1,259	-	-	-	-	1,081	-
Total disbursements	<u>4,581,352</u>	<u>1,206,195</u>	<u>28,778</u>	<u>25,000</u>	<u>342,156</u>	<u>1,081</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>184,533</u>	<u>175,732</u>	<u>7,957</u>	<u>49,036</u>	<u>22,576</u>	<u>(319)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,807,461</u>	<u>\$ 901,141</u>	<u>\$ 30,632</u>	<u>\$ 132,824</u>	<u>\$ 283,621</u>	<u>\$ 5,612</u>	<u>\$ 131,128</u>

CITY OF ANGOLA  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Levy Excess	Local Major Moves Construction	Police Operations	Cumulative Capital Improvement	Cumulative Capital Development	Park Nonreverting Capital	CEDIT
Cash and investments - beginning	\$ 12,298	\$ 3,708,727	\$ 1,800	\$ 77,742	\$ 89,849	\$ 25,491	\$ 482,363
Receipts:							
Taxes	-	-	-	-	204,833	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	21,090	11,813	-	292,618
Charges for services	-	-	-	-	-	4,745	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	50,834	-	-	-	1,575	59,155
Total receipts	-	50,834	-	21,090	216,646	6,320	351,773
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	200,000	-	-	-	-	60,334
Debt service - principal and interest	-	-	-	-	103,708	-	-
Capital outlay	-	49,434	-	-	-	-	105,332
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	12,298	-	300	-	-	253	-
Total disbursements	12,298	249,434	300	-	103,708	253	165,666
Excess (deficiency) of receipts over disbursements	(12,298)	(198,600)	(300)	21,090	112,938	6,067	186,107
Cash and investments - ending	\$ -	\$ 3,510,127	\$ 1,500	\$ 98,832	\$ 202,787	\$ 31,558	\$ 668,470

CITY OF ANGOLA  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Self Insurance	Police Officers' Pension	Redevelopment General	Petty Cash	Cash Change Fund	Donation	Escrow Fund
Cash and investments - beginning	\$ 7,810	\$ 281,799	\$ -	\$ 300	\$ 900	\$ 70,593	\$ 34,475
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	217,855	66	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	1,059,591	150	-	-	-	20,044	50,136
Total receipts	<u>1,059,591</u>	<u>218,005</u>	<u>66</u>	<u>-</u>	<u>-</u>	<u>20,044</u>	<u>50,136</u>
Disbursements:							
Personal services	1,067,401	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	231,098	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	14,276	39,436
Total disbursements	<u>1,067,401</u>	<u>231,098</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,276</u>	<u>39,436</u>
Excess (deficiency) of receipts over disbursements	<u>(7,810)</u>	<u>(13,093)</u>	<u>66</u>	<u>-</u>	<u>-</u>	<u>5,768</u>	<u>10,700</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 268,706</u>	<u>\$ 66</u>	<u>\$ 300</u>	<u>\$ 900</u>	<u>\$ 76,361</u>	<u>\$ 45,175</u>

CITY OF ANGOLA  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Law Enforcement Continuing Education	LOIT Public Safety	Federal Grants	Capital Projects Fund-Other	Payroll Withholding Fund	Wastewater Utility Operating	Wastewater Utility Bond & Interest
Cash and investments - beginning	\$ 8,021	\$ 519,042	\$ -	\$ -	\$ 60,922	\$ 265,349	\$ 892,976
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	1,845	-	-	-	-	-	-
Intergovernmental	-	346,752	33,321	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	1,806	-	-	-	-	-	-
Utility fees	-	-	-	-	-	2,208,610	-
Other receipts	4,096	-	-	942,466	1,281,582	15,221	1,305,520
Total receipts	<u>7,747</u>	<u>346,752</u>	<u>33,321</u>	<u>942,466</u>	<u>1,281,582</u>	<u>2,223,831</u>	<u>1,305,520</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	6,626	-	-	-	-	-	-
Other services and charges	40	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	881,614
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	1,383,285	-
Other disbursements	-	-	33,321	-	1,279,923	856,788	598,901
Total disbursements	<u>6,666</u>	<u>-</u>	<u>33,321</u>	<u>-</u>	<u>1,279,923</u>	<u>2,240,073</u>	<u>1,480,515</u>
Excess (deficiency) of receipts over disbursements	<u>1,081</u>	<u>346,752</u>	<u>-</u>	<u>942,466</u>	<u>1,659</u>	<u>(16,242)</u>	<u>(174,995)</u>
Cash and investments - ending	<u>\$ 9,102</u>	<u>\$ 865,794</u>	<u>\$ -</u>	<u>\$ 942,466</u>	<u>\$ 62,581</u>	<u>\$ 249,107</u>	<u>\$ 717,981</u>

CITY OF ANGOLA  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Wastewater Utility Improvement	Wastewater Utility Construction	Water Utility Operating	Water Utility Bond & Interest	Water Utility Improvement	Water Utility Customer Deposit	Totals
Cash and investments - beginning	\$ 172,878	\$ 4,869,758	\$ 146,023	\$ 573,027	\$ 635,268	\$ 48,770	\$ 15,839,085
Receipts:							
Taxes	-	-	-	-	-	-	4,142,241
Licenses and permits	-	-	-	-	-	-	23,176
Intergovernmental	89,464	-	3,265	-	-	-	2,694,165
Charges for services	-	-	-	-	-	-	903,861
Fines and forfeits	-	-	-	-	-	-	8,868
Utility fees	47,125	-	1,651,766	-	20,750	20,700	3,948,951
Other receipts	214,925	73,342	12,249	473,003	8,779	-	5,653,907
Total receipts	351,514	73,342	1,667,280	473,003	29,529	20,700	17,375,169
Disbursements:							
Personal services	-	-	-	-	-	-	4,842,166
Supplies	-	-	-	-	-	-	424,935
Other services and charges	-	-	-	-	-	-	2,149,430
Debt service - principal and interest	-	-	-	430,708	-	-	1,416,030
Capital outlay	255,123	-	-	-	32,513	-	773,592
Utility operating expenses	-	2,456,240	1,106,790	-	-	-	4,946,315
Other disbursements	-	-	550,425	-	-	22,980	3,411,241
Total disbursements	255,123	2,456,240	1,657,215	430,708	32,513	22,980	17,963,709
Excess (deficiency) of receipts over disbursements	96,391	(2,382,898)	10,065	42,295	(2,984)	(2,280)	(588,540)
Cash and investments - ending	\$ 269,269	\$ 2,486,860	\$ 156,088	\$ 615,322	\$ 632,284	\$ 46,490	\$ 15,250,545

CITY OF ANGOLA  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2011

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.

	<u>Ending Balance</u>
<b>Other:</b>	
Capital assets, not being depreciated:	
Land	\$ 2,896,233
Infrastructure	12,904,983
Buildings	4,564,291
Improvements other than buildings	483,639
Machinery and equipment	4,221,718
Construction in progress	<u>392,129</u>
 Total other capital assets	 <u>25,462,993</u>
 <b>Water Utility:</b>	
Capital assets, not being depreciated:	
Land	56,533
Infrastructure	6,675,435
Construction in progress	3,104
Buildings	3,586,894
Improvements other than buildings	7,390
Machinery and equipment	<u>2,081,420</u>
 Total Water Utility capital assets	 <u>12,410,776</u>
 <b>Wastewater Utility:</b>	
Capital assets, not being depreciated:	
Land	26,625
Infrastructure	18,511,810
Construction in progress	125,155
Buildings	7,595,483
Improvements other than buildings	85,931
Machinery and equipment	<u>1,980,564</u>
 Total Wastewater Utility capital assets	 <u>28,325,568</u>
 Total capital assets not being depreciated	 <u>\$ 66,199,337</u>

CITY OF ANGOLA  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2011

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year	Fund
Capital leases:			
Fire truck	\$ 498,999	\$ 207,415	Cumulative Capital Improvement
Loans payable:			
Wastewater 2010 State revolving fund loan	3,150,000	87,800	Wastewater B & I
Wastewater 2009 forgivable taxable BANs, Series A	1,434,087	-	Wastewater B & I
Bonds payable:			
Revenue bonds:			
1998 Waterworks revenue bonds	1,015,000	155,190	Water B & I
2002 Waterworks revenue bonds	700,000	84,790	Water B & I
2007 Waterworks revenue bonds	2,115,000	195,115	Water B & I
2010 Sewage Works refunding revenue bonds, Series A	<u>4,215,000</u>	<u>237,710</u>	Wastewater B & I
Total debt	<u>\$ 13,128,086</u>	<u>\$ 968,020</u>	

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 its major federal program for the year ended December 31, 2011. The City's major federal program is 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 program 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 its major federal program for the year ended December 31, 2011.

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  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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

April 17, 2012

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying note presented were approved by management of the City. The schedule and notes are presented as intended by the City.

CITY OF ANGOLA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2011

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 Housing and Community Development Authority CDBG - State Administered CDBG Cluster Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii Owner Occupied Rehabilitation	14.228	HD-011-008	\$ <u>33,321</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction	20.205		
Sign Replacement		DES1172002	18,213
Safe Routes to Schools		DES0901262	27,306
Sidewalk SRTS		DES1006382	40,400
Angola Trailway		DES0300043	<u>5,200</u>
Total for cluster			<u>91,119</u>
Pass-Through Town of Hudson Highway Safety Cluster Alcohol Impaired Driving Countermeasures Incentive Grants I Operation Pull Over - Blitz Grant	20.601		<u>12,330</u>
Total for federal grantor agency			<u>103,449</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Finance Authority ARRA - Capitalization Grants for Clean Water State Revolving Funds, Recovery Act	66.458		
Capitalization Grants for Clean Water State Revolving Funds	66.458	2W-00E73001-0	41,015
		2W-00E73001-0	<u>382,170</u>
Total for federal grantor agency			<u>423,185</u>
<u>U.S. DEPARTMENT OF ENERGY</u>			
Pass-Through Indiana Office of Energy Development ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG), Recovery Act	81.128		
		DE-EE-000725	<u>137,320</u>
Total federal awards expended			<u>\$ 697,275</u>

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

CITY OF ANGOLA  
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 Angola (City) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. 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:

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 statement 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
66.458	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

**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 April 17, 2012, with Debra A. Twitchell, Clerk-Treasurer; Richard M. Hickman, Mayor; and Tammy Onofrietti, Deputy Clerk. Our examination disclosed no material items that warrant comment at this time.