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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF ATTICA
FOUNTAIN COUNTY, INDIANA

January 1, 2011 to December 31, 2011

FILED
05/22/2012

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SCHEDULE OF OFFICIALS

Office	Official	Term
Clerk-Treasurer	Sharon K. Negele	01-01-08 to 12-31-15
Mayor	Robert G. Shepherd	01-10-10 to 12-31-15
President of the Board of Public Works	Robert G. Shepherd	01-10-10 to 12-31-15
President of the Common Council	Valarie S. Maus	01-01-11 to 12-31-12
Superintendent of Streets and Utilities	Ronald Jean	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 ATTICA, FOUNTAIN COUNTY, INDIANA

We have audited the accompanying financial statement of the City of Attica (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. 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, 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated April 10, 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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 of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Long-Term Debt, and Schedule of Capital Assets 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, Board of Public Works, 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 10, 2012

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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 ATTICA, FOUNTAIN COUNTY, INDIANA

We have audited the financial statement of the City of Attica (City), for the year ended December 31, 2011, and have issued our report thereon dated April 10, 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, Board of Public Works, 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 10, 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 ATTICA
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 FUND	$ 356,009	$ 1,409,728	$ 1,448,087	$ 317,650
MOTOR VEHICLE HIGHWAY	86,556	222,528	233,860	75,224
LOCAL ROAD & STREET	24,591	12,175	32,820	3,946
PARK NONREVERT OPERATING	57,161	26,321	36,474	47,008
BUILDING DEMOLITION	4,536	14,700	12,280	6,956
LOCAL LAW ENF CONT ED	3,986	14,421	9,197	9,210
DEFERRAL PROGRAM	22,335	3,630	11,588	14,377
PARK & RECREATION	34,864	140,495	137,283	38,076
LEVY EXCESS FUND	2,471	-	2,471	-
CUM CAP IMP - CIG TAX	117,419	10,301	-	127,720
CUM CAP DEVELOPMENT	224,132	38,314	3,729	258,717
APPF-POLICE PENSION	13,058	65,625	37,808	40,875
COURT	8,072	73,131	73,390	7,813
RIVERBOAT GAMBLING	78,126	21,847	24,000	75,973
RAINY DAY INVESTMENT	607,103	1,520	-	608,623
CEMETERY	111,550	114,308	139,244	86,614
ALLEN TRUST GENERAL	834	-	-	834
ALLEN TRUST CEMETERY	18,393	97	-	18,490
ALLEN TRUST PERPETUAL CARE	7,000	-	-	7,000
ROZELLE TRUST CEMETERY	1,150	236	-	1,386
PROBATION	9,078	2,019	3,300	7,797
PARK DONATIONS	3,916	730	905	3,741
DONATION POLICE	1,817	900	193	2,524
ALLEN TRUST CEM. PRINCIPLE	20,000	-	-	20,000
CEM. PERP. CARE INTEREST	29,287	91	-	29,378
DOWNTOWN RESTORATION	704	11,900	12,600	4
HAYES TRUST PERPETUAL CARE	2,329	6	-	2,335
ATTICA NORTH NEIGHBORHOOD	693	-	693	-
LOCAL LAW ENF ED HOLDING	-	948	948	-
GEORGE HAYE FUND	-	6,650	6,628	22
PAYROLL	3,833	858,511	859,522	2,822
SANITATION	73,068	186,025	182,773	76,320
SEWAGE UTILITY OPERATING	294,777	299,756	352,571	241,962
SEWAGE UTL BOND & INT	-	101,979	101,979	-
SEWAGE EPA REPLACEMENT	536,484	95,557	55,000	577,041
SEWAGE DEPR. INVESTMENT	113,565	293	-	113,858
WATER UTILITY OPERATING	457,572	1,261,980	983,421	736,131
WATER UTL METER DEPOSIT	51,769	15,734	14,562	52,941
WATER UTL BOND & INTEREST	375	-	375	-
WATER UTL AIRSTRIPPER	169,944	442	68,967	101,419
WATER DEPR./IMPROVEMENT INV	181,803	457	-	182,260
Totals	$ 3,730,360	$ 5,013,355	$ 4,846,668	$ 3,897,047

The notes to the financial statement are an integral part of this 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, 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 presents the financial information for 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 include 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.

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 statement. The aggregate disbursements include 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.

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.

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 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. 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.

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 Indiana Public Retirement System 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:

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.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City's 2011 Annual Report information can be found on the Gateway 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 is 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 approved by management of the City. It is presented as intended by the City.

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

	GENERAL FUND	MOTOR VEHICLE HIGHWAY	LOCAL ROAD & STREET	PARK NONREVERT OPERATING	BUILDING DEMOLITION	LOCAL LAW ENF CONT ED	DEFERRAL PROGRAM
Cash and investments - beginning	$ 356,009	$ 86,556	$ 24,591	$ 57,161	$ 4,536	$ 3,986	$ 22,335
Receipts:							
Taxes	396,170	103,480	-	-	-	-	-
Licenses and permits	1,907	-	-	-	-	1,430	-
Intergovernmental	907,717	117,998	12,175	-	-	-	-
Charges for services	53,042	-	-	17,645	-	525	-
Fines and forfeits	10,145	-	-	-	-	878	3,630
Utility fees	-	-	-	-	-	-	-
Other receipts	40,747	1,050	-	8,676	14,700	11,588	-
Total receipts	1,409,728	222,528	12,175	26,321	14,700	14,421	3,630
Disbursements:							
Personal services	434,125	128,209	-	-	-	-	-
Supplies	67,446	56,782	-	-	-	-	-
Other services and charges	251,440	41,572	-	32,083	12,280	2,728	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	684,951	7,051	32,820	3,922	-	6,469	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	10,125	246	-	469	-	-	11,588
Total disbursements	1,448,087	233,860	32,820	36,474	12,280	9,197	11,588
Excess (deficiency) of receipts over disbursements	(38,359)	(11,332)	(20,645)	(10,153)	2,420	5,224	(7,958)
Cash and investments - ending	$ 317,650	$ 75,224	$ 3,946	$ 47,008	$ 6,956	$ 9,210	$ 14,377

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

	PARK & RECREATION	LEVY EXCESS FUND	CUM CAP IMP - CIG TAX	CUM CAP DEVELOPMENT	APPF-POLICE PENSION	COURT	RIVERBOAT GAMBLING
Cash and investments - beginning	$ 34,864	$ 2,471	$ 117,419	$ 224,132	$ 13,058	$ 8,072	$ 78,126
Receipts:							
Taxes	123,182	-	-	35,055	27,778	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	9,609	-	10,025	2,735	37,847	-	21,847
Charges for services	7,004	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	73,131	-
Utility fees	-	-	-	-	-	-	-
Other receipts	700	-	276	524	-	-	-
Total receipts	140,495	-	10,301	38,314	65,625	73,131	21,847
Disbursements:							
Personal services	77,329	-	-	-	37,808	-	-
Supplies	20,634	-	-	-	-	23	-
Other services and charges	38,307	-	-	-	-	4,598	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	521	-	-	3,729	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	492	2,471	-	-	-	68,769	24,000
Total disbursements	137,283	2,471	-	3,729	37,808	73,390	24,000
Excess (deficiency) of receipts over disbursements	3,212	(2,471)	10,301	34,585	27,817	(259)	(2,153)
Cash and investments - ending	$ 38,076	$ -	$ 127,720	$ 258,717	$ 40,875	$ 7,813	$ 75,973

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

	RAINY DAY INVESTMENT	CEMETERY	ALLEN TRUST GENERAL	ALLEN TRUST CEMETERY	ALLEN TRUST PERPETUAL CARE	ROZELLE TRUST CEMETERY	PROBATION
Cash and investments - beginning	$ 607,103	$ 111,550	$ 834	$ 18,393	$ 7,000	$ 1,150	$ 9,078
Receipts:							
Taxes	-	86,973	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	6,785	-	-	-	-	-
Charges for services	-	20,550	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	2,019
Utility fees	-	-	-	-	-	-	-
Other receipts	1,520	-	-	97	-	236	-
Total receipts	1,520	114,308	-	97	-	236	2,019
Disbursements:							
Personal services	-	61,976	-	-	-	-	-
Supplies	-	13,116	-	-	-	-	-
Other services and charges	-	2,858	-	-	-	-	3,300
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	61,193	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	101	-	-	-	-	-
Total disbursements	-	139,244	-	-	-	-	3,300
Excess (deficiency) of receipts over disbursements	1,520	(24,936)	-	97	-	236	(1,281)
Cash and investments - ending	$ 608,623	$ 86,614	$ 834	$ 18,490	$ 7,000	$ 1,386	$ 7,797

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

	PARK DONATIONS	DONATION POLICE	ALLEN TRUST CEM. PRINCIPLE	CEM. PERP. CARE INTEREST	DOWNTOWN RESTORATION	HAYES TRUST PERPETUAL CARE	ATTICA NORTH NEIGHBORHOOD
Cash and investments - beginning	$ 3,916	$ 1,817	$ 20,000	$ 29,287	$ 704	$ 2,329	$ 693
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	5,400	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	730	900	-	91	6,500	6	-
Total receipts	730	900	-	91	11,900	6	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	905	193	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	12,600	-	693
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	905	193	-	-	12,600	-	693
Excess (deficiency) of receipts over disbursements	(175)	707	-	91	(700)	6	(693)
Cash and investments - ending	$ 3,741	$ 2,524	$ 20,000	$ 29,378	$ 4	$ 2,335	$ -

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

	LOCAL LAW ENF ED HOLDING	GEORGE HAYE FUND	PAYROLL	SANITATION	SEWAGE UTILITY OPERATING	SEWAGE UTL BOND & INT	SEWAGE EPA REPLACEMENT
Cash and investments - beginning	$ -	$ -	$ 3,833	$ 73,068	$ 294,777	$ -	$ 536,484
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	948	-	-	-	-	-	-
Utility fees	-	-	-	-	200	-	-
Other receipts	-	6,650	858,511	186,025	299,556	101,979	95,557
Total receipts	948	6,650	858,511	186,025	299,756	101,979	95,557
Disbursements:							
Personal services	-	-	859,522	-	-	-	-
Supplies	-	6,628	-	-	-	-	-
Other services and charges	948	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	101,979	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	352,517	-	-
Other disbursements	-	-	-	182,773	54	-	55,000
Total disbursements	948	6,628	859,522	182,773	352,571	101,979	55,000
Excess (deficiency) of receipts over disbursements	-	22	(1,011)	3,252	(52,815)	-	40,557
Cash and investments - ending	$ -	$ 22	$ 2,822	$ 76,320	$ 241,962	$ -	$ 577,041

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

	SEWAGE DEPR. INVESTMENT	WATER UTILITY OPERATING	WATER UTL METER DEPOSIT	WATER UTL BOND & INTEREST	WATER UTL AIRSTRIPPER	WATER DEPR./IMPROVEMENT INV	Totals
Cash and investments - beginning	$ 113,565	$ 457,572	$ 51,769	$ 375	$ 169,944	$ 181,803	$ 3,730,360
Receipts:							
Taxes	-	-	-	-	-	-	772,638
Licenses and permits	-	-	-	-	-	-	3,337
Intergovernmental	-	-	-	-	-	-	1,132,138
Charges for services	-	-	-	-	-	-	98,766
Fines and forfeits	-	-	-	-	-	-	90,751
Utility fees	-	1,158,530	15,734	-	-	-	1,174,464
Other receipts	293	103,450	-	-	442	457	1,741,261
Total receipts	293	1,261,980	15,734	-	442	457	5,013,355
Disbursements:							
Personal services	-	-	-	-	-	-	1,598,969
Supplies	-	-	-	-	-	-	164,629
Other services and charges	-	-	-	-	-	-	391,212
Debt service - principal and interest	-	-	-	-	-	-	101,979
Capital outlay	-	-	-	-	-	-	813,949
Utility operating expenses	-	259,912	14,562	-	36,784	-	663,775
Other disbursements	-	723,509	-	375	32,183	-	1,112,155
Total disbursements	-	983,421	14,562	375	68,967	-	4,846,668
Excess (deficiency) of receipts over disbursements	293	278,559	1,172	(375)	(68,525)	457	166,687
Cash and investments - ending	$ 113,858	$ 736,131	$ 52,941	$ -	$ 101,419	$ 182,260	$ 3,897,047

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

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Fire Truck	$ 130,572	$ 24,303
Business-type activities:		
Wastewater Utility:		
Revenue bonds:		
Wastewater Plant Improvements	465,000	6,743
Total debt	$ 595,572	$ 31,046

CITY OF ATTICA
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.

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.

	Ending Balance
Governmental activities:	
Capital assets, not being depreciated:	
Land	$ 25,000
Infrastructure	3,659,704
Buildings	343,193
Improvements other than buildings	77,280
Machinery and equipment	1,502,683
Total governmental activites capital assets	5,607,860
Water Utility:	
Capital assets, not being depreciated:	
Infrastructure	1,980,000
Buildings	1,814,723
Machinery and equipment	905,438
Total Water Utility capital assets	4,700,161
Wastewater Utility:	
Capital assets, not being depreciated:	
Infrastructure	5,700,210
Buildings	798,294
Machinery and equipment	107,244
Total Wastewater Utility capital assets	6,605,748
Total capital assets not being depreciated	$ 16,913,769

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SUPPLEMENTAL AUDIT OF

FEDERAL AWARDS

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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 ATTICA, FOUNTAIN COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Attica (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to 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 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, Board of Public Works, 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 10, 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 note are presented as intended by the City.

CITY OF ATTICA
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.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Pass-Through Indiana Office of Community and Rural Affairs			
CDBG - State-Administered CDBG Cluster			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228		
Stormwater Project		CF-10-101	$ 493,816
Downtown Revitalization		EDS#A159-11-RD-004DE	5,000
Total for program			498,816
U.S. DEPARTMENT OF TRANSPORTATION			
Pass-Through Indiana Criminal Justice Institute			
Highway Safety Cluster			
State and Community Highway Safety	20.600		
Operation Pullover Seat Belt Enforcement Program			2,008
Total federal awards expended			$ 500,824

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

CITY OF ATTICA
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Attica 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 ATTICA
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 deficiency identified?	none reported
Noncompliance material to the financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency 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:

Name of Federal Program or Cluster
CDBG – State-Administered CDBG Cluster

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF ATTICA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF ATTICA
EXIT CONFERENCE

The contents of this report were discussed on April 10, 2012, with Sharon K. Negele, Clerk-Treasurer; Robert G. Shepherd, Mayor; and Valarie S. Maus, President of the Common Council. Our audit disclosed no material items that warrant comment at this time.