

Village of Attica

Schedule of Expenditures of Federal Awards

As of
December 31, 2007

Together with Auditor's Report



Dave Yost • Auditor of State

Members of Council
Village of Attica
20 S. Main Street
PO Box 564
Attica, Ohio 44807-0564

We have reviewed the Independent Auditor's *Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with the Program-Specific Audit Option Under OMB Circular A-133* and the *Independent Auditor's Report on the Schedule of Expenditures of Federal Awards* of the Village of Attica, Seneca County, prepared by Kevin L. Penn, Inc. for the audit period January 1, 2007 to December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Attica is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 22, 2011

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INDEPENDENT AUDITOR'S REPORT

Village of Attica
Seneca County
20 South Main Street
Attica, Ohio 44807

I have audited the accompanying schedule of expenditures of federal awards for the Water and Waste Disposal System program of Village of Attica for the year ended December 31, 2007. This financial statement is the responsibility of Village of Attica's management. My responsibility is to express an opinion on the financial statement of the program based on my audit.

I conducted my audit 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note B, this financial statement was prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, the schedule of expenditures of federal awards referred to above presents fairly, in all material respects, the expenditures of federal awards under the Water and Waste Disposal System program in conformity with a basis of accounting described in Note B.

In accordance with Government Auditing Standards, I have also issued my report dated June 2, 2011, on my consideration of the Village's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinions on the internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with Governmental Auditing Standards, and should be considered in assessing the results of my audit.

Kevin L. Penn, Inc.

June 2, 2011

Village of Attica

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended December 31, 2007

Federal Grantor	Federal	
Pass Through Grantor/ Program Title	CFDA Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE RURAL DEVELOPMENT		
Direct Program		
Water and Waste Disposal Systems	10.760	\$ 1,189,761
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 1,189,761</u>

The accompanying notes to this schedule are an integral part of this schedule.

**VILLAGE OF ATTICA
SENECA COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2007**

NOTE A – BASIS OF PRESENTATION

The schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Village of Attica under programs of the federal government for the year ended December 31, 2007. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of Village of Attica, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Village of Attica.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting and, accordingly, represent the total cash expended for the program. The Schedule does not include transactions that might be included using the accrual basis of accounting as contemplated by generally accepted accounting principles.



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Penn, Inc.

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO THE FEDERAL PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE
PROGRAM-SPECIFIC AUDIT OPTION UNDER OMB CIRCULAR A-133**

I have audited Village of Attica's compliance 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 Water and Waste Disposal System program for the year ended December 31, 2007. Compliance with the requirements referred to above is the responsibility of Village of Attica's management. My responsibility is to express an opinion on Village of Attica's compliance based on my audit.

I conducted my 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 I 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 Water and Waste Disposal System program occurred. An audit includes examining, on a test basis, evidence about Village of Attica's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Village of Attica's compliance with those requirements.

In my opinion, Village of Attica complied, in all material respects, with the compliance requirements referred to above that are applicable to its Water and Waste Disposal System program for the year ended December 31, 2007. However, the results of my auditing procedures disclosed instances of noncompliance with those compliance requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings at items 2007-1 and 2007-2.

Internal Control Over Compliance

Management of Village of Attica is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing my audit, I considered Village of Attica's internal control over compliance with the requirements that could have a direct and material effect on its Water and Waste Disposal System program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Village of Attica's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance 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.

My 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 that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

The Village of Attica's responses to the findings identified in my audit are described in the accompanying schedule of findings. I did not audit Village of Attica's responses and, accordingly, I express no opinion on the responses.

This report is intended solely for the information and use of management, those charged with governance and federal awarding agency and is not intended to be and should not be used by anyone other than these specified parties.

Kevin L. Penn, Inc.

June 2, 2011

Village of Attica
Schedule of Findings
December 31, 2007

Section I - Summary of Auditor's Results

Financial Statement

Type of auditor's report issued: Unqualified

Federal Awards

Internal control over financial reporting:

Material weakness(es) identified? No

Significant Deficiency(ies) identified
not considered to be material weaknesses? Yes

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

Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133, Section .510(a)? Yes

Identification of major programs:

10.760 Water and Waste
Disposal System

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

Auditee qualified as low-risk auditee? No

Village of Attica
Schedule of Findings
December 31, 2007

U.S. Department of Agriculture
Water and Waste Disposal System (CFDA # 10.760)

2007-1

Cash Management - Disbursements

Condition:

In 7 out of 13 transactions tested, the federal funds received were not disbursed within 3 business days after being deposited into the interest bearing bank account.

Criteria:

Federal funds should be disbursed to the contractor within 3 business days after being deposited into an interest bearing bank account.

Effect:

The Village was not in compliance with the guidelines established in 7 out of 13 instances.

Cause:

Oversight by management.

Recommendation:

I recommend the disbursement of federal funds within 3 business days after the federal funds are deposited into an interest bearing account.

Auditee's Response:

The Village of Attica has noted the citation, and in future Federal planned/funded projects, will disburse payments within the 3 business days of being deposited into an interest bearing bank account.

2007-2

Cash Management – Interest Earned

Condition:

The federal funds were deposited into an interest bearing bank account; however, there was no evidence indicating that the interest was returned to the appropriate agency.

Criteria:

Interest earned on Federal funds should be returned to the appropriate agency.

Village of Attica
Schedule of Findings
December 31, 2007

2007-2

Cash Management – Interest Earned (continued)

Effect:

The Village was not in compliance with the guidelines established, relating to interest earned on Federal funds.

Cause:

Oversight by management.

Recommendation:

I recommend that interest earned on Federal funds should be returned to the appropriate agency.

Auditee's Response:

The Village of Attica has noted the citation, and in future Federal planned/funded projects, will account for any interest earned and will return any interest to the appropriate agency.

Village of Attica
 Summary Schedule of Prior Audit Findings
 Year Ended December 31, 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-1 U.S. Department of Agriculture Water and Waste Disposal System (CFDA # 10.760)	In 3 out of 13 transactions tested, the federal funds received were not disbursed within 3 business days after being deposited into the interest bearing bank account.	No	This finding will be repeated in the 2007 audit.

2006-2 U.S. Department of Agriculture Water and Waste Disposal System (CFDA # 10.760)	The federal funds were deposited into an interest bearing bank account; however, there was no evidence indicating that the interest was returned to the appropriate agency.	No	This finding will be repeated in the 2007 audit.
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Dave Yost • Auditor of State

VILLAGE OF ATTICA

SENECA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 4, 2011