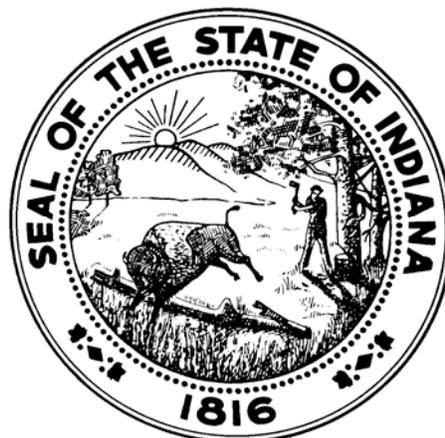


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
TOWN OF WEST COLLEGE CORNER
UNION COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
12/29/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Carolyn Portwood Donna Bourne	01-01-04 to 05-31-05 06-01-05 to 12-31-07
President of the Town Council	Terry Starcher Carolyn Portwood	01-01-04 to 07-14-06 08-14-06 to 12-31-06



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF WEST COLLEGE CORNER, UNION COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of West College Corner (Town), for the period of January 1, 2004 to December 31, 2005. The Town's management is responsible for the schedules. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

December 11, 2006

TOWN OF WEST COLLEGE CORNER
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 137,179	\$ 42,529	\$ 56,705	\$ 123,003
Motor Vehicle Highway	54,689	92,000	108,479	38,210
Local Road and Street	6,419	3,145	11,159	(1,595)
Economic Development Income Tax	48,285	7,698	375	55,608
Riverboat	-	3,998	-	3,998
Rainy Day	-	4,954	-	4,954
Cumulative Capital Improvement	27,856	2,366	8,567	21,655
Cumulative Capital Development	31,082	4,152	-	35,234
Proprietary Fund:				
Wastewater Utility - Operating	26,725	147,848	137,773	36,800
Wastewater Utility - Bond and Interest	17,040	1,733	-	18,773
Wastewater Utility - Debt Service Reserve	1,251	1,740	1,213	1,778
Wastewater Utility - Construction	25,000	300,267	154,663	170,604
Fiduciary Fund:				
Payroll	1,383	48,849	49,039	1,193
Totals	<u>\$ 376,909</u>	<u>\$ 661,279</u>	<u>\$ 527,973</u>	<u>\$ 510,215</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 123,003	\$ 21,807	\$ 49,246	\$ 95,564
Motor Vehicle Highway	38,210	105,526	77,947	65,789
Local Road and Street	(1,595)	2,963	-	1,368
Economic Development Income Tax	55,608	5,748	-	61,356
Riverboat	3,998	-	-	3,998
Rainy Day	4,954	-	-	4,954
Cumulative Capital Improvement	21,655	1,960	-	23,615
Cumulative Capital Development	35,234	4,218	10,000	29,452
Proprietary Funds:				
Wastewater Utility - Operating	36,800	147,973	143,575	41,198
Wastewater Utility - Bond and Interest	18,773	1,740	-	20,513
Wastewater Utility - Debt Service Reserve	1,778	1,732	1,829	1,681
Wastewater Utility - Construction	170,604	529	152,154	18,979
Fiduciary Fund:				
Payroll	1,193	52,607	53,520	280
Totals	<u>\$ 510,215</u>	<u>\$ 346,803</u>	<u>\$ 488,271</u>	<u>\$ 368,747</u>

The accompanying notes are an integral part of the schedules.

TOWN OF WEST COLLEGE CORNER
NOTES TO SCHEDULES

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety (fire), culture and recreation, public improvements, general administrative services, and wastewater utility.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. 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% 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 become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes the Town 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 6. Subsequent Event

The Wastewater Utility issued \$300,000 of Bond Anticipation Notes (BAN) during the year 2004. The Utility is in the process of securing funding for a major overhaul of both the sewage plant and the collection system. The total project cost is expected to be approximately \$3,000,000. The project will be funded through a combination of Rural Development grants and loans.

TOWN OF WEST COLLEGE CORNER
EXAMINATION RESULTS AND COMMENTS

BOND ORDINANCE REQUIREMENTS

The Town has outstanding bond issues with Rural Development and the Indiana State Revolving Loan Fund. The bond ordinance requires transfers to the Bond and Interest Fund of \$27,294 each year and to the Debt Service reserve fund of \$5,460 annually. However, the transfers that were made in 2005 amounted to \$1,733 and \$1,740, respectively.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were incorrect at December 31, 2004. The current Clerk-Treasurer allocated differences between funds because all errors could not be located. The records were in balance at December 31, 2005.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

CAPITAL ASSET RECORDS

The Utility does not maintain sufficient detailed records of capital assets for its Utility Plant in Service accounts. The Utility has not posted the capital asset purchases or disposals for the years 2004 and 2005

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PRESCRIBED FORMS

The Town is not using the prescribed check form for payments made from the Bond Anticipation Note funds. The unit is using bank checks which are not prepared in duplicate. Two disbursements were made using bank counter checks.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF WEST COLLEGE CORNER
EXAMINATION RESULTS AND COMMENTS
(Continued)

CONFLICT OF INTEREST

Carolyn and Paul Portwood sold a shed to the Wastewater Utility for \$700. Carolyn Portwood was the Town Council President at that time and, accordingly, was required to file a Uniform Conflict of Interest Disclosure Statement prior to the transaction. We could not find an entry in the Town Council minutes indicating that the required disclosure statement was ever filed.

Indiana Code-35-44-1-3 states in part:

"(a) A public servant who knowingly or intentionally: (1) has a pecuniary interest in; or (2) derives a profit from; a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Class D felony. . . ."

"(c) This section does not prohibit a public servant from having a pecuniary interest in or deriving a profit from a contract or purchase connected with the governmental entity served . . . (3) if the public servant; (A) is an elected public servant. . . . and (B) makes a disclosure under subsection (d)(1) through (d)(6)."

"(d) A disclosure required by this section must: (1) be in writing; (2) describe the contract or purchase to be made by the governmental entity; (3) describe the pecuniary interest that the public servant has in the contract or purchase; (4) be affirmed under penalty of perjury; (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity prior to final action on the contract or purchase; (6) be filed within fifteen (15) days after final action on the contract or purchase with: (A) the state board of accounts; and (B) . . . the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase. . . ."

"(g) A public servant has a pecuniary interest in a contract or purchase if the contract or purchase will result or is intended to result in an ascertainable increase in the income or net worth of: (1) the public servant; or (2) a dependent of the public servant who: (A) is under the direct or indirect administrative control of the public servant; or (B) receives a contract or purchase order that is reviewed, approved, or directly or indirectly administered by the public servant. . . ."

"(k) As used in this section, 'dependent' means any of the following: (1) The spouse of a public servant. (2) A child, stepchild, or adoptee (as defined in IC 31-9-2-2) of a public servant who is: (A) unemancipated; and (B) less than eighteen (18) years of age. (3) Any individual more than one-half (1/2) of whose support is provided during a year by the public servant."

TOWN OF WEST COLLEGE CORNER
EXIT CONFERENCE

The contents of this report were discussed on December 12, 2006, with Carolyn Portwood, former Clerk-Treasurer and current President of the Town Council; Donna Bourne, current Clerk-Treasurer; Judith A. Starr, Deputy Clerk-Treasurer; David Pence, Town Council member; and Dorothy M. Ray, Office Assistant.