

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

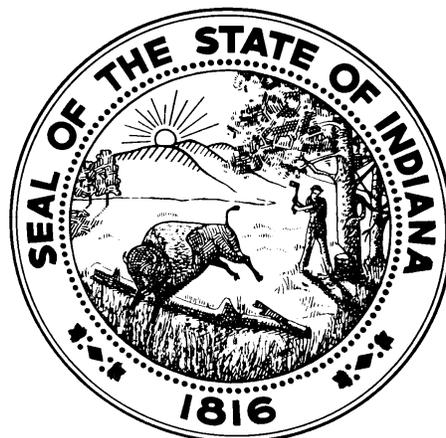
AUDIT REPORT

OF

TOWN OF WOLCOTT

WHITE COUNTY, INDIANA

January 1, 2007 to December 31, 2008



**FILED**

09/24/2009



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Linda S. Bajzatt	01-01-04 to 12-31-11
President of the Town Council	Robin Hensler Marsha L. Mackey	01-01-07 to 12-31-07 01-01-08 to 12-31-09



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

TO: THE OFFICIALS OF THE TOWN OF WOLCOTT, WHITE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wolcott (Town), as of and for the years ended December 31, 2007 and 2008, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 opinions.

As discussed in Note I, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2007 and 2008, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated August 25, 2009, on our consideration of the Town'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 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 opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office

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

of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Town has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

August 25, 2009



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE TOWN OF WOLCOTT, WHITE COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wolcott (Town), as of and for the years ended December 31, 2007 and 2008, which collectively comprise the Town's basic financial statements and have issued our report thereon dated August 25, 2009. 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 Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in item 2008-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we consider item 2008-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2008-1.

We noted certain matters that we reported to management in a separate letter dated August 25, 2009.

The Town's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management, Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 25, 2009

TOWN OF WOLCOTT  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2007

Functions/Programs	Program Receipts		Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Primary Government		
			Governmental Activities	Business-Type Activities	Totals
Primary government:					
Governmental activities:					
General government	\$ 349,512	\$ 116,254	\$ (233,258)	\$ -	\$ (233,258)
Public safety	36,514	-	(36,514)	-	(36,514)
Highways and streets	82,194	-	(82,194)	-	(82,194)
Culture and recreation	12,500	-	(12,500)	-	(12,500)
Total governmental activities	<u>480,720</u>	<u>116,254</u>	<u>(364,466)</u>	<u>-</u>	<u>(364,466)</u>
Business-type activities:					
Water	202,202	211,603	-	9,401	9,401
Wastewater	849,980	219,340	-	(630,640)	(630,640)
Total business-type activities	<u>1,052,182</u>	<u>430,943</u>	<u>-</u>	<u>(621,239)</u>	<u>(621,239)</u>
Total primary government	<u>\$ 1,532,902</u>	<u>\$ 547,197</u>	<u>(364,466)</u>	<u>(621,239)</u>	<u>(985,705)</u>
General receipts:					
Property taxes			229,692	-	229,692
Other local sources			162,869	-	162,869
Bonds and loans			-	688,000	688,000
Total general receipts			<u>392,561</u>	<u>688,000</u>	<u>1,080,561</u>
Change in net assets			28,095	66,761	94,856
Net assets - beginning			<u>575,579</u>	<u>232,400</u>	<u>807,979</u>
Net assets - ending			<u>\$ 603,674</u>	<u>\$ 299,161</u>	<u>\$ 902,835</u>
<u>Assets</u>					
Cash and investments			\$ 165,941	\$ 43,720	\$ 209,661
Restricted assets:					
Cash and investments			<u>437,733</u>	<u>255,441</u>	<u>693,174</u>
Total assets			<u>\$ 603,674</u>	<u>\$ 299,161</u>	<u>\$ 902,835</u>
<u>Net Assets</u>					
Restricted for:					
Culture and recreation			\$ 12,824	\$ -	\$ 12,824
Debt service			-	140,401	140,401
Other purposes			424,909	115,040	539,949
Unrestricted			<u>165,941</u>	<u>43,720</u>	<u>209,661</u>
Total net assets			<u>\$ 603,674</u>	<u>\$ 299,161</u>	<u>\$ 902,835</u>

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

TOWN OF WOLCOTT  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2007

	General	Ambulance	Motor Vehicle Highway	Cumulative Capital Development	Other Governmental Funds	Totals
<b>Receipts:</b>						
Taxes	\$ 195,396	\$ -	\$ 11,761	\$ 12,328	\$ 10,207	\$ 229,692
Licenses and permits	-	-	-	-	130	130
Intergovernmental	47,541	-	36,910	631	35,871	120,953
Charges for services	62,507	53,015	-	-	732	116,254
Fines and forfeits	10	-	-	-	-	10
Other	31,462	8,735	440	-	1,139	41,776
<b>Total receipts</b>	<b>336,916</b>	<b>61,750</b>	<b>49,111</b>	<b>12,959</b>	<b>48,079</b>	<b>508,815</b>
<b>Disbursements:</b>						
General government	339,712	-	-	-	9,800	349,512
Public safety	-	34,556	-	-	1,958	36,514
Highways and streets	-	-	75,394	-	6,800	82,194
Culture and recreation	-	-	-	-	12,500	12,500
<b>Total disbursements</b>	<b>339,712</b>	<b>34,556</b>	<b>75,394</b>	<b>-</b>	<b>31,058</b>	<b>480,720</b>
Excess (deficiency) of receipts over disbursements	(2,796)	27,194	(26,283)	12,959	17,021	28,095
Cash and investment fund balance - beginning	168,737	130,176	81,945	81,775	112,946	575,579
Cash and investment fund balance - ending	<u>\$ 165,941</u>	<u>\$ 157,370</u>	<u>\$ 55,662</u>	<u>\$ 94,734</u>	<u>\$ 129,967</u>	<u>\$ 603,674</u>
<b>Cash and Investment Assets - December 31</b>						
Cash and investments	\$ 165,941	\$ -	\$ -	\$ -	\$ -	\$ 165,941
Restricted assets:						
Cash and investments	-	157,370	55,662	94,734	129,967	437,733
<b>Total cash and investment assets - December 31</b>	<u>\$ 165,941</u>	<u>\$ 157,370</u>	<u>\$ 55,662</u>	<u>\$ 94,734</u>	<u>\$ 129,967</u>	<u>\$ 603,674</u>
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ 12,824	\$ 12,824
Other purposes	-	157,370	55,662	94,734	117,143	424,909
Unrestricted	165,941	-	-	-	-	165,941
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 165,941</u>	<u>\$ 157,370</u>	<u>\$ 55,662</u>	<u>\$ 94,734</u>	<u>\$ 129,967</u>	<u>\$ 603,674</u>

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

TOWN OF WOLCOTT  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As Of And For The Year Ended December 31, 2007

	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Totals</u>
Operating receipts:			
Metered water receipts:			
Residential	\$ 150,356	\$ -	\$ 150,356
Customer deposits	3,600	-	3,600
Fire protection receipts	39,325	-	39,325
Measured revenue:			
Residential	-	198,053	198,053
Other	<u>14,328</u>	<u>3,655</u>	<u>17,983</u>
Total operating receipts	<u>207,609</u>	<u>201,708</u>	<u>409,317</u>
Operating disbursements:			
Equipment and capital improvements	-	648,579	648,579
Salaries and wages	69,467	66,088	135,555
Employee pensions and benefits	35,710	38,372	74,082
Purchased power	9,878	16,321	26,199
Sludge removal	-	1,296	1,296
Chemicals	1,059	253	1,312
Material and supplies	15,906	11,013	26,919
Contractual services	5,996	7,847	13,843
Insurance claims and premiums	12,956	3,092	16,048
Miscellaneous disbursements	<u>27,900</u>	<u>10,854</u>	<u>38,754</u>
Total operating disbursements	<u>178,872</u>	<u>803,715</u>	<u>982,587</u>
Excess (deficiency) of operating receipts over operating disbursements	<u>28,737</u>	<u>(602,007)</u>	<u>(573,270)</u>
Nonoperating receipts (disbursements):			
Bond proceeds	-	688,000	688,000
Interest and investment receipts	3,994	17,632	21,626
Debt service of principal	(10,000)	(25,000)	(35,000)
Interest and investment disbursement	<u>(13,330)</u>	<u>(21,265)</u>	<u>(34,595)</u>
Total nonoperating receipts (disbursements)	<u>(19,336)</u>	<u>659,367</u>	<u>640,031</u>
Excess of receipts over disbursements and nonoperating receipts	9,401	57,360	66,761
Cash and investment fund balance - beginning	<u>96,482</u>	<u>135,918</u>	<u>232,400</u>
Cash and investment fund balance - ending	<u>\$ 105,883</u>	<u>\$ 193,278</u>	<u>\$ 299,161</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 4,489	\$ 39,231	\$ 43,720
Restricted assets:			
Cash and investments	<u>101,394</u>	<u>154,047</u>	<u>255,441</u>
Total cash and investment assets - December 31	<u>\$ 105,883</u>	<u>\$ 193,278</u>	<u>\$ 299,161</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ 42,160	\$ 98,241	\$ 140,401
Other purposes	59,234	55,806	115,040
Unrestricted	<u>4,489</u>	<u>39,231</u>	<u>43,720</u>
Total cash and investment fund balance - December 31	<u>\$ 105,883</u>	<u>\$ 193,278</u>	<u>\$ 299,161</u>

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

TOWN OF WOLCOTT  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2007

	<u>Agency Funds</u>
Cash and investment fund balance - ending	<u>\$ 8,950</u>

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

TOWN OF WOLCOTT  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2008

Functions/Programs	Disbursements	Program Receipts  Charges for Services	Net (Disbursement) Receipt and Changes in Net Assets		Totals
			Primary Government		
			Governmental Activities	Business-Type Activities	
Primary government:					
Governmental activities:					
General government	\$ 397,286	\$ 109,639	\$ (287,647)	\$ -	\$ (287,647)
Public safety	35,438	-	(35,438)	-	(35,438)
Highways and streets	87,422	-	(87,422)	-	(87,422)
Culture and recreation	9,532	-	(9,532)	-	(9,532)
Total governmental activities	<u>529,678</u>	<u>109,639</u>	<u>(420,039)</u>	<u>-</u>	<u>(420,039)</u>
Business-type activities:					
Water	181,525	204,799	-	23,274	23,274
Wastewater	738,153	227,532	-	(510,621)	(510,621)
Total business-type activities	<u>919,678</u>	<u>432,331</u>	<u>-</u>	<u>(487,347)</u>	<u>(487,347)</u>
Total primary government	<u>\$ 1,449,356</u>	<u>\$ 541,970</u>	<u>(420,039)</u>	<u>(487,347)</u>	<u>(907,386)</u>
General receipts:					
Property taxes			120,933	-	120,933
Other local sources			208,115	-	208,115
Grants and contributions not restricted to specific programs			-	500,000	500,000
Total general receipts			<u>329,048</u>	<u>500,000</u>	<u>829,048</u>
Change in net assets			(90,991)	12,653	(78,338)
Net assets - beginning			603,674	299,161	902,835
Net assets - ending			<u>\$ 512,683</u>	<u>\$ 311,814</u>	<u>\$ 824,497</u>
<u>Assets</u>					
Cash and investments			\$ 69,352	\$ 61,471	\$ 130,823
Restricted assets:					
Cash and investments			443,331	250,343	693,674
Total assets			<u>\$ 512,683</u>	<u>\$ 311,814</u>	<u>\$ 824,497</u>
<u>Net Assets</u>					
Restricted for:					
Culture and recreation			\$ 9,387	\$ -	\$ 9,387
Debt service			-	166,423	166,423
Other purposes			69,352	83,920	153,272
Unrestricted			69,352	61,471	130,823
Total net assets			<u>\$ 148,091</u>	<u>\$ 311,814</u>	<u>\$ 459,905</u>

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

TOWN OF WOLCOTT  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2008

	General	Ambulance	Motor Vehicle Highway	Cumulative Capital Development	Other Governmental Funds	Totals
<b>Receipts:</b>						
Taxes	\$ 93,967	\$ -	\$ 15,030	\$ 7,432	\$ 4,504	\$ 120,933
Intergovernmental	98,549	-	27,237	1,500	52,631	179,917
Charges for services	51,225	46,655	6,990	-	4,769	109,639
Fines and forfeits	30	-	-	-	-	30
Other	24,514	2,903	-	-	751	28,168
<b>Total receipts</b>	<b>268,285</b>	<b>49,558</b>	<b>49,257</b>	<b>8,932</b>	<b>62,655</b>	<b>438,687</b>
<b>Disbursements:</b>						
General government	366,931	-	-	-	-	366,931
Public safety	-	34,122	-	-	1,316	35,438
Highways and streets	-	-	60,422	-	-	60,422
Culture and recreation	-	-	-	-	9,532	9,532
Capital outlay:						
General government	-	-	-	-	30,355	30,355
Highways and streets	-	-	-	-	27,000	27,000
<b>Total disbursements</b>	<b>366,931</b>	<b>34,122</b>	<b>60,422</b>	<b>-</b>	<b>68,203</b>	<b>529,678</b>
Excess (deficiency) of receipts over disbursements	(98,646)	15,436	(11,165)	8,932	(5,548)	(90,991)
<b>Other financing sources (uses):</b>						
Transfers in	2,628	-	323	137	943	4,031
Transfers out	(571)	-	(40)	(42)	(3,378)	(4,031)
<b>Total other financing sources (uses)</b>	<b>2,057</b>	<b>-</b>	<b>283</b>	<b>95</b>	<b>(2,435)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(96,589)	15,436	(10,882)	9,027	(7,983)	(90,991)
Cash and investment fund balance - beginning	165,941	157,370	55,662	94,734	129,967	603,674
Cash and investment fund balance - ending	<u>\$ 69,352</u>	<u>\$ 172,806</u>	<u>\$ 44,780</u>	<u>\$ 103,761</u>	<u>\$ 121,984</u>	<u>\$ 512,683</u>
<b>Cash and Investment Assets - December 31</b>						
Cash and investments	\$ 69,352	\$ -	\$ -	\$ -	\$ -	\$ 69,352
Restricted assets:						
Cash and investments	-	172,806	44,780	103,761	121,984	443,331
<b>Total cash and investment assets - December 31</b>	<u>\$ 69,352</u>	<u>\$ 172,806</u>	<u>\$ 44,780</u>	<u>\$ 103,761</u>	<u>\$ 121,984</u>	<u>\$ 512,683</u>
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ 9,387	\$ 9,387
Other purposes	-	172,806	44,780	103,761	112,597	433,944
Unrestricted	69,352	-	-	-	-	69,352
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 69,352</u>	<u>\$ 172,806</u>	<u>\$ 44,780</u>	<u>\$ 103,761</u>	<u>\$ 121,984</u>	<u>\$ 512,683</u>

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

TOWN OF WOLCOTT  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As Of And For The Year Ended December 31, 2008

	Water Utility	Wastewater Utility	Totals
Operating receipts:			
Metered water receipts:			
Residential	\$ 145,166	\$ -	\$ 145,166
Customer deposits	3,875	-	3,875
Fire protection receipts	39,930	-	39,930
Measured revenue:			
Residential	-	219,956	219,956
Other	12,812	4,215	17,027
	<u>201,783</u>	<u>224,171</u>	<u>425,954</u>
Total operating receipts			
Operating disbursements:			
Equipment and capital improvements	-	542,577	542,577
Salaries and wages	50,778	64,791	115,569
Employee pensions and benefits	34,782	35,561	70,343
Purchased power	10,221	14,610	24,831
Chemicals	1,615	1,017	2,632
Material and supplies	8,512	7,246	15,758
Contractual services	3,381	3,604	6,985
Insurance claims and premiums	5,124	5,124	10,248
Miscellaneous disbursements	39,370	5,845	45,215
	<u>153,783</u>	<u>680,375</u>	<u>834,158</u>
Total operating disbursements			
Excess (deficiency) of operating receipts over operating disbursements	<u>48,000</u>	<u>(456,204)</u>	<u>(408,204)</u>
Nonoperating receipts (disbursements):			
Interest and investment receipts	3,016	3,361	6,377
Debt service of principal	(15,000)	(25,000)	(40,000)
Interest and investment disbursement	(12,742)	(32,778)	(45,520)
	<u>(24,726)</u>	<u>(54,417)</u>	<u>(79,143)</u>
Total nonoperating disbursements			
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	23,274	(510,621)	(487,347)
Capital contributions	<u>-</u>	<u>500,000</u>	<u>500,000</u>
Excess (deficiency) of receipts and contributions over disbursements	23,274	(10,621)	12,653
Cash and investment fund balance - beginning	<u>105,883</u>	<u>193,278</u>	<u>299,161</u>
Cash and investment fund balance - ending	<u>\$ 129,157</u>	<u>\$ 182,657</u>	<u>\$ 311,814</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 12,670	\$ 48,801	\$ 61,471
Restricted assets:			
Cash and investments	116,487	133,856	250,343
	<u>129,157</u>	<u>182,657</u>	<u>311,814</u>
Total cash and investment assets - December 31			
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ 46,807	\$ 119,616	\$ 166,423
Other purposes	69,680	14,240	83,920
Unrestricted	12,670	48,801	61,471
	<u>129,157</u>	<u>182,657</u>	<u>311,814</u>
Total cash and investment fund balance - December 31			

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

TOWN OF WOLCOTT  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2008

	<u>Agency Funds</u>
Cash and investment fund balance - ending	<u>\$ 8,055</u>

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

TOWN OF WOLCOTT  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides the following services: public safety (police and fire), highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, water, and wastewater.

The Town's financial reporting entity is composed of the following:

Primary Government: Town of Wolcott

In determining the financial reporting entity, the Town complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The ambulance fund accounts for the operation of an ambulance service.

The motor vehicle highway fund accounts for the funds which are used to maintain the Town's streets.

The cumulative capital development fund accounts for funds accumulated for future capital projects.

TOWN OF WOLCOTT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The Town reports the following major proprietary funds:

The water utility fund accounts for the operation of the water distribution system.

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations, and collection systems.

Additionally, the Town reports the following fund type:

Agency funds account for assets held by the Town as an agent for payroll withholdings.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, 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 cash and investment 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. Investment transactions are not presented on the financial statements.

If the Town utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town and the utilities. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government. The Town does not have any internal service funds.

TOWN OF WOLCOTT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and in 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.

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

5. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the Town's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

TOWN OF WOLCOTT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include charges to customers or applicants for goods, services, or privileges provided, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

TOWN OF WOLCOTT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the Town submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the Town receives approval of the Indiana Department of Local Government Finance.

The Town's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Statutory Authorization for Investments

Indiana Code 5-13-9 authorizes the Town to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the Town to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

TOWN OF WOLCOTT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the Town and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the Town may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the Town's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

B. Interfund Transfers

Interfund transfers for the years ended December 31, 2007 and 2008, were as follows:

Transfer From	Transfer To	2007	2008
General Fund	Other governmental funds	\$ -	\$ 571
Motor Vehicle Highway	Other governmental funds	-	40
Cumulative Capital Development	Other governmental funds	-	42
Other governmental funds	General Fund	-	2,628
	Motor Vehicle Highway	-	323
	Cumulative Capital Development	-	137
	Other governmental funds	-	290
Totals		<u>\$ -</u>	<u>\$ 4,031</u>

The Town typically uses transfers for cash flow purposes as provided by various statutory provisions.

IV. Other Information

A. Risk Management

The Town is 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; and natural disasters.

TOWN OF WOLCOTT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk. Risk financing is not utilized for the other risks of loss.

B. Rate Structure – Enterprise Funds

Water Utility

On February 6, 1990, the Town Council adopted Ordinance 1990-1 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on November 5, 2005.

Wastewater Utility

The current rate structure was approved by the Town Council on April 3, 2007.

C. Pension Plan

Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), 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 the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the Town 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 member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The Town's annual pension cost and related information, as provided by the actuary, is presented in this note.

TOWN OF WOLCOTT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Information to segregate the assets/liabilities and the actuarial study figures between the Town and the Utilities is not available.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 17,010
Interest on net pension obligation	(923)
Adjustment to annual required contribution	1,052
Annual pension cost	17,139
Contributions made	17,009
Increase (decrease) in net pension obligation	130
Net pension obligation, beginning of year	(12,734)
Net pension obligation, end of year	\$ (12,604)

	PERF
Contribution rates:	
Town	7.75%
Plan members	3%
Actuarial valuation date	07-01-08
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

<u>Actuarial Assumptions</u>	PERF
Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

TOWN OF WOLCOTT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Three Year Trend Information

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PERF	06-30-06	\$ 13,298	97%	\$ (13,412)
	06-30-07	15,228	96%	(12,734)
	06-30-08	17,139	99%	(12,604)

TOWN OF WOLCOTT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 79,917	\$ 120,939	\$ (41,022)	66%	\$ 205,441	(20%)
07-01-07	100,640	152,519	(51,879)	66%	219,073	(24%)
07-01-08	127,107	185,414	(58,307)	69%	232,451	(25%)

TOWN OF WOLCOTT  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2007

	Local Road & Street	Park & Recreation	Law Enforcement Continuing Education	Riverboat	Rainy Day	Police Donation
Receipts:						
Taxes	\$ -	\$ 10,207	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	130	-	-	-
Intergovernmental	4,026	803	-	6,236	-	-
Charges for services	374	-	358	-	-	-
Other	-	1,139	-	-	-	-
<b>Total receipts</b>	<b>4,400</b>	<b>12,149</b>	<b>488</b>	<b>6,236</b>	<b>-</b>	<b>-</b>
Disbursements:						
General government	-	-	-	-	-	1,000
Public safety	-	-	1,958	-	-	-
Highways and streets	6,800	-	-	-	-	-
Culture and recreation	-	12,500	-	-	-	-
<b>Total disbursements</b>	<b>6,800</b>	<b>12,500</b>	<b>1,958</b>	<b>-</b>	<b>-</b>	<b>1,000</b>
Excess (deficiency) of receipts over disbursements	(2,400)	(351)	(1,470)	6,236	-	(1,000)
Cash and investment fund balance - beginning	27,830	13,175	2,786	24,950	1,709	1,000
Cash and investment fund balance - ending	<u>\$ 25,430</u>	<u>\$ 12,824</u>	<u>\$ 1,316</u>	<u>\$ 31,186</u>	<u>\$ 1,709</u>	<u>\$ -</u>
<b>Cash and Investment Assets - December 31</b>						
Restricted assets:						
Cash and investments	<u>\$ 25,430</u>	<u>\$ 12,824</u>	<u>\$ 1,316</u>	<u>\$ 31,186</u>	<u>\$ 1,709</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
Culture and recreation	\$ -	\$ 12,824	\$ -	\$ -	\$ -	\$ -
Other purposes	25,430	-	1,316	31,186	1,709	-
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 25,430</u>	<u>\$ 12,824</u>	<u>\$ 1,316</u>	<u>\$ 31,186</u>	<u>\$ 1,709</u>	<u>\$ -</u>

TOWN OF WOLCOTT  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2007  
 (Continued)

	Cumulative Capital Improvement	CEDIT	Levy Excess	Abatement Dog & Cat	Totals
<b>Receipts:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 10,207
Licenses and permits	-	-	-	-	130
Intergovernmental	3,474	21,332	-	-	35,871
Charges for services	-	-	-	-	732
Other	-	-	-	-	1,139
<b>Total receipts</b>	<b>3,474</b>	<b>21,332</b>	<b>-</b>	<b>-</b>	<b>48,079</b>
<b>Disbursements:</b>					
General government	5,284	3,516	-	-	9,800
Public safety	-	-	-	-	1,958
Highways and streets	-	-	-	-	6,800
Culture and recreation	-	-	-	-	12,500
<b>Total disbursements</b>	<b>5,284</b>	<b>3,516</b>	<b>-</b>	<b>-</b>	<b>31,058</b>
Excess (deficiency) of receipts over disbursements	(1,810)	17,816	-	-	17,021
Cash and investment fund balance - beginning	3,878	34,275	3,343	-	112,946
Cash and investment fund balance - ending	<u>\$ 2,068</u>	<u>\$ 52,091</u>	<u>\$ 3,343</u>	<u>\$ -</u>	<u>\$ 129,967</u>
<b><u>Cash and Investment Assets - December 31</u></b>					
<b>Restricted assets:</b>					
Cash and investments	<u>\$ 2,068</u>	<u>\$ 52,091</u>	<u>\$ 3,343</u>	<u>\$ -</u>	<u>\$ 129,967</u>
<b><u>Cash and Investment Fund Balance - December 31</u></b>					
<b>Restricted for:</b>					
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ 12,824
Other purposes	2,068	52,091	3,343	-	117,143
<b>Total cash and investment fund balance - December 31</b>	<b><u>\$ 2,068</u></b>	<b><u>\$ 52,091</u></b>	<b><u>\$ 3,343</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 129,967</u></b>

TOWN OF WOLCOTT  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUND  
 For The Year Ended December 31, 2007

	Payroll	Total
Additions:		
Agency fund additions	\$ 333,918	\$ 333,918
Deductions:		
Agency fund deductions	326,037	326,037
Excess (deficiency) of total additions over total deductions	7,881	7,881
Cash and investment fund balance - beginning	1,069	1,069
Cash and investment fund balance - ending	\$ 8,950	\$ 8,950

TOWN OF WOLCOTT  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2008

	Local Road & Street	Park & Recreation	Law Enforcement Continuing Education	Riverboat	Rainy Day	Police Donation
Receipts:						
Taxes	\$ -	\$ 4,504	\$ -	\$ -	\$ -	\$ -
Intergovernmental	4,108	895	-	6,204	12,086	-
Charges for services	-	-	4,769	-	-	-
Other	-	476	-	-	-	-
<b>Total receipts</b>	<b>4,108</b>	<b>5,875</b>	<b>4,769</b>	<b>6,204</b>	<b>12,086</b>	<b>-</b>
Disbursements:						
Public safety	-	-	1,316	-	-	-
Culture and recreation	-	9,532	-	-	-	-
Capital outlay:						
General governmental	-	-	-	-	-	-
Highways and streets	27,000	-	-	-	-	-
<b>Total disbursements</b>	<b>27,000</b>	<b>9,532</b>	<b>1,316</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(22,892)	(3,657)	3,453	6,204	12,086	-
Other financing sources (uses):						
Transfers in	-	255	-	-	-	-
Transfers out	-	(35)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>220</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(22,892)	(3,437)	3,453	6,204	12,086	-
Cash and investment fund balance - beginning	25,430	12,824	1,316	31,186	1,709	-
Cash and investment fund balance - ending	<u>\$ 2,538</u>	<u>\$ 9,387</u>	<u>\$ 4,769</u>	<u>\$ 37,390</u>	<u>\$ 13,795</u>	<u>\$ -</u>
<u>Cash and Investment Assets - December 31</u>						
Restricted assets:						
Cash and investments	<u>\$ 2,538</u>	<u>\$ 9,387</u>	<u>\$ 4,769</u>	<u>\$ 37,390</u>	<u>\$ 13,795</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Culture and recreation	\$ -	\$ 9,387	\$ -	\$ -	\$ -	\$ -
Other purposes	2,538	-	4,769	37,390	13,795	-
<b>Total cash and investment fund balance - December 31</b>	<b><u>\$ 2,538</u></b>	<b><u>\$ 9,387</u></b>	<b><u>\$ 4,769</u></b>	<b><u>\$ 37,390</u></b>	<b><u>\$ 13,795</u></b>	<b><u>\$ -</u></b>

TOWN OF WOLCOTT  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2008  
 (Continued)

	Cumulative Capital Improvement	CEDIT	Levy Excess	Abatement Dog & Cat	Totals
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 4,504
Intergovernmental	3,216	26,122	-	-	52,631
Charges for services	-	-	-	-	4,769
Other	-	-	-	275	751
<b>Total receipts</b>	<b>3,216</b>	<b>26,122</b>	<b>-</b>	<b>275</b>	<b>62,655</b>
Disbursements:					
Public safety	-	-	-	-	1,316
Culture and recreation	-	-	-	-	9,532
Capital outlay:					
General governmental	3,082	27,273	-	-	30,355
Highways and streets	-	-	-	-	27,000
<b>Total disbursements</b>	<b>3,082</b>	<b>27,273</b>	<b>-</b>	<b>-</b>	<b>68,203</b>
Excess (deficiency) of receipts over disbursements	134	(1,151)	-	275	(5,548)
Other financing sources (uses):					
Transfers in	-	-	688	-	943
Transfers out	-	-	(3,343)	-	(3,378)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(2,655)</b>	<b>-</b>	<b>(2,435)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	134	(1,151)	(2,655)	275	(7,983)
Cash and investment fund balance - beginning	2,068	52,091	3,343	-	129,967
Cash and investment fund balance - ending	<u>\$ 2,202</u>	<u>\$ 50,940</u>	<u>\$ 688</u>	<u>\$ 275</u>	<u>\$ 121,984</u>
<u>Cash and Investment Assets - December 31</u>					
Restricted assets:					
Cash and investments	<u>\$ 2,202</u>	<u>\$ 50,940</u>	<u>\$ 688</u>	<u>\$ 275</u>	<u>\$ 121,984</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ 9,387
Other purposes	2,202	50,940	688	275	112,597
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 2,202</u>	<u>\$ 50,940</u>	<u>\$ 688</u>	<u>\$ 275</u>	<u>\$ 121,984</u>

TOWN OF WOLCOTT  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUND  
 For The Year Ended December 31, 2008

	Payroll	Total
Additions:		
Agency fund additions	\$ 357,117	\$ 357,117
Deductions:		
Agency fund deductions	358,012	358,012
Excess (deficiency) of total additions over total deductions	(895)	(895)
Cash and investment fund balance - beginning	8,950	8,950
Cash and investment fund balance - ending	\$ 8,055	\$ 8,055

TOWN OF WOLCOTT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended December 31, 2008

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>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 11,500
Infrastructure	624,051
Buildings	154,564
Improvements other than buildings	27,708
Machinery and equipment	<u>484,487</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 1,302,310</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 22,159
Buildings	102,439
Improvements other than buildings	2,616,941
Machinery and equipment	<u>129,869</u>
 Total Water Utility capital assets	 <u>2,871,408</u>
 Wastewater Utility:	
Capital assets, not being depreciated:	
Land	24,000
Buildings	1,288,093
Improvements other than buildings	2,898,483
Machinery and equipment	<u>113,409</u>
 Total Wastewater Utility capital assets	 <u>4,323,985</u>
 Total business-type activities capital assets	 <u>\$ 7,195,393</u>

TOWN OF WOLCOTT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2008

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Water Utility:		
Revenue bonds:		
Waterworks Bonds of 2001	\$ 240,000	\$ 21,195
Wastewater Utility:		
Revenue bonds:		
Sewage Refunding Bonds of 2002	50,000	26,562
Sewer Works Revenue Bonds of 2007	<u>688,000</u>	<u>51,720</u>
Total Wastewater Utility	<u>738,000</u>	<u>78,282</u>
Total business-type activities debt	<u>\$ 978,000</u>	<u>\$ 99,477</u>

TOWN OF WOLCOTT  
AUDIT RESULT AND COMMENT

LACK OF SEGREGATION OF DUTIES

We noted deficiencies in the internal control system of the Town related to financial transactions and reporting. We believe the following deficiencies constitute a material weakness:

Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the town to reduce risks to achievement of financial reporting objectives. The Town has not separated incompatible activities related to Town receipts, utility billings and collections, disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to go undetected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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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

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE TOWN OF WOLCOTT, WHITE COUNTY, INDIANA

Compliance

We have audited the compliance of the Town of Wolcott (Town) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended December 31, 2007 and 2008. The Town's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town'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 Town'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 Town's compliance with those requirements.

In our opinion, the Town complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2007 and 2008.

Internal Control Over Compliance

The management of the Town 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 Town'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, 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 Town's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

A control deficiency in a Town's 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

The Town's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management, Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 25, 2009

TOWN OF WOLCOTT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended December 31, 2007 and 2008

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-07	Total Federal Awards Expended 12-31-08
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Pass-Through Indiana Office of Community and Rural Affairs Community Development Block Grants/States Program and Non-Entitlement Grants in Hawaii Wastewater Improvement Project Planning Grant	14.228	CF-06-223 PL-04-059	\$ 343,792 -	\$ 156,208 27,972
Total for federal grantor agency			<u>343,792</u>	<u>184,180</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Pass-Through Indiana Criminal Justice Institute Edward Byrne Memorial Justice Assistance Grant Program	16.738	05-DJ-051	<u>6,981</u>	<u>-</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
Pass-Through Indiana Finance Authority - State Revolving Loan Fund Capitalization Grants for Drinking Water State Revolving Funds	66.468		<u>257,322</u>	<u>-</u>
Total federal awards expended			<u>\$ 608,095</u>	<u>\$ 184,180</u>

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

TOWN OF WOLCOTT  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Wolcott (Town) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of Towns with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

TOWN OF WOLCOTT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	yes
Significant deficiencies identified that are not considered to be material weaknesses?	no

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.228	Community Development Block Grants/States Program and Non-Entitlement Grants in Hawaii

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

Auditee qualified as low-risk auditee? no

TOWN OF WOLCOTT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Section II – Financial Statement Findings

FINDING 2008-1, LACK OF SEGREGATION OF DUTIES

We noted deficiencies in the internal control system of the Town related to financial transactions and reporting. We believe the following deficiencies constitute a material weakness:

Lack of Segregations of Duties: Control activities should be selected and developed at various levels of the Town to reduce risks to achievement of financial reporting objectives. The Town has not separated incompatible activities related to town receipts, utility billings and collections, disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to go undetected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Control activities should be selected and developed at various levels of the Town to reduce risks to achievement of financial reporting objectives.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

TOWN OF WOLCOTT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

# Town of Wolcott

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[woltown@ffni.com](mailto:woltown@ffni.com)

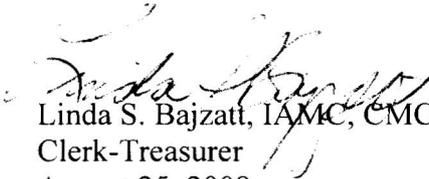
Marsha L. Mackey, Council President  
Richard A. Lynn, Council Member  
Fred Young, Council Member

Jon H. Evans, Council Vice President  
Jerry Pinkerton, Council Member  
Linda S. Bajzatt, Clerk-Treasurer

## CORRECTIVE ACTION PLAN

The management of the Town of Wolcott has reviewed the Financial Statement Findings related to their audit for the years 2007/2008 and offer the following corrective actions.

1. Lack of Segregation of Duties – The Clerk Treasurer’s office will review its office procedures and attempt to institute duties that would involve, at least on a sample basis, reviews of the work being performed by each of the office employees. However, the town is a very small governmental unit and management has determined that the cost associated with employing the additional staff necessary to properly segregate the duties in the business office would outweigh the benefits of a strong internal control structure. Management acknowledges and assumes the risks inherent with the current design of its business office.
2. Saying this, I respectfully request that this finding is removed from the audit report as this finding is unmerited and not a fiscally manageable plan for an office of this size and the services that it performs for its taxpayers .

  
Linda S. Bajzatt, IAMC, CMC  
Clerk-Treasurer  
August 25, 2009

TOWN OF WOLCOTT  
EXIT CONFERENCE

The contents of this report were discussed on August 25, 2009, with Linda S. Bajzatt, Clerk-Treasurer; Marsha L. Mackey, President of the Town Council; and Merri Schieler, Deputy Clerk-Treasurer.