

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

AUDIT REPORT

OF

TOWN OF WOLCOTTVILLE

LAGRANGE COUNTY, INDIANA

January 1, 2007 to December 31, 2008



FILED
11/09/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jane M. Feller Jeanette Combs	01-01-04 to 08-31-09 09-01-09 to 12-31-11
President of the Town Council	Don Bateman Natalie Sturgis	01-01-07 to 12-31-07 01-01-08 to 12-31-09
Superintendent of Water Utility	Randy J. Miller	01-01-07 to 12-31-09
Superintendent of Wastewater Utility	Matthew R. Jordan	01-01-07 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 WOLCOTTVILLE, LAGRANGE 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 Wolcottville (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 October 26, 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.

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

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 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

October 26, 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 WOLCOTTVILLE, LAGRANGE 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 Wolcottville (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 October 26, 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 Federal Finding 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 the deficiencies described in Federal Finding 2008-1 to be material weaknesses.

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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the 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

October 26, 2009

TOWN OF WOLCOTTVILLE
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	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Primary government:						
Governmental activities:						
General government	\$ 204,612	\$ 4,454	\$ -	\$ (200,158)	\$ -	\$ (200,158)
Public safety	91,641	17,303	-	(74,338)	-	(74,338)
Highways and streets	121,001	-	-	(121,001)	-	(121,001)
Health and welfare	-	40,878	-	40,878	-	40,878
Culture and recreation	7,797	240	-	(7,557)	-	(7,557)
Interest on long-term debt	1,772	-	-	(1,772)	-	(1,772)
Total governmental activities	426,823	62,875	-	(363,948)	-	(363,948)
Business-type activities:						
Water	1,155,196	144,010	387,212	-	(623,974)	(623,974)
Wastewater	640,933	623,385	-	-	(17,548)	(17,548)
Total business-type activities	1,796,129	767,395	387,212	-	(641,522)	(641,522)
Total primary government	\$ 2,222,952	\$ 830,270	\$ 387,212	(363,948)	(641,522)	(1,005,470)
General receipts:						
Property taxes				184,610	-	184,610
Loan proceeds				-	657,549	657,549
Other local sources				160,855	1,400	162,255
Grants and contributions not restricted to specific programs				61,851	-	61,851
Unrestricted investment earnings				25,803	40,975	66,778
Total general receipts				433,119	699,924	1,133,043
Change in net assets				69,171	58,402	127,573
Net assets - beginning				559,258	918,323	1,477,581
Net assets - ending				\$ 628,429	\$ 976,725	\$ 1,605,154
Assets						
Cash and investments				\$ 151,695	\$ 153,356	\$ 305,051
Restricted assets:						
Cash and investments				476,734	823,369	1,300,103
Total assets				\$ 628,429	\$ 976,725	\$ 1,605,154
Net Assets						
Restricted for:						
Public safety				\$ 8,344	\$ -	\$ 8,344
Debt service				-	692,838	692,838
Highways and streets				100,592	-	100,592
Culture and recreation				1,520	-	1,520
Capital outlay				366,278	121,392	487,670
Other purposes				-	9,139	9,139
Unrestricted				151,695	153,356	305,051
Total net assets				\$ 628,429	\$ 976,725	\$ 1,605,154

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

TOWN OF WOLCOTTVILLE
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	Local Major Moves Construction	County Economic Development Income Tax	Other Governmental Funds	Totals
Receipts:					
Taxes	\$ 283,980	\$ -	\$ 36,570	9,879	\$ 330,429
Licenses and permits	169	-	-	105	274
Intergovernmental	9,801	-	-	40,969	50,770
Charges for services	44,981	-	-	17,269	62,250
Fines and forfeits	351	-	-	-	351
Other	27,535	-	-	24,385	51,920
Total receipts	366,817	-	36,570	92,607	495,994
Disbursements:					
General government	204,612	-	-	-	204,612
Public safety	75,164	-	-	6,494	81,658
Highways and streets	-	-	-	4,065	4,065
Culture and recreation	577	-	-	7,220	7,797
Debt service:					
Principal	-	-	-	9,983	9,983
Interest	-	-	-	1,772	1,772
Capital outlay:					
Highways and streets	67,684	-	34,318	14,935	116,937
Total disbursements	348,037	-	34,318	44,469	426,824
Excess of receipts over disbursements	18,780	-	2,252	48,138	69,170
Cash and investment fund balance - beginning	132,915	238,653	64,802	122,889	559,259
Cash and investment fund balance - ending	<u>\$ 151,695</u>	<u>\$ 238,653</u>	<u>\$ 67,054</u>	<u>\$ 171,027</u>	<u>\$ 628,429</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ 151,695	\$ -	\$ -	\$ 15,036	\$ 166,731
Restricted assets:					
Cash and investments	-	238,653	67,054	155,991	461,698
Total cash and investment assets - December 31	<u>\$ 151,695</u>	<u>\$ 238,653</u>	<u>\$ 67,054</u>	<u>\$ 171,027</u>	<u>\$ 628,429</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Public safety	\$ -	\$ -	\$ -	8,344	\$ 8,344
Highways and streets	-	-	-	100,592	100,592
Culture and recreation	-	-	-	1,520	1,520
Capital outlay	-	238,653	67,054	45,535	351,242
Other purpose	-	-	-	-	-
Unrestricted	151,695	-	-	15,036	166,731
Total cash and investment fund balance - December 31	<u>\$ 151,695</u>	<u>\$ 238,653</u>	<u>\$ 67,054</u>	<u>\$ 171,027</u>	<u>\$ 628,429</u>

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

TOWN OF WOLCOTTVILLE
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

	Water Utility	Wastewater Utility	Totals
Operating receipts:			
Metered revenue	\$ 142,230	\$ 594,943	\$ 737,173
Other	<u>1,780</u>	<u>28,442</u>	<u>30,222</u>
 Total operating receipts	 <u>144,010</u>	 <u>623,385</u>	 <u>767,395</u>
Operating disbursements:			
Equipment and capital improvements	1,044,761	-	1,044,761
Salaries and wages	40,601	104,527	145,128
Employee pensions and benefits	3,106	7,996	11,102
Purchased power	7,892	42,048	49,940
Purchased wastewater treatment	-	492	492
Sludge removal	-	10,661	10,661
Fuel for power production	-	3,248	3,248
Chemicals	1,576	11,198	12,774
Material and supplies	10,710	13,220	23,930
Contractual services	949	15,388	16,337
Transportation disbursements	-	215	215
Insurance disbursements	2,256	-	2,256
Miscellaneous disbursements	<u>1,000</u>	<u>20,259</u>	<u>21,259</u>
 Total operating disbursements	 <u>1,112,851</u>	 <u>229,252</u>	 <u>1,342,103</u>
 Excess (deficiency) of operating receipts over operating disbursements	 <u>(968,841)</u>	 <u>394,133</u>	 <u>(574,708)</u>
Nonoperating receipts (disbursements):			
Loan proceeds	657,549	-	657,549
Interest and investment receipts	4,013	36,962	40,975
Miscellaneous receipts	1,400	-	1,400
Debt service of principal	(38,000)	(169,000)	(207,000)
Interest and investment disbursement	(4,220)	(203,192)	(207,412)
Miscellaneous disbursements	<u>(125)</u>	<u>(39,489)</u>	<u>(39,614)</u>
 Total nonoperating receipts (disbursements)	 <u>620,617</u>	 <u>(374,719)</u>	 <u>245,898</u>
 Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	 <u>(348,224)</u>	 <u>19,414</u>	 <u>(328,810)</u>
Capital contributions	<u>387,212</u>	<u>-</u>	<u>387,212</u>
 Excess of receipts and contributions over disbursements and transfers out	 <u>38,988</u>	 <u>19,414</u>	 <u>58,402</u>
Cash and investment fund balance - beginning	<u>152,403</u>	<u>765,920</u>	<u>918,323</u>
Cash and investment fund balance - ending	<u>\$ 191,391</u>	<u>\$ 785,334</u>	<u>\$ 976,725</u>
 <u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 27,423	\$ 125,933	\$ 153,356
Restricted assets:			
Cash and investments	<u>163,968</u>	<u>659,401</u>	<u>823,369</u>
Total cash and investment assets - December 31	<u>\$ 191,391</u>	<u>\$ 785,334</u>	<u>\$ 976,725</u>
 <u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ 103,309	\$ 589,529	\$ 692,838
Capital outlay	51,520	69,872	\$ 121,392
Other purposes	9,139	-	9,139
Unrestricted	<u>27,423</u>	<u>125,933</u>	<u>153,356</u>
Total cash and investment fund balance - December 31	<u>\$ 191,391</u>	<u>\$ 785,334</u>	<u>\$ 976,725</u>

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

TOWN OF WOLCOTTVILLE
STATEMENT OF NET ASSETS - CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2007

	<u>Agency Funds</u>
Total net assets	<u>\$ 3,642</u>

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

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

Functions/Programs	Program Receipts			Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Primary government:						
Governmental activities:						
General government	\$ 360,759	\$ 7,989	\$ -	\$ (352,770)	\$ -	\$ (352,770)
Public safety	110,814	20,085	-	(90,729)	-	(90,729)
Highways and streets	91,978	-	-	(91,978)	-	(91,978)
Sanitation	7,147	8,444	-	1,297	-	1,297
Economic development	-	44,594	-	44,594	-	44,594
Culture and recreation	10,246	260	-	(9,986)	-	(9,986)
Interest on long-term debt	1,104	-	-	(1,104)	-	(1,104)
Total governmental activities	582,048	81,372	-	(500,676)	-	(500,676)
Business-type activities:						
Water	627,342	155,993	112,788	-	(358,561)	(358,561)
Wastewater	673,608	593,702	-	-	(79,906)	(79,906)
Total business-type activities	1,300,950	749,695	112,788	-	(438,467)	(438,467)
Total primary government	\$ 1,882,998	\$ 831,067	\$ 112,788	(500,676)	(438,467)	(939,143)
General receipts:						
Property taxes				172,670	-	172,670
Loan Proceeds				-	309,629	309,629
Other local sources				163,944	-	163,944
Grants and contributions not restricted to specific programs				35,549	-	35,549
Unrestricted investment earnings				15,302	40,631	55,933
Total general receipts				387,465	350,260	737,725
Change in net assets				(113,211)	(88,207)	(201,418)
Net assets - beginning				628,429	976,725	1,605,154
Net assets - ending				\$ 515,218	\$ 888,518	\$ 1,403,736
Assets						
Cash and investments				\$ 72,547	\$ 116,831	\$ 189,378
Restricted assets:						
Cash and investments				442,671	771,687	1,214,358
Total assets				\$ 515,218	\$ 888,518	\$ 1,403,736
Net Assets						
Restricted for:						
Public safety				\$ 7,396	\$ -	\$ 7,396
Debt service				-	752,103	752,103
Highways and streets				54,273	-	54,273
Sanitation				10,297	-	10,297
Culture and recreation				25,176	-	25,176
Capital outlay				345,529	9,705	355,234
Other purposes				-	9,879	9,879
Unrestricted				72,547	116,831	189,378
Total net assets				\$ 515,218	\$ 888,518	\$ 1,403,736

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

TOWN OF WOLCOTTVILLE
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	Local Major Moves Construction	County Economic Development Income Tax	Other Governmental Funds	Totals
Receipts:					
Taxes	\$ 236,435	\$ -	\$ 37,481	\$ 62,698	\$ 336,614
Special assessments	-	-	-	-	-
Licenses and permits	195	-	-	290	485
Intergovernmental	9,558	-	-	16,553	26,111
Charges for services	48,965	-	-	28,304	77,269
Fines and forfeits	3,618	-	-	-	3,618
Other	13,387	5,503	-	5,850	24,740
Total receipts	312,158	5,503	37,481	113,695	468,837
Disbursements:					
General government	360,759	-	-	-	360,759
Public safety	91,080	-	-	9,083	100,163
Highways and streets	-	-	-	36,306	36,306
Sanitation	-	-	-	7,147	7,147
Culture and recreation	1,798	-	-	8,448	10,246
Debt service:					
Principal	-	-	-	10,651	10,651
Interest	-	-	-	1,104	1,104
Capital outlay:					
Highways and streets	-	26,481	21,075	8,116	55,672
Total disbursements	453,637	26,481	21,075	80,855	582,048
Excess (deficiency) of receipts over disbursements	(141,479)	(20,978)	16,406	32,840	(113,211)
Other financing sources (uses):					
Interfund loans	42,000	-	-	9,000	51,000
Interfund loans repaid	-	-	-	(51,000)	(51,000)
Transfers in	-	-	-	2,304	2,304
Transfers out	-	-	(2,304)	-	(2,304)
Total other financing sources (uses)	42,000	-	(2,304)	(39,696)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(99,479)	(20,978)	14,102	(6,856)	(113,211)
Cash and investment fund balance - beginning	151,695	238,653	67,054	171,027	628,429
Cash and investment fund balance - ending	<u>\$ 52,216</u>	<u>\$ 217,675</u>	<u>\$ 81,156</u>	<u>\$ 164,171</u>	<u>\$ 515,218</u>
Cash and Investment Assets - December 31					
Cash and investments	\$ 52,216	\$ -	\$ -	\$ 20,331	\$ 72,547
Restricted assets:					
Cash and investments	-	217,675	81,156	143,840	442,671
Total cash and investment assets - December 31	<u>\$ 52,216</u>	<u>\$ 217,675</u>	<u>\$ 81,156</u>	<u>\$ 164,171</u>	<u>\$ 515,218</u>
Cash and Investment Fund Balance - December 31					
Restricted for:					
Public safety	\$ -	\$ -	\$ -	\$ 7,396	\$ 7,396
Highways and streets	-	-	-	54,273	54,273
Culture and recreation	-	-	-	25,176	25,176
Sanitation	-	-	-	10,297	10,297
Capital outlay	-	217,675	81,156	46,698	345,529
Unrestricted	52,216	-	-	20,331	72,547
Total cash and investment fund balance - December 31	<u>\$ 52,216</u>	<u>\$ 217,675</u>	<u>\$ 81,156</u>	<u>\$ 164,171</u>	<u>\$ 515,218</u>

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

TOWN OF WOLCOTTVILLE
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 revenue	\$ 150,539	\$ 579,250	\$ 729,789
Other	5,454	14,452	19,906
	<u>155,993</u>	<u>593,702</u>	<u>749,695</u>
Total operating receipts			
Operating disbursements:			
Equipment and capital improvements	481,135	-	481,135
Salaries and wages	40,693	109,480	150,173
Employee pensions and benefits	3,106	8,369	11,475
Purchased water	-	-	-
Purchased power	12,028	47,116	59,144
Sludge removal	-	16,045	16,045
Fuel for power production	-	4,972	4,972
Chemicals	935	13,927	14,862
Material and supplies	8,387	14,556	22,943
Contractual services	1,394	3,263	4,657
Miscellaneous disbursements	19,855	56,524	76,379
	<u>567,533</u>	<u>274,252</u>	<u>841,785</u>
Total operating disbursements			
Excess (deficiency) of operating receipts over operating disbursements	<u>(411,540)</u>	<u>319,450</u>	<u>(92,090)</u>
Nonoperating receipts (disbursements):			
Loan proceeds	309,629	-	309,629
Interest and investment receipts	20,107	20,524	40,631
Debt service of principal	(40,000)	(176,000)	(216,000)
Interest and investment disbursement	(25,488)	(196,475)	(221,963)
Miscellaneous disbursements	-	(32,929)	(32,929)
	<u>264,248</u>	<u>(384,880)</u>	<u>(120,632)</u>
Total nonoperating receipts (disbursements)			
Deficiency of receipts over disbursements and nonoperating disbursements	<u>(147,292)</u>	<u>(65,430)</u>	<u>(212,722)</u>
Capital contributions	112,788	-	112,788
Interfund loans	5,679	6,048	11,727
	<u>118,467</u>	<u>6,048</u>	<u>124,515</u>
Deficiency of receipts and contributions over disbursements	<u>(28,825)</u>	<u>(59,382)</u>	<u>(88,207)</u>
Cash and investment fund balance - beginning	<u>191,391</u>	<u>785,334</u>	<u>976,725</u>
Cash and investment fund balance - ending	<u>\$ 162,566</u>	<u>\$ 725,952</u>	<u>\$ 888,518</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 39,761	\$ 77,070	\$ 116,831
Restricted assets:			
Cash and investments	<u>122,805</u>	<u>648,882</u>	<u>771,687</u>
Total cash and investment assets - December 31	<u>\$ 162,566</u>	<u>\$ 725,952</u>	<u>\$ 888,518</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ 107,365	\$ 644,738	\$ 752,103
Capital outlay	5,561	4,144	9,705
Other purposes	9,879	-	9,879
Unrestricted	<u>39,761</u>	<u>77,070</u>	<u>116,831</u>
Total cash and investment fund balance - December 31	<u>\$ 162,566</u>	<u>\$ 725,952</u>	<u>\$ 888,518</u>

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

TOWN OF WOLCOTTVILLE
STATEMENT OF NET ASSETS - CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2008

	<u>Agency Funds</u>
Total net assets	<u>\$ 3,504</u>

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

TOWN OF WOLCOTTVILLE
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, wastewater services.

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

Primary Government: Town of Wolcottville

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 local major moves construction fund (capital projects) accounts for construction.

The CEDIT fund (capital projects) accounts for the Town's use of economic development income tax revenues.

TOWN OF WOLCOTTVILLE
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 payments-in-lieu of taxes and other charges between the Town and 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 WOLCOTTVILLE
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. 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.

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 WOLCOTTVILLE
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, and capital grants and contributions, 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 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 WOLCOTTVILLE
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.

B. Disbursements in Excess of Appropriations

For the years ended December 31, 2007 and 2008, disbursements exceeded budgeted appropriations in the following funds by the amounts below:

Fund	2007	2008
Cumulative Capital Improvement	\$ 669	\$ -
General	-	1,528
Local Major Moves Construction	-	26,481
	\$ 669	\$ 28,009
Totals	\$ 669	\$ 28,009

These disbursements were funded by available cash in the funds.

III. Detailed Notes on All Funds

A. Deposits and Investments

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

TOWN OF WOLCOTTVILLE
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The Town does not have a deposit policy for custodial credit risk. At December 31, 2008, the Town had deposit balances in the amount of \$1,410,240. 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.

B. Interfund Transfers

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>2007</u>	<u>2008</u>
Major Fund:			
CEDIT	Other governmental funds	\$ <u> -</u>	\$ <u> 2,034</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.

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.

B. Rate Structure – Enterprise Funds

Water Utility

On May 2, 2000, the Town Council adopted Ordinance No. 2000-5-1 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Town Council on April 7, 2009.

Wastewater Utility

The current rate structure was approved by the Town Council on October 28, 2003.

TOWN OF WOLCOTTVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Pension Plan

Agent Multiple-Employer Defined Benefit Pension Plans

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.

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

TOWN OF WOLCOTTVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 16,383
Interest on net pension obligation	(698)
Adjustment to annual required contribution	795
Annual pension cost	16,480
Contributions made	14,733
Increase in net pension obligation	1,747
Net pension obligation, beginning of year	(9,626)
Net pension obligation, end of year	\$ (7,879)

	PERF
Contribution rates:	
Town	7.25%
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 WOLCOTTVILLE
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Three Year Trend Information

	<u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension Cost</u> <u>(APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
PERF	06-30-06	\$ 9,977	103%	\$ (15,993)
	06-30-07	17,735	64%	(9,626)
	06-30-08	16,480	89%	(7,879)

TOWN OF WOLCOTTVILLE
 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	\$ 168,388	\$ 205,984	\$ (37,596)	82%	\$ 253,577	(15%)
07-01-07	196,359	214,197	(17,838)	92%	245,488	(7%)
07-01-08	227,230	236,005	(8,775)	96%	261,682	(3%)

TOWN OF WOLCOTTVILLE
 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 and Street	Park and Recreation	Law Enforcement Continuing Education	Motor Vehicle Highway	Infraction Deferral	Rainy Day
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ 3,997	\$ -	\$ -
Licenses and permits	-	-	105	-	-	-
Intergovernmental	3,473	-	-	34,219	-	-
Charges for services	-	240	29	-	17,000	-
Other	-	-	-	-	37	15,036
Total receipts	3,473	240	134	38,216	17,037	15,036
Disbursements:						
Public safety	-	-	364	-	4,549	-
Highways and streets	-	-	-	4,065	-	-
Culture and recreation	-	295	-	-	-	-
Debt service:						
Principal	-	-	-	-	9,983	-
Interest	-	-	-	-	1,772	-
Capital outlay:						
Highways and streets	-	-	-	-	-	-
Total disbursements	-	295	364	4,065	16,304	-
Excess (deficiency) of receipts over disbursements	3,473	(55)	(230)	34,151	733	15,036
Cash and investment fund balance - beginning	16,933	392	834	46,035	6,483	-
Cash and investment fund balance - ending	<u>\$ 20,406</u>	<u>\$ 337</u>	<u>\$ 604</u>	<u>\$ 80,186</u>	<u>\$ 7,216</u>	<u>\$ 15,036</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,036
Restricted assets:						
Cash and investments	20,406	337	604	80,186	7,216	-
Total cash and investment assets - December 31	\$ 20,406	\$ 337	\$ 604	\$ 80,186	\$ 7,216	\$ 15,036
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Public safety	\$ -	\$ -	\$ 604	\$ -	\$ 7,216	\$ -
Highways and streets	20,406	-	-	80,186	-	-
Culture and recreation	-	337	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	15,036
Total cash and investment fund balance - December 31	\$ 20,406	\$ 337	\$ 604	\$ 80,186	\$ 7,216	\$ 15,036

TOWN OF WOLCOTTVILLE
 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)

	Police Donation	Fireworks Donation	V. Hanes Community Center	Cumulative Capital Improvement	Cumulative Capital Development	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 5,882	\$ 9,879
Licenses and permits	-	-	-	-	-	105
Intergovernmental	-	-	-	3,277	-	40,969
Charges for services	-	-	-	-	-	17,269
Other	1,000	6,738	1,265	-	309	24,385
Total receipts	1,000	6,738	1,265	3,277	6,191	92,607
Disbursements:						
Public safety	1,581	-	-	-	-	6,494
Highways and streets	-	-	-	-	-	4,065
Culture and recreation	-	6,925	-	-	-	7,220
Debt service:						
Principal	-	-	-	-	-	9,983
Interest	-	-	-	-	-	1,772
Capital outlay:						
Highways and streets	-	-	-	7,186	7,749	14,935
Total disbursements	1,581	6,925	-	7,186	7,749	44,469
Excess (deficiency) of receipts over disbursements	(581)	(187)	1,265	(3,909)	(1,558)	48,138
Cash and investment fund balance - beginning	1,105	105	-	4,407	46,595	122,889
Cash and investment fund balance - ending	\$ 524	\$ (82)	\$ 1,265	\$ 498	\$ 45,037	\$ 171,027
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,036
Restricted assets:						
Cash and investments	524	(82)	1,265	498	45,037	155,991
Total cash and investment assets - December 31	\$ 524	\$ (82)	\$ 1,265	\$ 498	\$ 45,037	\$ 171,027
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Public safety	\$ 524	\$ -	\$ -	\$ -	\$ -	\$ 8,344
Highways and streets	-	-	-	-	-	100,592
Culture and recreation	-	(82)	1,265	-	-	1,520
Capital outlay	-	-	-	498	45,037	45,535
Unrestricted	-	-	-	-	-	15,036
Total cash and investment fund balance - December 31	\$ 524	\$ (82)	\$ 1,265	\$ 498	\$ 45,037	\$ 171,027

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

	Totals
Additions:	
Agency fund additions	\$ 282,311
Deductions:	
Agency fund deductions	281,209
Excess (deficiency) of total additions over total deductions	1,102
Cash and investment fund balance - beginning	2,540
Cash and investment fund balance - ending	\$ 3,642

TOWN OF WOLCOTTVILLE
 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 and Street	Park and Recreation	Law Enforcement Continuing Education	Motor Vehicle Highway	Infraction Deferral	Rainy Day	Police Donation
Receipts:							
Taxes	\$ 3,227	\$ 24,000	\$ -	\$ 12,207	\$ -	\$ 14,295	\$ -
Licenses and permits	-	-	290	-	-	-	-
Intergovernmental	-	-	-	16,553	-	-	-
Charges for services	-	260	100	-	19,500	-	-
Other	-	-	-	-	-	-	-
Total receipts	3,227	24,260	390	28,760	19,500	14,295	-
Disbursements:							
Public safety	-	-	-	-	9,083	-	-
Highways and streets	402	-	-	35,904	-	-	-
Sanitation	-	-	-	-	-	-	-
Culture and recreation	-	1,236	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	10,651	-	-
Interest	-	-	-	-	1,104	-	-
Capital outlay:							
Highways and streets	-	-	-	-	-	-	-
Total disbursements	402	1,236	-	35,904	20,838	-	-
Excess (deficiency) of receipts over disbursements	2,825	23,024	390	(7,144)	(1,338)	14,295	-
Other financing sources (uses):							
Interfund loans	-	-	-	-	-	-	-
Interfund loans repaid	-	-	-	(42,000)	-	(9,000)	-
Transfers in	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(42,000)	-	(9,000)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,825	23,024	390	(49,144)	(1,338)	5,295	-
Cash and investment fund balance - beginning	20,406	337	604	80,186	7,216	15,036	524
Cash and investment fund balance - ending	\$ 23,231	\$ 23,361	\$ 994	\$ 31,042	\$ 5,878	\$ 20,331	\$ 524
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,331	\$ -
Restricted assets:							
Cash and investments	23,231	23,361	994	31,042	5,878	-	524
Total cash and investment assets - December 31	\$ 23,231	\$ 23,361	\$ 994	\$ 31,042	\$ 5,878	\$ 20,331	\$ 524
Cash and Investment Fund Balance - December 31							
Restricted for:							
Public safety	\$ -	\$ -	\$ 994	\$ -	\$ 5,878	\$ -	\$ 524
Highways and streets	23,231	-	-	31,042	-	-	-
Sanitation	-	-	-	-	-	-	-
Culture and recreation	-	23,361	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	20,331	-
Total cash and investment fund balance - December 31	\$ 23,231	\$ 23,361	\$ 994	\$ 31,042	\$ 5,878	\$ 20,331	\$ 524

TOWN OF WOLCOTTVILLE
 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)

	Fireworks Donation	V. Hanes Community Center	Sanitation	Cumulative Capital Improvement	Cumulative Capital Development	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ 3,034	\$ 5,935	\$ 62,698
Licenses and permits	-	-	-	-	-	290
Intergovernmental	-	-	-	-	-	16,553
Charges for services	-	-	8,444	-	-	28,304
Other	4,770	770	-	-	310	5,850
Total receipts	4,770	770	8,444	3,034	6,245	113,695
Disbursements:						
Public safety	-	-	-	-	-	9,083
Highways and streets	-	-	-	-	-	36,306
Sanitation	-	-	7,147	-	-	7,147
Culture and recreation	6,681	531	-	-	-	8,448
Debt service:						
Principal	-	-	-	-	-	10,651
Interest	-	-	-	-	-	1,104
Capital outlay:						
Highways and streets	-	-	-	1,159	6,957	8,116
Total disbursements	6,681	531	7,147	1,159	6,957	80,855
Excess (deficiency) of receipts over disbursements	(1,911)	239	1,297	1,875	(712)	32,840
Other financing sources (uses):						
Interfund loans	-	-	9,000	-	-	9,000
Interfund loans repaid	-	-	-	-	-	(51,000)
Transfers in	2,304	-	-	-	-	2,304
Total other financing sources (uses)	2,304	-	9,000	-	-	(39,696)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	393	239	10,297	1,875	(712)	(6,856)
Cash and investment fund balance - beginning	(82)	1,265	-	498	45,037	171,027
Cash and investment fund balance - ending	\$ 311	\$ 1,504	\$ 10,297	\$ 2,373	\$ 44,325	\$ 164,171
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,331
Restricted assets:						
Cash and investments	311	1,504	10,297	2,373	44,325	143,840
Total cash and investment assets - December 31	\$ 311	\$ 1,504	\$ 10,297	\$ 2,373	\$ 44,325	\$ 164,171
Cash and Investment Fund Balance - December 31						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,396
Highways and streets	-	-	-	-	-	54,273
Sanitation	-	-	10,297	-	-	10,297
Culture and recreation	311	1,504	-	-	-	25,176
Capital outlay	-	-	-	2,373	44,325	46,698
Unrestricted	-	-	-	-	-	20,331
Total cash and investment fund balance - December 31	\$ 311	\$ 1,504	\$ 10,297	\$ 2,373	\$ 44,325	\$ 164,171

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

	Totals
Additions:	
Agency fund additions	\$ 295,966
Deductions:	
Agency fund deductions	296,104
Excess (deficiency) of total additions over total deductions	(138)
Cash and investment fund balance - beginning	3,642
Cash and investment fund balance - ending	\$ 3,504

TOWN OF WOLCOTTVILLE
 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.

General infrastructure assets completed in the current and prior years have been reported. Retroactive reporting of general infrastructure assets will not be done.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 13,000
Infrastructure	50,980
Buildings	256,814
Improvements other than buildings	20,000
Machinery and equipment	<u>262,673</u>
 Total governmental activities, capital assets not being depreciated	 \$ <u>603,467</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 4,150
Buildings	395,297
Improvements other than buildings	1,201,888
Machinery and equipment	<u>418,143</u>
 Total Water Utility capital assets	 <u>2,019,478</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	27,778
Buildings	68,779
Improvements other than buildings	7,363,064
Machinery and equipment	<u>235,531</u>
 Total Wastewater Utility capital assets	 <u>7,695,152</u>
 Total business-type activities capital assets	 \$ <u>9,714,630</u>

TOWN OF WOLCOTTVILLE
 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
Governmental activities:		
Capital lease:		
Police car	\$ 5,584	\$ 5,975
Business-type activities:		
Water Utility:		
Loan payable:		
2005 Water improvements	\$ 952,000	\$ 33,804
Wastewater Utility:		
Loan payable:		
2000 Wastewater treatment facility	1,997,608	193,401
Revenue bonds:		
1995 Wastewater expansion	1,922,000	132,503
2003 Wastewater improvement	461,000	46,355
Total Wastewater Utility	4,380,608	372,259
Total business-type activities debt	\$ 5,332,608	\$ 406,063

TOWN OF WOLCOTTVILLE
AUDIT RESULTS AND COMMENTS

APPROVAL OF CLAIMS

The claims audited were not approved by the officer and the governing board.

IC 5-11-10-2(a) states:

"Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid. If the claim is against a governmental entity (as defined in section 1.6 of this chapter), the claim must be certified by the fiscal officer."

GUARANTEE DEPOSIT REGISTER

The Guarantee Deposit Register was not in balance with the Utility Meter Deposit Fund's cash balance.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties totaling \$266 were paid to the Indiana Department of Revenue for late payment of Gross Income Taxes for 2008. A penalty of \$380.25 was paid to the Internal Revenue Service for late payment of withholding taxes. A penalty of \$107.55 was paid to Ford Credit for late payment of a lease purchase payment.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF WOLCOTTVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for audit.

IC 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."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CASH NECESSARY TO BALANCE

A comparison of the records to the bank account indicated a cash long of \$19,633.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PRESCRIBED FORMS

The following prescribed or approved forms were not in use: Register of Investments (Form 350) and Customer Deposit Receipt (Form 310). This was noted in the prior Report B30049.

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)

ANNUAL REPORT

Annual reports for 2007 and 2008 were not filed timely and were incomplete.

IC 5-3-1-3(a) states in part: "Within sixty (60) days after the expiration of each calendar year, the fiscal officer of each civil city and town in Indiana shall publish an annual report of the receipts and expenditures of the city or town . . ."

TOWN OF WOLCOTTVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

CAPITAL ASSET RECORDS

An inventory of capital assets of the Town and Utilities was not maintained. This was noted in the prior five reports, B13464, B16541, B21196, B26592, and B30049.

Every governmental unit should have a complete inventory of all capital assets owned which reflects 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)

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

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

1. 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 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.
2. Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Town's audited financial statements and then determining how those identified risks should be managed. The Town has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements.
3. Monitoring of Controls: Effective internal control over financial reporting requires the Town Board to monitor and assess the quality of the Town's system of internal control. The Town Board has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the Town at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the Town has no process to identify or communicate corrective actions to improve controls.

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 objections, 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)

TOWN OF WOLCOTTVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
Cumulative Capital Improvement	2007	\$ 699
General	2008	1,528
Local major Moves Construction	2008	26,481

IC 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE TOWN OF WOLCOTTVILLE, LAGRANGE COUNTY, INDIANA

Compliance

We have audited the compliance of the Town of Wolcottville (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 Official Response and 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, 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

October 26, 2009

TOWN OF WOLCOTTVILLE
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 DEVELOPMENT</u>				
Pass-Through Indiana Office of Community and Rural Affairs Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	CF-06-224	\$ 387,212	\$ 112,788
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
Pass-Through Indiana Department of Environmental Management Capitalization Grants for Clean Water State Revolving Funds	66.458	DW10119901	294,581	114,748
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Pass-Through Indiana Department of Homeland Security Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-DR-IN-3274	-	1,094
Total federal awards expended			\$ 681,793	\$ 228,630

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

TOWN OF WOLCOTTVILLE
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Wolcottville (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 WOLCOTTVILLE
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?	none reported
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/State's Program and Non-Entitlement Grants in Hawaii
66.458	Capitalization Grants for Clean Water State Revolving Funds

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FEDERAL FINDING 2008-1, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

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

1. 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 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 undetected.

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

2. Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Town's audited financial statements and then determining how those identified risks should be managed. The Town has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements.

3. Monitoring of Controls: Effective internal control over financial reporting requires the Town Board to monitor and assess the quality of the Town's system of internal control. The Town Board has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the Town at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the Town has no process to identify or communicate corrective actions to improve controls.

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 objections, 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)

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

TOWN OF WOLCOTTVILLE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

**TOWN OF WOLCOTTVILLE
PO BOX 325 104 W RACE STREET
WOLCOTTVILLE, IN 46795
PHONE: 260.854.3151 FAX: 260.854.9215**

Indiana State Board of Accounts
Mr. Bruce A. Harman, CPA
302 West Washington Street
4th Floor, Room E 418
Indianapolis, IN 46204-2765

October 26, 2009

Dear Mr. Hartman:

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

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 Clerk Treasurer's office will review their 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 stronger internal control structure. Management acknowledges and assumes the risks inherent with the current internal control structure used by their business office.

PREPARING FINANCIAL STATEMENTS

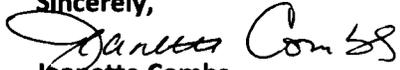
Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement of the Town's audited financial statements and then determining how those identified risks should be managed. Town officials will review their office procedures and attempt to institute duties that would involve 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 stronger internal control structure. Management acknowledges and assumes the risks inherent with the current internal control structure used by their business office.

MONITORING OF CONTROLS

Effective internal control over financial reporting requires the Town Board to monitor and assess the quality of the Town's system of internal control. The Town Board will perform either an ongoing or separate evaluation of their system of internal controls. 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 stronger internal control structure. Management acknowledges and assumes the risks inherent with the current internal control structure used by their business office.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeanette Combs". The signature is written in a cursive style with a large initial "J" and "C".

Jeanette Combs

Clerk Treasurer

Town of Wolcottville

TOWN OF WOLCOTTVILLE
EXIT CONFERENCE

The contents of this report were discussed on October 26, 2009, with Jeanette Combs, Clerk-Treasurer; and Natalie Sturgis, President of the Town Council. The official response has been made a part of this report and may be found on pages 48 and 49.

**TOWN OF WOLCOTTVILLE
PO BOX 325 104 W RACE STREET
WOLCOTTVILLE, IN 46795
PHONE: 260.854.3151 FAX: 260.854.9215**

Indiana State Board of Accounts
Mr. Bruce A. Harman, CPA
302 West Washington Street
4th Floor, Room E 418
Indianapolis, IN 46204-2765

October 26, 2009

Dear Mr. Hartman:

The following is a response the preliminary draft of Audit Results and Comments that were presented as a part of the Town of Wolcottville audit report for the period of January 1, 2007 to December 31, 2008.

APPROVAL OF CLAIMS

This has been corrected by providing the council a docket of all claims on a monthly basis. The docket is signed by the Clerk Treasurer and all council members for approval.

GUARANTEE DEPOSIT REGISTER

This is in the process of being corrected. We are opening a new fund to start fresh and we are going to monitor the old fund which should eventually dissolve.

PENALTIES, INTEREST AND OTHER CHARGES

We are taking preventive action and procedures to assure that expenses are paid on time.

BANK ACCOUNT RECONCILIATIONS

This action has been corrected and bank reconciliation records are being kept.

CASH NECESSARY TO BALANCE

We are in the process of correcting this. We will continue to run long until our next audit. If we are still long at that time there will be a procedure to make an adjustment to our books.

PRESCRIBED FORMS

This is in the process of being corrected and we are putting in place the proper forms.

ANNUAL REPORT

We are working on a timeline procedure and plan to file future reports in a timely manner.

CAPITAL ASSET RECORDS

This is in the process of being corrected. We are performing an audit of our capital assets and plan to maintain a current and up to date list.

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 Clerk Treasurer's office will review their 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 stronger internal control structure. Management acknowledges and assumes the risks inherent with the current internal control structure used by their business office.

PREPARING FINANCIAL STATEMENTS

Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement of the Town's audited financial statements and then determining how those identified risks should be managed. Town officials will review their office procedures and attempt to institute duties that would involve 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 stronger internal control structure. Management acknowledges and assumes the risks inherent with the current internal control structure used by their business office.

MONITORING OF CONTROLS

Effective internal control over financial reporting requires the Town Board to monitor and assess the quality of the Town's system of internal control. The Town Board will perform either an ongoing or separate evaluation of their system of internal controls. 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 stronger internal control structure. Management acknowledges and assumes the risks inherent with the current internal control structure used by their business office.

Sincerely,


Jeanette Combs

Clerk Treasurer

Town of Wolcottville