

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

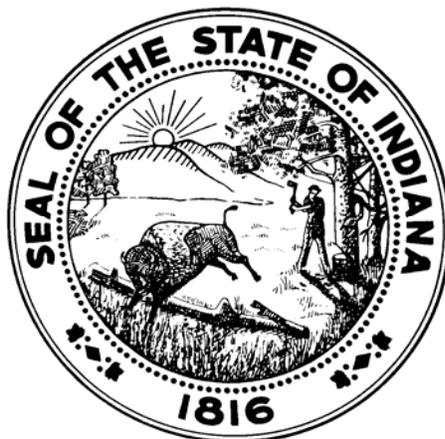
EXAMINATION REPORT

OF

TOWN OF WESTVILLE

LAPORTE COUNTY, INDIANA

January 1, 2003 to December 31, 2005



**FILED**  
7/21/06



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Carol Rotzein	01-01-03 to 12-31-07
President of the Town Council	Regina Ruddell Michael Albert	01-01-03 to 12-31-03 01-01-04 to 12-31-06
Superintendent of Utilities	Bart Frank	01-01-03 to 12-31-06
Town Marshall	James Gunning	01-01-03 to 12-31-06



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2765

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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF WESTVILLE, LAPORTE COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Westville (Town), for the period of January 1, 2003 to December 31, 2005. The Town's management is responsible for the schedules. Our responsibility is to express an opinion based on our examination.

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

In our opinion, the schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2003, 2004, and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

June 19, 2006

TOWN OF WESTVILLE  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES  
As Of And For The Years Ended December 31, 2003, 2004, And 2005

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
<b>Governmental Funds:</b>				
General	\$ 260,855	\$ 441,554	\$ 509,475	\$ 192,934
Motor Vehicle Highway	882	217,225	121,280	96,827
Local Road and Street	232,591	70,918	5,435	298,074
Park and Recreation	71,316	16,999	15,979	72,336
Law Enforcement Continuing Education	17,616	5,366	3,887	19,095
Drug Free Indiana	309	-	309	-
Trash Collection	65,462	30,645	22,388	73,719
Criminal Justice Grant	(21)	21	-	-
Law Enforcement Block Grant	133	9,002	9	9,126
Police Donation	250	5,600	79	5,771
Neva Kline Donation	49,102	1,137	-	50,239
Cumulative Capital Improvement	9,779	33,146	30,355	12,570
Cumulative Capital Development	14,040	6,768	-	20,808
County Economic Development Income Tax (CEDIT)	96,620	14,762	-	111,382
<b>Proprietary Funds:</b>				
Water Utility - Operating	100,397	308,755	379,426	29,726
Water Utility - Bond and Interest	49,438	120,897	120,093	50,242
Water Utility - Maintenance	43,546	12,349	-	55,895
Water Utility - Customer Deposit	13,462	2,571	1,920	14,113
Water Utility - Debt Service	101,885	17,650	-	119,535
Water Utility - Construction	72,090	19,978	35,343	56,725
Water Utility - Build Indiana	46,255	807	-	47,062
Wastewater Utility - Operating	64,076	365,485	268,216	161,345
Wastewater Utility - Maintenance	54,471	17,875	49,363	22,983
Wastewater Utility - Customer Deposit	13,793	2,547	1,880	14,460
<b>Fiduciary Funds:</b>				
Levy Excess	34,569	-	34,569	-
Payroll	427	438,648	433,613	5,462
<b>Totals</b>	<b>\$ 1,413,343</b>	<b>\$ 2,160,705</b>	<b>\$ 2,033,619</b>	<b>\$ 1,540,429</b>

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
<b>Governmental Funds:</b>				
General	\$ 192,934	\$ 497,962	\$ 472,656	\$ 218,240
Motor Vehicle Highway	96,827	200,360	117,741	179,446
Local Road and Street	298,074	47,398	6,671	338,801
Park and Recreation	72,336	32,651	17,561	87,426
Law Enforcement Continuing Education	19,095	3,251	5,542	16,804
Drug Free Indiana	-	-	-	-
Trash Collection	73,719	30,995	22,394	82,320
Criminal Justice Grant	-	-	-	-
Law Enforcement Block Grant	9,126	1,012	10,000	138
Police Donation	5,771	446	6,217	-
Protect Our Child Donation	-	2,886	-	2,886
Neva Kline Donation	50,239	5,397	9,343	46,293
Cumulative Capital Improvement	12,570	19,446	19,853	12,163
Cumulative Capital Development	20,808	18,206	-	39,014
County Economic Development Income Tax (CEDIT)	111,382	27,009	13,893	124,498

The accompanying notes are an integral part of the schedules.

TOWN OF WESTVILLE  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES  
As Of And For The Years Ended December 31, 2003, 2004, And 2005  
(Continued)

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
<b>Proprietary Funds:</b>				
Water Utility - Operating	29,726	357,351	316,490	70,587
Water Utility - Bond and Interest	50,242	119,990	119,050	51,182
Water Utility - Maintenance	55,895	15,143	11,019	60,019
Water Utility - Customer Deposit	14,113	3,151	2,212	15,052
Water Utility - Debt Service	119,535	-	-	119,535
Water Utility - Construction	56,725	51,033	107,737	21
Water Utility - Build Indiana	47,062	34,125	81,187	-
Wastewater Utility - Operating	161,345	379,439	356,521	184,263
Wastewater Utility - Maintenance	22,983	17,995	-	40,978
Wastewater Utility - Customer Deposit	14,460	3,152	2,428	15,184
<b>Fiduciary Fund:</b>				
Payroll	5,462	434,890	440,352	-
<b>Totals</b>	<b>\$ 1,540,429</b>	<b>\$ 2,303,288</b>	<b>\$ 2,138,867</b>	<b>\$ 1,704,850</b>
	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
<b>Governmental Funds:</b>				
General	\$ 218,240	\$ 515,056	\$ 433,885	\$ 299,411
Motor Vehicle Highway	179,446	171,849	134,289	217,006
Local Road and Street	338,801	47,851	99,837	286,815
Park and Recreation	87,426	13,477	33,232	67,671
Law Enforcement Continuing Education	16,804	3,212	1,569	18,447
Trash Collection	82,320	31,982	29,793	84,509
Law Enforcement Block Grant	138	1	139	-
Police Donation	-	100	-	100
Protect Our Child Donation	2,886	-	-	2,886
Neva Kline Donation	46,293	25,849	49,013	23,129
Cumulative Capital Improvement	12,163	16,109	20,000	8,272
Cumulative Capital Development	39,014	15,551	20,121	34,444
County Economic Development Income Tax (CEDIT)	124,498	34,265	24,610	134,153
<b>Proprietary Funds:</b>				
Water Utility - Operating	70,587	595,909	321,996	344,500
Water Utility - Bond and Interest	51,182	119,742	118,050	52,874
Water Utility - Maintenance	60,019	17,977	-	77,996
Water Utility - Customer Deposit	15,052	3,276	2,482	15,846
Water Utility - Debt Service	119,535	-	-	119,535
Water Utility - Construction	21	-	9	12
Wastewater Utility - Operating	184,263	878,822	409,672	653,413
Wastewater Utility - Maintenance	40,978	19,193	34,700	25,471
Wastewater Utility - Customer Deposit	15,184	3,357	2,202	16,339
<b>Fiduciary Funds:</b>				
Levy Excess	-	44,762	-	44,762
Payroll	-	397,262	397,262	-
<b>Totals</b>	<b>\$ 1,704,850</b>	<b>\$ 2,955,602</b>	<b>\$ 2,132,861</b>	<b>\$ 2,527,591</b>

The accompanying notes are an integral part of the schedules.

TOWN OF WESTVILLE  
NOTES TO SCHEDULES

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, streets, culture and recreation, planning and zoning, general administrative services, water and wastewater.

Note 2. Fund Accounting

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

Note 3. Budgets

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

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Long-Term Debt

The Town has entered into various debts such as bonds for waterworks improvement, a loan for wastewater improvements, and a capital lease for a squad car. The outstanding principal at December 31, 2005, was \$76,000, \$1,951,000, and \$3,645, respectively.

TOWN OF WESTVILLE  
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

As stated in prior Audit Reports B16542 and B22582, the Town records capital asset additions for the street and police departments, but disposals are not being recorded. Records are not maintained for other departments of the Town. In addition, historical cost values for Town property have not been determined.

The Water and Wastewater Utilities do not maintain sufficient detailed records of capital assets for their Utility Plant in Service accounts. Land or water lines were not included as well as historical values of all the assets listed. Deletions or disposals of capital assets are not recorded.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. 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)

DEPOSITS

Receipts from the Police Station were received by the Clerk-Treasurer up to 35 days after issuance.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the audit period:

- (1) 6% of the claims did not have invoices attached.
- (2) 67% of the claims were not certified by the Clerk Treasurer.
- (3) 9% did not have evidence of approval of purchase.

Indiana Code 5-11-10-1.6 states, in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services."

"(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;

TOWN OF WESTVILLE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

DEPARTMENT OF AGRICULTURE REPORTING

Originally as a condition of the loans for the Water and Wastewater projects, the U.S. Department of Agriculture requires that "After construction is complete and the improvements are operational, a statement of income and expenses reported on Form FmHA 442-2, must be submitted to Rural Development quarterly to provide evidence the proposed project is generating sufficient revenues to meet the cash requirements of operating and maintenance expenses, as well as deposits to the debt and interest, and reserve accounts." In addition, "Prior to the beginning of each fiscal year, two copies of Form FmHA 442-2, "Statement of Budget, Income and Equity," which includes schedule 1, "Statement of Budget, Income and Equity," and schedule 2, "Projected Cash Flow," with data entered in column three only of schedule 1 page one, "Annual Budget," and all of schedule 2, will be submitted to the Rural Development. Twenty (20) days after the end of each of the first three quarters of each year, two copies will be submitted. For the fourth quarter of each year, submit together with the year-end financial reports.

The Town has not submitted the required reports to the U.S. Department of Agriculture as noted above.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ENGINEERING SERVICE CONTRACT

The Town paid \$12,326, \$22,295, and \$83,489 in 2003, 2004, and 2005, respectively, for engineering services without a contract.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF WESTVILLE  
EXIT CONFERENCE

The contents of this report were discussed on June 19, 2006, with Michael Albert, President of the Town Council; and Carol Rotzein, Clerk-Treasurer. The officials concurred with our findings.