

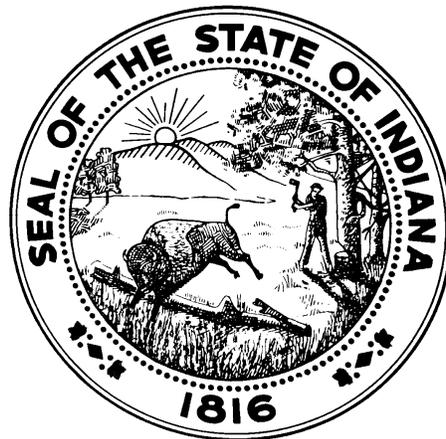
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

ANNUAL FINANCIAL REPORT

2008

CITY OF WESTFIELD

HAMILTON COUNTY, INDIANA



FILED

11/18/2009

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|---|------------------|----------------------|
| Clerk-Treasurer | Cindy J. Gossard | 01-01-08 to 12-31-11 |
| Mayor | Andrew Cook | 01-01-08 to 12-31-11 |
| President of the Board of Public Works | Andrew Cook | 01-01-09 to 12-31-11 |
| President of the Common Council | Ken Kingshill | 01-01-08 to 12-31-09 |
| Director of Public Works | Kurt Wanninger | 01-01-08 to 12-31-09 |



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

TO: THE OFFICIALS OF THE CITY OF WESTFIELD, HAMILTON 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 City of Westfield (City), as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City'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 City 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 City as of December 31, 2008, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated September 17, 2009, on our consideration of the City'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 City'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 City 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 City'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

September 17, 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 CITY OF WESTFIELD, HAMILTON 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 City of Westfield (City), as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 17, 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 City'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 City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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.

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.

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. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

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)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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.

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

This report is intended solely for the information and use of the City's management, the Common 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

September 17, 2009

CITY OF WESTFIELD
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 | Primary Government | | Totals |
| | | | | Governmental Activities | Business-Type Activities | |
| Primary government: | | | | | | |
| Governmental activities: | | | | | | |
| General government | \$ 2,658,824 | \$ 1,675,603 | \$ - | \$ (983,221) | \$ - | \$ (983,221) |
| Public safety | 8,616,341 | 890,705 | - | (7,725,636) | - | (7,725,636) |
| Highways and streets | 1,134,451 | - | - | (1,134,451) | - | (1,134,451) |
| Economic development | 503,318 | - | - | (503,318) | - | (503,318) |
| Culture and recreation | 339,494 | 656,602 | - | 317,108 | - | 317,108 |
| Debt service | 1,410,000 | - | - | (1,410,000) | - | (1,410,000) |
| Capital outlay | 1,098,757 | - | 1,290,597 | 191,840 | - | 191,840 |
| Interest on long-term debt | 500,458 | - | - | (500,458) | - | (500,458) |
| Total governmental activities | 16,261,643 | 3,222,910 | 1,290,597 | (11,748,136) | - | (11,748,136) |
| Business-type activities: | | | | | | |
| Water | 9,191,761 | 5,298,941 | - | - | (3,892,820) | (3,892,820) |
| Wastewater | 18,148,634 | 7,151,767 | - | - | (10,996,867) | (10,996,867) |
| Total business-type activities | 27,340,395 | 12,450,708 | - | - | (14,889,687) | (14,889,687) |
| Total primary government | \$ 43,602,038 | \$ 15,673,618 | \$ 1,290,597 | (11,748,136) | (14,889,687) | (26,637,823) |
| General receipts: | | | | | | |
| Property taxes | | | | 6,108,098 | - | 6,108,098 |
| Other local sources | | | | 4,765 | - | 4,765 |
| Grants and contributions not restricted to specific programs | | | | 7,086,918 | - | 7,086,918 |
| Unrestricted investment earnings | | | | 52,492 | 637,821 | 690,313 |
| Total general receipts | | | | 13,252,273 | 637,821 | 13,890,094 |
| Change in net assets | | | | 1,504,137 | (14,251,866) | (12,747,729) |
| Net assets - beginning | | | | 2,863,807 | 20,172,058 | 23,035,865 |
| Net assets - ending | | | | \$ 4,367,944 | \$ 5,920,192 | \$ 10,288,136 |
| Assets | | | | | | |
| Cash and investments | | | | \$ 1,697,550 | \$ 242,924 | \$ 1,940,474 |
| Restricted assets: | | | | | | |
| Cash and investments | | | | 2,670,394 | 5,677,268 | 8,347,662 |
| Total assets | | | | \$ 4,367,944 | \$ 5,920,192 | \$ 10,288,136 |
| Net Assets | | | | | | |
| Restricted for: | | | | | | |
| Public safety | | | | \$ 285,576 | \$ - | \$ 285,576 |
| Highways and streets | | | | 563,997 | - | 563,997 |
| Culture and recreation | | | | 1,237,761 | - | 1,237,761 |
| Debt service | | | | 156,798 | 2,521,846 | 2,678,644 |
| Capital outlay | | | | 981,738 | 1,743,567 | 2,725,305 |
| Other purposes | | | | 4,137 | 1,411,855 | 1,415,992 |
| Unrestricted | | | | 1,137,937 | 242,924 | 1,380,861 |
| Total net assets | | | | \$ 4,367,944 | \$ 5,920,192 | \$ 10,288,136 |

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

CITY OF WESTFIELD
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 | Parks and Recreation | Fire Operating | Other Governmental Funds | Totals |
|---|-------------------|-------------------------|------------------|--------------------------------|---------------------|
| Receipts: | | | | | |
| Taxes | \$ 3,012,309 | \$ - | \$ 1,959,840 | \$ 1,137,889 | \$ 6,110,038 |
| Licenses and permits | 402,961 | - | - | 8,335 | 411,296 |
| Intergovernmental | 2,080,280 | 1,290,597 | - | 1,059,358 | 4,430,235 |
| Charges for services | 436,245 | 656,602 | 1,761,280 | 753,446 | 3,607,573 |
| Fines and forfeits | 8,065 | - | 619,597 | 60,558 | 688,220 |
| Other | 333,223 | 26,589 | 11,847 | 346,759 | 718,418 |
| Total receipts | 6,273,083 | 1,973,788 | 4,352,564 | 3,366,345 | 15,965,780 |
| Disbursements: | | | | | |
| General government | 2,132,049 | - | - | 526,775 | 2,658,824 |
| Public safety | 4,028,376 | - | 4,470,838 | 117,127 | 8,616,341 |
| Highways and streets | - | - | - | 1,134,451 | 1,134,451 |
| Culture and recreation | 131,677 | 169,486 | - | 38,331 | 339,494 |
| Urban redevelopment and housing | 503,318 | - | - | - | 503,318 |
| Debt service: | | | | | - |
| Principal | 1,000,000 | - | - | 410,000 | 1,410,000 |
| Interest | 14,864 | - | - | 485,594 | 500,458 |
| Capital outlay: | | | | | |
| Highways and streets | 131,032 | 643,968 | - | 323,757 | 1,098,757 |
| Total disbursements | 7,941,316 | 813,454 | 4,470,838 | 3,036,035 | 16,261,643 |
| Excess (deficiency) of receipts over disbursements | (1,668,233) | 1,160,334 | (118,274) | 330,310 | (295,863) |
| Other financing sources (uses): | | | | | |
| Transfers in | - | - | - | 157,263 | 157,263 |
| Transfers out | - | (7,097) | - | (150,166) | (157,263) |
| Other receipts | 1,800,000 | - | - | - | 1,800,000 |
| Total other financing sources (uses) | 1,800,000 | (7,097) | - | 7,097 | 1,800,000 |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 131,767 | 1,153,237 | (118,274) | 337,407 | 1,504,137 |
| Cash and investment fund balance - beginning | 743,964 | 63,680 | 120,252 | 1,935,911 | 2,863,807 |
| Cash and investment fund balance - ending | <u>\$ 875,731</u> | <u>\$ 1,216,917</u> | <u>\$ 1,978</u> | <u>\$ 2,273,318</u> | <u>\$ 4,367,944</u> |
| Cash and Investment Assets - December 31 | | | | | |
| Cash and investments | \$ 875,731 | \$ - | \$ - | \$ 262,206 | \$ 1,137,937 |
| Restricted assets: | | | | | |
| Cash and investments | - | 1,216,917 | 1,978 | 2,011,112 | 3,230,007 |
| Total cash and investment assets - December 31 | <u>\$ 875,731</u> | <u>\$ 1,216,917</u> | <u>\$ 1,978</u> | <u>\$ 2,273,318</u> | <u>\$ 4,367,944</u> |
| Cash and Investment Fund Balance - December 31 | | | | | |
| Restricted for: | | | | | |
| Public safety | \$ - | \$ - | \$ 1,978 | \$ 283,598 | \$ 285,576 |
| Highway | - | - | - | 563,997 | 563,997 |
| Culture and recreation | - | 1,216,917 | - | 20,844 | 1,237,761 |
| Debt service | - | - | - | 156,798 | 156,798 |
| Capital outlay | - | - | - | 981,738 | 981,738 |
| Other purposes | - | - | - | 4,137 | 4,137 |
| Unrestricted | 875,731 | - | - | 262,206 | 1,137,937 |
| Total cash and investment fund balance - December 31 | <u>\$ 875,731</u> | <u>\$ 1,216,917</u> | <u>\$ 1,978</u> | <u>\$ 2,273,318</u> | <u>\$ 4,367,944</u> |

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

CITY OF WESTFIELD
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: | | | |
| Unmetered water receipts | \$ 175,144 | \$ 431 | \$ 175,575 |
| Metered water receipts: | | | |
| Residential | 2,683,130 | 4,259,348 | 6,942,478 |
| Commercial | 613,299 | 793,170 | 1,406,469 |
| Industrial | 8,568 | 17,132 | 25,700 |
| Fire protection receipts | 93,626 | - | 93,626 |
| Other water receipts | <u>1,712,267</u> | <u>2,019,180</u> | <u>3,731,447</u> |
| Total operating receipts | <u>5,286,034</u> | <u>7,089,261</u> | <u>12,375,295</u> |
| Operating disbursements: | | | |
| Salaries and wages | 1,778,049 | 1,630,632 | 3,408,681 |
| Employee pensions and benefits | 255,047 | 257,048 | 512,095 |
| Purchased water | 10,221 | - | 10,221 |
| Purchased power | 272,144 | 211,784 | 483,928 |
| Purchased wastewater treatment | - | 577,574 | 577,574 |
| Sludge removal | - | 97,394 | 97,394 |
| Chemicals | 35,047 | 44,367 | 79,414 |
| Material and supplies | 127,982 | 195,202 | 323,184 |
| Contractual services | 455,813 | 519,580 | 975,393 |
| Transportation disbursements | 76,158 | 77,266 | 153,424 |
| Insurance disbursements | 74,916 | 64,944 | 139,860 |
| Miscellaneous disbursements | <u>281,845</u> | <u>225,056</u> | <u>506,901</u> |
| Total operating disbursements | <u>3,367,222</u> | <u>3,900,847</u> | <u>7,268,069</u> |
| Excess of operating receipts over operating disbursements | <u>1,918,812</u> | <u>3,188,414</u> | <u>5,107,226</u> |
| Nonoperating receipts (disbursements): | | | |
| Interest and investment receipts | 67,679 | 570,142 | 637,821 |
| Miscellaneous receipts | 12,907 | 62,506 | 75,413 |
| Debt service of principal | (530,126) | (1,476,788) | (2,006,914) |
| Interest and investment disbursement | (516,513) | (2,053,247) | (2,569,760) |
| Miscellaneous disbursements - capital outlay | <u>(4,777,900)</u> | <u>(10,717,752)</u> | <u>(15,495,652)</u> |
| Total nonoperating receipts (disbursements) | <u>(5,743,953)</u> | <u>(13,615,139)</u> | <u>(19,359,092)</u> |
| Deficiency of receipts under disbursements and nonoperating receipts (disbursements) | <u>(3,825,141)</u> | <u>(10,426,725)</u> | <u>(14,251,865)</u> |
| Transfers in | 4,924,212 | 14,891,381 | 19,815,593 |
| Transfers out | <u>(4,924,212)</u> | <u>(14,891,381)</u> | <u>(19,815,593)</u> |
| Deficiency of receipts, contributions and transfers in under disbursements and transfers out | <u>(3,825,141)</u> | <u>(10,426,725)</u> | <u>(14,251,865)</u> |
| Cash and investment fund balance - beginning | <u>5,319,938</u> | <u>14,852,120</u> | <u>20,172,058</u> |
| Cash and investment fund balance - ending | <u>\$ 1,494,797</u> | <u>\$ 4,425,395</u> | <u>\$ 5,920,193</u> |
| <u>Cash and Investment Assets - December 31</u> | | | |
| Cash and investments | \$ 173,567 | \$ 69,357 | \$ 242,924 |
| Restricted assets: | | | |
| Cash and investments | <u>1,321,230</u> | <u>4,356,038</u> | <u>5,677,268</u> |
| Total cash and investment assets - December 31 | <u>\$ 1,494,797</u> | <u>\$ 4,425,395</u> | <u>\$ 5,920,192</u> |
| <u>Cash and Investment Fund Balance - December 31</u> | | | |
| Restricted for: | | | |
| Debt service | \$ 750,728 | \$ 1,771,118 | \$ 2,521,846 |
| Capital outlay | 89,364 | 1,654,203 | 1,743,567 |
| Other purposes | 481,138 | 930,717 | 1,411,855 |
| Unrestricted | <u>173,567</u> | <u>69,357</u> | <u>242,924</u> |
| Total cash and investment fund balance - December 31 | <u>\$ 1,494,797</u> | <u>\$ 4,425,395</u> | <u>\$ 5,920,192</u> |

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

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

| | <u>Agency Funds</u> |
|---|-------------------------|
| Cash and investment fund balance - ending | <u>\$ 69,693</u> |

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

CITY OF WESTFIELD
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor 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, and urban redevelopment.

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

Primary Government: City of Westfield

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

The Westfield Public Safety Building Corporation, a component unit, has been omitted from these financial statements. Accordingly, the financial statements do not include the data of all of the City's component units necessary to fairly present the financial position of the City.

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 City 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 parks and recreation fund accounts for all transactions relating to the operation and capital improvement of the City's park system.

The fire operating fund accounts for all of the transactions relating to the operation of the City's fire department.

CITY OF WESTFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

The City 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 City reports the following fund type:

Agency funds account for assets held by the City as an agent for payroll withholding entities.

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 City 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 City 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 City and the utilities. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

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

CITY OF WESTFIELD
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 City 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 City 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 City'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.

CITY OF WESTFIELD
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 (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) 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 and the similar discretely presented component unit result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

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

Government-Wide Financial Statements

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

1. 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.

CITY OF WESTFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Primary government and component unit activity and balances – Resource flows between the primary government and the discretely-presented component unit(s) are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

II. Stewardship, Compliance and Accountability

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 City 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 City receives approval of the Indiana Department of Local Government Finance.

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

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The City does not have a deposit policy for custodial credit risk. At December 31, 2008, the City had deposit balances in the amount of \$9,436,012.

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.

CITY OF WESTFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Investments

As of December 31, 2008, the City had the following investments:

| Investment Type | Primary Government Market Value |
|--------------------------------|--|
| U.S. treasuries and securities | \$ 921,814 |

Statutory Authorization for Investments

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

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

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

CITY OF WESTFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy for custodial credit risk for investments.

The following investments held by the City were exposed to custodial credit risks because they are uninsured and unregistered with securities held by the counterparty, or the counterparty's trust department or agent, either in the government's name or not in the government's name:

| Investment Type | Investment Maturities (in Years) | | |
|--------------------------------|----------------------------------|------|----------------|
| | Less Than 1 | 1-2 | More Than 2 |
| U.S. treasuries and securities | \$ 921,814 | \$ - | \$ - |

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City must follow state statute and limit the stated final maturities of the investments to no more than two years. The City does not have a formal investment policy for interest rate risk for investments.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does not have a formal investment policy for credit risk for investments.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

Foreign Currency Risk

The City does not have a formal policy in regards to foreign currency risk.

CITY OF WESTFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2008, were as follows:

| Transfer From | Transfer To | 2008 |
|--------------------------|--------------------------|------------------------------|
| Park and recreation | Other governmental funds | \$ 7,097 |
| Other governmental funds | Other governmental funds | <u>150,166</u> |
| Total | | <u><u>\$ 157,263</u></u> |

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

IV. Other Information

A. Risk Management

The City 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; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); 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; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); 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.

Public Entity Risk Pool

During 2005, the City joined with other governmental entities to form the Indiana Public Employers Plan, a public entity risk pool currently operating as a common risk management and insurance program for 740 member governmental entities. This risk pool was formed in 1989. The purpose of the risk pool is to provide a medium for the funding and administration of worker's compensation. The City pays an annual premium to the risk pool for its worker's compensation coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$1,000,000 limit.

B. Holding Corporation

The City has entered into a capital lease with Westfield Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the City. The lessor has been determined to be a related party of the City. Lease payments during the year totaled \$520,538.

CITY OF WESTFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Rate Structure – Enterprise Funds

Water Utility

On February 25, 2002, the City Council adopted Ordinance 2002-16 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on September 14, 2006.

Wastewater Utility

The current rate structure for treatment of wastewater was approved by the City Council on August 1, 2004.

The current rate structure for the use of the storm water system was approved by the City Council on November 12, 2007.

D. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The City 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 City 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 City's annual pension cost and related information, as provided by the actuary, is presented in this note.

CITY OF WESTFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Actuarial Information for the Above Plan

| | PERF |
|--|-------------|
| Annual required contribution | \$ 339,946 |
| Interest on net pension obligation | (2,760) |
| Adjustment to annual required contribution | 3,145 |
| Annual pension cost | 340,331 |
| Contributions made | 364,368 |
| Decrease in net pension obligation | (24,037) |
| Net pension obligation, beginning of year | (38,070) |
| Net pension obligation, end of year | \$ (62,107) |

| | PERF |
|---------------------------------|--|
| Contribution rates: | |
| City | 6.5% |
| 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 |

Actuarial Assumptions

| | 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% |

CITY OF WESTFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

Three Year Trend Information

| | Year Ending | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|------|----------------|---------------------------------|-------------------------------------|------------------------------|
| PERF | 06-30-06 | \$ 239,702 | 90% | \$ (99,308) |
| | 06-30-07 | 282,433 | 78% | (38,070) |
| | 06-30-08 | 340,331 | 107% | (62,107) |

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The City contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That 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 Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the City is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan for the years ending December 31, 2008, 2007, and 2006, were \$514,697, \$341,290, and \$309,142, respectively, equal to the required contributions for each year.

CITY OF WESTFIELD
 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 | \$ 2,499,366 | \$ 2,985,422 | \$ (486,056) | 84% | \$ 4,347,877 | (11%) |
| 07-01-07 | 2,782,874 | 3,451,978 | (669,104) | 81% | 4,991,921 | (13%) |
| 07-01-08 | 3,395,474 | 3,958,469 | (562,995) | 86% | 5,578,066 | (10%) |

CITY OF WESTFIELD
 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

| | Motor Vehicle Highway | Local Road and Street | Law Enforcement Continuing Education | Road & Street Improvement | Police Donation | Cumulative Capital Improvement | Cumulative Capital Development |
|---|-----------------------------|-----------------------------|---|------------------------------|--------------------|--------------------------------------|--------------------------------------|
| Receipts: | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 279,289 |
| Licenses and permits | - | - | 8,335 | - | - | - | - |
| Intergovernmental | 538,997 | 301,200 | - | - | - | 59,734 | 33,063 |
| Charges for services | 55,523 | - | 4,549 | 476,621 | - | - | - |
| Fines and forfeits | - | - | 60,558 | - | - | - | - |
| Other | 12,930 | - | - | - | 50 | - | 47,182 |
| Total receipts | 607,450 | 301,200 | 73,442 | 476,621 | 50 | 59,734 | 359,534 |
| Disbursements: | | | | | | | |
| General government | - | - | - | - | - | - | 449,269 |
| Public safety | - | - | 67,083 | - | - | - | - |
| Highways and streets | 721,185 | 183,463 | - | 229,803 | - | - | - |
| Culture and recreation | - | - | - | - | - | - | - |
| Debt service: | - | - | - | - | - | - | - |
| Principal | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | - |
| Capital outlay: | - | - | - | - | - | - | - |
| Highways and streets | 10,771 | 118,940 | 1,420 | - | - | - | - |
| Total disbursements | 731,956 | 302,403 | 68,503 | 229,803 | - | - | 449,269 |
| Excess (deficiency) of receipts over disbursements | (124,506) | (1,203) | 4,939 | 246,818 | 50 | 59,734 | (89,735) |
| Other financing sources (uses): | | | | | | | |
| Transfers in | - | - | - | - | - | - | 27,121 |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | 27,121 |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (124,506) | (1,203) | 4,939 | 246,818 | 50 | 59,734 | (62,614) |
| Cash and investment fund balance - beginning | 515,787 | 172,368 | 84,903 | - | 4,087 | 62,228 | 84,614 |
| Cash and investment fund balance - ending | <u>\$ 391,281</u> | <u>\$ 171,165</u> | <u>\$ 89,842</u> | <u>\$ 246,818</u> | <u>\$ 4,137</u> | <u>\$ 121,962</u> | <u>\$ 22,000</u> |
| Cash and Investment Assets - December 31 | | | | | | | |
| Cash and investments | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted assets: | | | | | | | |
| Cash and investments | 391,281 | 171,165 | 89,842 | 246,818 | 4,137 | 121,962 | 22,000 |
| Total cash and investment assets - December 31 | \$ 391,281 | \$ 171,165 | \$ 89,842 | \$ 246,818 | \$ 4,137 | \$ 121,962 | \$ 22,000 |
| Cash and Investment Fund Balance - December 31 | | | | | | | |
| Restricted for: | | | | | | | |
| Public safety | \$ - | \$ - | \$ 89,842 | \$ - | \$ - | \$ - | \$ - |
| Highways and roads | 391,281 | 171,165 | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | 246,818 | - | 121,962 | 22,000 |
| Other purposes | - | - | - | - | 4,137 | - | - |
| Unrestricted | - | - | - | - | - | - | - |
| Total cash and investment fund balance - December 31 | \$ 391,281 | \$ 171,165 | \$ 89,842 | \$ 246,818 | \$ 4,137 | \$ 121,962 | \$ 22,000 |

CITY OF WESTFIELD
 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)

| | Emergency Medical & Equipment | GO Bond 2005 Debt Service | Rainy Day | Bond #2 Debt Service | Parks Non-Reverting | Community Development Project | Public Service Building Lease Rental |
|---|-------------------------------------|---------------------------------|-------------------|----------------------------|------------------------|-------------------------------------|---|
| Receipts: | | | | | | | |
| Taxes | \$ - | \$ 99,303 | \$ - | \$ 88,884 | \$ - | \$ - | \$ 299,902 |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | 11,756 | 68,687 | 10,470 | - | - | 35,451 |
| Charges for services | 177,804 | - | - | - | 14,089 | - | 24,860 |
| Fines and forfeits | - | - | - | - | - | - | - |
| Other | - | - | 2,697 | - | - | - | 277,140 |
| Total receipts | 177,804 | 111,059 | 71,384 | 99,354 | 14,089 | - | 637,353 |
| Disbursements: | | | | | | | |
| General government | - | - | 41,568 | - | - | 8,821 | - |
| Public safety | 50,044 | - | - | - | - | - | - |
| Highways and streets | - | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | 13,231 | - | - |
| Debt service: | | | | | | | |
| Principal | - | 100,000 | - | - | - | - | 310,000 |
| Interest | - | 114,798 | - | 154,258 | - | - | 216,538 |
| Capital outlay: | | | | | | | |
| Highways and streets | - | - | 21,304 | - | - | - | - |
| Total disbursements | 50,044 | 214,798 | 62,872 | 154,258 | 13,231 | 8,821 | 526,538 |
| Excess (deficiency) of receipts over disbursements | 127,760 | (103,739) | 8,512 | (54,904) | 858 | (8,821) | 110,815 |
| Other financing sources (uses): | | | | | | | |
| Transfers in | - | 73,396 | - | 44,700 | - | - | - |
| Transfers out | - | - | (145,217) | - | - | - | - |
| Total other financing sources (uses) | - | 73,396 | (145,217) | 44,700 | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 127,760 | (30,343) | (136,705) | (10,204) | 858 | (8,821) | 110,815 |
| Cash and investment fund balance - beginning | 65,996 | 30,343 | 394,100 | 10,204 | 7,810 | 24,456 | 41,986 |
| Cash and investment fund balance - ending | <u>\$ 193,756</u> | <u>\$ -</u> | <u>\$ 257,395</u> | <u>\$ -</u> | <u>\$ 8,668</u> | <u>\$ 15,635</u> | <u>\$ 152,801</u> |
| Cash and Investment Assets - December 31 | | | | | | | |
| Cash and investments | \$ - | \$ - | \$ 257,395 | \$ - | \$ - | \$ - | \$ - |
| Restricted assets: | | | | | | | |
| Cash and investments | 193,756 | - | - | - | 8,668 | 15,635 | 152,801 |
| Total cash and investment assets - December 31 | \$ 193,756 | \$ - | \$ 257,395 | \$ - | \$ 8,668 | \$ 15,635 | \$ 152,801 |
| Cash and Investment Fund Balance - December 31 | | | | | | | |
| Restricted for: | | | | | | | |
| Public safety | \$ 193,756 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Highways and roads | - | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | 8,668 | - | - |
| Debt service | - | - | - | - | - | - | 152,801 |
| Capital outlay | - | - | - | - | - | 15,635 | - |
| Other purposes | - | - | - | - | - | - | - |
| Unrestricted | - | - | 257,395 | - | - | - | - |
| Total cash and investment fund balance - December 31 | \$ 193,756 | \$ - | \$ 257,395 | \$ - | \$ 8,668 | \$ 15,635 | \$ 152,801 |

CITY OF WESTFIELD
 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)

| | LEAF | GO Bond 2005 Tech | Greenspace Beautification | PSB/ADM Capital Improvement | Economic Development | TIF Road | Totals |
|--|-----------------|----------------------|------------------------------|-----------------------------------|-------------------------|-------------------|---------------------|
| Receipts: | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 370,511 | \$ 1,137,889 |
| Licenses and permits | - | - | - | - | - | - | 8,335 |
| Intergovernmental | - | - | - | - | - | - | 1,059,358 |
| Charges for services | - | - | - | - | - | - | 753,446 |
| Fines and forfeits | - | - | - | - | - | - | 60,558 |
| Other | 130 | - | 130 | - | 6,500 | - | 346,759 |
| Total receipts | 130 | - | 130 | - | 6,500 | 370,511 | 3,366,345 |
| Disbursements: | | | | | | | |
| General government | - | - | - | 27,117 | - | - | 526,775 |
| Public safety | - | - | - | - | - | - | 117,127 |
| Highways and streets | - | - | - | - | - | - | 1,134,451 |
| Culture and recreation | - | - | 25,100 | - | - | - | 38,331 |
| Debt service: | | | | | | | |
| Principal | - | - | - | - | - | - | 410,000 |
| Interest | - | - | - | - | - | - | 485,594 |
| Capital outlay: | | | | | | | |
| Highways and streets | - | 171,322 | - | - | - | - | 323,757 |
| Total disbursements | - | 171,322 | 25,100 | 27,117 | - | - | 3,036,035 |
| Excess (deficiency) of receipts over disbursements | 130 | (171,322) | (24,970) | (27,117) | 6,500 | 370,511 | 330,310 |
| Other financing sources (uses): | | | | | | | |
| Transfers in | - | - | 12,046 | - | - | - | 157,263 |
| Transfers out | - | - | - | - | (4,949) | - | (150,166) |
| Total other financing sources (uses) | - | - | 12,046 | - | (4,949) | - | 7,097 |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 130 | (171,322) | (12,924) | (27,117) | 1,551 | 370,511 | 337,407 |
| Cash and investment fund balance - beginning | 4,681 | 175,319 | 25,100 | 231,929 | - | - | 1,935,911 |
| Cash and investment fund balance - ending | \$ 4,811 | \$ 3,997 | \$ 12,176 | \$ 204,812 | \$ 1,551 | \$ 370,511 | \$ 2,273,318 |
| Cash and Investment Assets - December 31 | | | | | | | |
| Cash and investments | \$ 4,811 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 262,206 |
| Restricted assets: | | | | | | | |
| Cash and investments | - | 3,997 | 12,176 | 204,812 | 1,551 | 370,511 | 2,011,112 |
| Total cash and investment assets - December 31 | \$ 4,811 | \$ 3,997 | \$ 12,176 | \$ 204,812 | \$ 1,551 | \$ 370,511 | \$ 2,273,318 |
| Cash and Investment Fund Balance - December 31 | | | | | | | |
| Restricted for: | | | | | | | |
| Public safety | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 283,598 |
| Highways and roads | - | - | - | - | 1,551 | - | 563,997 |
| Culture and recreation | - | - | 12,176 | - | - | - | 20,844 |
| Debt service | - | 3,997 | - | - | - | - | 156,798 |
| Capital outlay | - | - | - | 204,812 | - | 370,511 | 981,738 |
| Other purposes | - | - | - | - | - | - | 4,137 |
| Unrestricted | 4,811 | - | - | - | - | - | 262,206 |
| Total cash and investment fund balance - December 31 | \$ 4,811 | \$ 3,997 | \$ 12,176 | \$ 204,812 | \$ 1,551 | \$ 370,511 | \$ 2,273,318 |

CITY OF WESTFIELD
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2008

| | Payroll |
|---|---------------|
| Additions: | |
| Agency fund additions | \$ 10,398,861 |
| Deductions: | |
| Agency fund deductions | 10,642,303 |
| Deficiency of total additions under total deductions | (243,442) |
| Cash and investment fund balance - beginning | 313,135 |
| Cash and investment fund balance - ending | \$ 69,693 |

CITY OF WESTFIELD
 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 are included if acquired (purchased, constructed, or donated) after July 1, 1980, or if they received major renovations, restorations, or improvements after that date. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

| <u>Primary Government</u> | <u>Ending Balance</u> |
|--|---------------------------|
| Governmental activities: | |
| Capital assets, not being depreciated: | |
| Land | \$ 1,142,166 |
| Infrastructure | 15,355 |
| Buildings | 7,311,773 |
| Improvements other than buildings | 3,627,951 |
| Machinery and equipment | <u>8,507,527</u> |
| Total governmental activities, capital assets not being depreciated | <u>\$ 20,604,772</u> |

| <u>Primary Government</u> | <u>Ending Balance</u> |
|--|---------------------------|
| Business-type activities: | |
| Water Utility: | |
| Capital assets, not being depreciated: | |
| Land | \$ 1,435,369 |
| Construction in progress | 5,701,259 |
| Buildings | 6,257,621 |
| Improvements other than buildings | 20,742,129 |
| Machinery and equipment | <u>1,947,971</u> |
| Total Water Utility capital assets | <u>36,084,349</u> |

| | |
|---|-----------------------|
| Wastewater Utility: | |
| Capital assets, not being depreciated: | |
| Land | 1,036,128 |
| Construction in progress | 16,847,998 |
| Buildings | 11,297,579 |
| Improvements other than buildings | 41,025,501 |
| Machinery and equipment | 10,110,697 |
| Stormwater improvements | <u>4,855,758</u> |
| Total Wastewater Utility capital assets | <u>85,173,661</u> |

| | |
|--|-----------------------|
| Total business-type activities capital assets | <u>\$ 121,258,010</u> |
|--|-----------------------|

CITY OF WESTFIELD
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2008

The City has entered into the following debt:

| Description of Debt | Ending Principal Balance | Principal and Interest Due Within One Year |
|--|--------------------------------|---|
| Governmental activities: | | |
| Capital leases: | | |
| Public Safety Building | \$ 5,220,000 | \$ 548,962 |
| Various vehicles and equipment | 1,205,403 | 1,107,717 |
| Bonds payable: | | |
| General obligation bonds: | | |
| Road and Trail Projects | 740,000 | 154,725 |
| Park Improvement/IT Upgrades | <u>3,150,000</u> | <u>276,097</u> |
| Total governmental activities debt | <u>\$ 10,315,403</u> | <u>\$ 2,087,501</u> |
| Business-type activities: | | |
| Water Utility: | | |
| Notes and loans payable | \$ 745,988 | \$ 113,087 |
| Revenue bonds: | | |
| Purchase of Hamilton Southeastern Utility | 1,545,000 | 190,950 |
| Water Treatment Plant Improvements | <u>7,570,000</u> | <u>743,657</u> |
| Total Water Utility | <u>9,860,988</u> | <u>1,047,694</u> |
| Wastewater Utility: | | |
| Notes and loans payable | 2,152,672 | 326,330 |
| Revenue bonds: | | |
| Purchase of Hamilton Southeastern Utility | 8,385,000 | 825,462 |
| Wastewater Treatment Plant Improvements | 10,395,000 | 907,269 |
| Construction of Wastewater Treatment Plant | 6,635,000 | 740,815 |
| Installation of Sewer Lines | <u>13,980,000</u> | <u>679,263</u> |
| Total Wastewater Utility | <u>41,547,672</u> | <u>3,479,139</u> |
| Total business-type activities debt: | <u>\$ 51,408,660</u> | <u>\$ 4,526,833</u> |

CITY OF WESTFIELD
AUDIT RESULTS AND COMMENTS

CREDIT CARDS

The City is using credit cards to purchase various items. The City has an approved credit card policy (Ordinance 08-03); however, payments were made in 2008 that were not in compliance with that policy. The Credit Card Policy states that credit cards shall be at no fee; however, credit card fees of \$315 were paid. We reviewed the credit card claims from January through July 2009 and found that finance charges were assessed for each month in that time period.

The policy also states that the charges and all other claims shall be processed in the proper and prescribed manner. For monthly payments in 2008, it was noted charges were paid based on the credit card statement alone without sufficient itemized documentation of expenses. We reviewed credit card disbursements in July 2009 and found that this continued in 2009.

No logs were provided for audit to document who had been granted authorization to use the credit cards, when they were issued or returned.

There were charges on the credit card statements that appeared to bypass the accounting system. We noticed the purchase of supplies and equipment from local retailers with the purchase of the credit card.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.

CITY OF WESTFIELD
AUDIT RESULTS AND COMMENTS
(Continued)

- (6) Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
- (7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
- (8) If properly authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

FINANCE CHARGES

The City incurred, and subsequently paid, late fees and financial charges for delinquent payment for credit card charges in the amount of \$698 during 2008.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. 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)

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 CITY OF WESTFIELD, HAMILTON COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Westfield (City) 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 year ended December 31, 2008. The City'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 City's management. Our responsibility is to express an opinion on the City'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 City'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 City's compliance with those requirements.

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

Internal Control Over Compliance

The management of the City 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 City'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 City's internal control over compliance.

A control deficiency in a City'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

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)

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 City's response to the findings identified in our audit is described in the accompanying Official Response. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, the Common 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

September 17, 2009

CITY OF WESTFIELD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 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 |
|--|---------------------------|--|-------------------------------------|
| <u>U.S. DEPARTMENT OF TRANSPORTATION</u> | | | |
| Indiana Department of Transportation Recreational Trails Program Monon Trail Project | 20.219 | STP-9929(042) | \$ <u>737,524</u> |
| Total for program | | | <u>737,524</u> |
| Indiana Criminal Justice Institute/Hamilton County State and Community Highway Safety Big City/Big County Seatbelt Enforcement Grant Aggressive Driving Enforcement Program | 20.600 | PT-08-04-01-04 154HE-2008-08-01-17 | 11,979 <u>14,060</u> |
| Total for program | | | <u>26,039</u> |
| Indiana Criminal Justice Institute/Hamilton County Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants DUI Task Force Indiana Enforcement Grant | 20.601 | K8-2008-02-03-10 | <u>10,785</u> |
| Total for program | | | <u>10,785</u> |
| Total for federal grantor agency | | | <u>774,348</u> |
| Total federal awards expended | | | <u>\$ 774,348</u> |

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

CITY OF WESTFIELD
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 City of Westfield (City) 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.

CITY OF WESTFIELD
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? | no |
| 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 |
|----------------|------------------------------------|
| 20.219 | Recreational Trails Program |

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

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF WESTFIELD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF WESTFIELD
EXIT CONFERENCE

The contents of this report were discussed on October 15, 2009, with Cindy J. Gossard, Clerk-Treasurer; Andrew Cook, Mayor; Steven Hoover, City Council member; and Bruce Hauk, Deputy Mayor. The official response has been made a part of this report and may be found on pages 39 and 40.

City of Westfield

Indiana 1834

"Old Town Charm, New City Style"

October 26, 2009

Audit Results and Comments

OFFICIAL RESPONSE

Mayor

ANDY COOK

City Council

JOHN DIPPEL

STEVE HOOVER

ROBERT L. HORKAY

KEN KINGSHILL

ROBERT J. SMITH

TOM SMITH

ROB STOKES

Clerk-Treasurer

CINDY J. COSSARD

Below is an itemized list of activities and plans that will ensure that the existing issues found in the recent audit will be rectified and done so in a timely manner. The Clerk Treasurer's office was unaware that such issues occurred or existed and will work to eliminate all issues.

With the tremendous growth that the City and the Clerk Treasurer's Office has experienced in the past three years 2008 was no exception. The Clerk-Treasurer's Office continued to be understaffed in 2008. Being understaffed, proper monitoring of each department's submissions, as required by statute, was challenging. We now have additional staff that is establishing policies, internal controls by conducting internal audits to adequately comply with the duties of the Clerk Treasurer's Office.

If you have additional questions about the below responses, please feel free to contact the Clerk Treasurer's Office at 317-804-3026.

CORPORATION

Credit Cards:

Response: As of September, 2009 we have eliminated the current credit cards and credit card purchases. There will be three new credit cards issued. The cards will be held and monitored by the Clerk-Treasurer, Mayor and Chief Administrative Officer.

- A new credit card policy **CT-09-02** will be initiated November 1, 2009.

- In conjunction with the policy **CT-09-02** we have an expense statement to track expenses according to the expense policy **CT-09-03**. This will go in to affect on or before November 1, 2009.

Finance Charges:

Response: SharePoint has expedited the claim process but the process must be backed by proper documentation.

- Officials and employees will be responsible to submit claims and remit taxes in a timely manner to the Clerk Treasurer's Office.
- Any penalties, interest or other charges paid by the governmental unit is the personal obligation of the responsible official or employee (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7).

The Clerk-Treasurer's office will take this strong direction to tighten internal controls. This should take care of all possible delays resulting in any finance charge.