

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

EXAMINATION REPORT  
OF  
TOWN OF WESTVILLE  
LAPORTE COUNTY, INDIANA  
January 1, 2008 to December 31, 2009



**FILED**  
01/11/2011



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances .....	4
Notes to Financial Information .....	5-6
Supplementary Information:	
Schedule of Long-Term Debt .....	7
Examination Results and Comments:	
Police Department Receipts and Fees .....	8
Capital Assets .....	8
Utility Billings.....	8
Exit Conference.....	9

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Carol Rotzien	01-01-08 to 12-31-11
President of the Town Council	Michael Albert	01-01-08 to 12-31-10
Superintendent of Utilities	Bart Frank	01-01-08 to 12-31-10
Town Marshall	James Gunning	01-01-08 to 12-31-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Town of Westville (Town), for the period of January 1, 2008 to December 31, 2009. The Town's management is responsible for the financial information presented herein. 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 financial information presented herein 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 financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

October 6, 2010

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, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 577,929	\$ 510,651	\$ 493,371	\$ 595,209
Motor Vehicle Highway	309,149	143,654	145,143	307,660
Local Road and Street	227,777	43,587	8,323	263,041
Park and Recreation	35,479	5,125	11,476	29,128
Law Enforcement Continuing Education	11,159	4,009	4,276	10,892
Trash Collection	85,196	44,991	52,035	78,152
Police Donation	550	100	650	-
Protect Our Child Donation	2,886	-	-	2,886
Neva Kline Donation	14,010	390	-	14,400
Major Moves	1,178,654	47,331	-	1,225,985
Cumulative Capital Improvement	13,096	16,946	15,000	15,042
Cumulative Capital Development	24,589	18,521	-	43,110
County Economic Development Income Tax (CEDIT)	195,195	43,946	45,383	193,758
Proprietary Funds:				
Water Utility - Operating	467,300	601,272	500,106	568,466
Water Utility - Bond and Interest	56,394	119,888	118,800	57,482
Water Utility - Maintenance	56,293	26,470	-	82,763
Water Utility - Customer Deposit	26,369	7,491	5,791	28,069
Water Utility - Debt Service	119,535	-	-	119,535
Wastewater Utility - Operating	123,497	513,710	450,346	186,861
Wastewater Utility - Maintenance	57,907	23,620	4,579	76,948
Wastewater Utility - Customer Deposit	26,807	7,376	5,769	28,414
Fiduciary Fund:				
Payroll	-	505,193	505,193	-
Totals	<u>\$ 3,609,771</u>	<u>\$ 2,684,271</u>	<u>\$ 2,366,241</u>	<u>\$ 3,927,801</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 595,209	\$ 533,949	\$ 472,537	\$ 656,621
Motor Vehicle Highway	307,660	141,423	164,564	284,519
Local Road and Street	263,041	41,369	7,710	296,700
Park and Recreation	29,128	5,152	12,357	21,923
Law Enforcement Continuing Education	10,892	3,222	2,136	11,978
Trash Collection	78,152	46,009	57,712	66,449
Protect Our Child Donation	2,886	-	-	2,886
Neva Kline Donation	14,400	297	2,944	11,753
Major Moves	1,225,985	36,235	-	1,262,220
Cumulative Capital Improvement	15,042	15,979	15,000	16,021
Cumulative Capital Development	43,110	14,916	-	58,026
County Economic Development Income Tax (CEDIT)	193,758	46,491	50,760	189,489
Proprietary Funds:				
Water Utility - Operating	568,466	531,206	508,514	591,158
Water Utility - Bond and Interest	57,482	118,809	118,575	57,716
Water Utility - Maintenance	82,763	24,024	-	106,787
Water Utility - Customer Deposit	28,069	6,107	3,581	30,595
Water Utility - Debt Service	119,535	-	-	119,535
Wastewater Utility - Operating	186,861	506,848	451,457	242,252
Wastewater Utility - Maintenance	76,948	23,896	78,480	22,364
Wastewater Utility - Customer Deposit	28,414	5,990	3,568	30,836
Fiduciary Fund:				
Payroll	-	542,189	542,189	-
Totals	<u>\$ 3,927,801</u>	<u>\$ 2,644,111</u>	<u>\$ 2,492,084</u>	<u>\$ 4,079,828</u>

The accompanying notes are an integral part of the financial information.

TOWN OF WESTVILLE  
NOTES TO FINANCIAL INFORMATION

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 utility and wastewater utility.

Note 2. Fund Accounting

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

Note 3. Budgets

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

Note 4. Property Taxes

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

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.

TOWN OF WESTVILLE  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' 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. 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 Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Note 7. Subsequent Event

Property Tax Assessment

LaPorte County has not completed and settled an approved property tax cycle since the 2005 payable 2006 property tax year. Each subsequent year the County has sent out various forms of provisional bills with the notice that a reconciliation bill will be provided to taxpayers once assessments are approved and certified and final tax rates are established. These delays and uncertainties have resulted in a lower than budgeted property tax collection rate for the Town. It is undeterminable how much property tax collections the Town will receive once all the reconciliation bills have been distributed and the collections received. Provisional bills for taxes payable in 2009 were due January 29, 2010. The Town received their distribution on February 11, 2010. Provisional bills for taxes payable in 2010, based upon the 2006 pay 2007 tax rates, were mailed in June 2010 and are due in two installments, July 9, 2010 and November 10, 2010.

TOWN OF WESTVILLE  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2009

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Proprietary Funds:		
Water Utility:		
Notes and loans payable:		
2005 1/2 of Chevy Truck	\$ 2,700	\$ 2,821
Revenue bonds:		
2001 Improvements to the Utility	<u>1,859,000</u>	<u>118,300</u>
 Total Water Utility debt	 <u>1,861,700</u>	 <u>121,121</u>
Wastewater Utility:		
Notes and loans payable:		
2005 1/2 of Chevy Truck	2,700	2,821
1982 FmHA Wastewater Loan	<u>63,000</u>	<u>6,150</u>
 Total Wastewater Utility debt	 <u>65,700</u>	 <u>8,971</u>
 Total proprietary funds debt	 <u>\$ 1,927,400</u>	 <u>\$ 130,092</u>

TOWN OF WESTVILLE  
EXAMINATION RESULTS AND COMMENTS

POLICE DEPARTMENT RECEIPTS AND FEES

Receipts and fees collected by the Police Department were remitted to the Clerk-Treasurer less frequently than once a week.

Receipts and fees collected by a police department should be remitted to the clerk-treasurer or city controller at least once each week. (Cities and Towns Bulletin and Uniform Compliance Guidelines, September 2003)

CAPITAL ASSETS

As stated in prior Reports B22582, B27413, and B31953, 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 and water lines were not included, nor were 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 reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

UTILITY BILLINGS

During our test of utility billings we noted that several significant utility bill adjustments were made that were not approved by the town council. Among them was an adjustment for \$60,671, that was made based on discussions with a company concerning an inaccurate meter, and another for \$575 in 2008 and 2009, respectively. The Town does not have a policy addressing utility bill adjustments and/or write offs. The amounts were adjusted based on the approval of only one town council member.

The governing body of a governmental unit should have a written policy concerning a procedure for the writing off of bad debts, uncollectible accounts receivable, or any adjustments to record balances. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Officials or employees authorizing, directing or executing write-offs or adjustments to records which are not documented or warranted may be held personally responsible. (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 October 6, 2010, with Carol Rotzien, Clerk-Treasurer, and Michael Albert, President of the Town Council. The officials concurred with our findings.