

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF WESTFIELD
HAMILTON COUNTY, INDIANA

January 1, 2011 to December 31, 2011



FILED
09/12/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Cindy Gossard	01-01-08 to 12-31-15
Mayor	Andrew Cook	01-01-08 to 12-31-15
President of the Board of Public Works	Andrew Cook	01-01-08 to 12-31-15
President of the City Council	Tom Smith Robert Horkay	01-01-11 to 12-31-11 01-01-12 to 12-31-12
Director of Public Works	Kurt Wanninger	01-01-11 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF WESTFIELD, HAMILTON COUNTY, INDIANA

We have audited the accompanying financial statement of the City of Westfield (City), for the year ended December 31, 2011. This financial statement is the responsibility of the City's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

As discussed in Note 1, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated August 7, 2012, 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 integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. 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 financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other reports used to prepare the financial statement. The information has been subjected to

INDEPENDENT AUDITOR'S REPORT
(Continued)

the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

The City's response to the Audit Results and Comments 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, City Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 7, 2012



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

TO: THE OFFICIALS OF THE CITY OF WESTFIELD, HAMILTON COUNTY, INDIANA

We have audited the financial statement of the City of Westfield (City), for the year ended December 31, 2011, and have issued our report thereon dated August 7, 2012. 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

Management of the City is responsible for establishing and maintaining effective 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 opinion on the financial statement, 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 deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statement 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, City Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 7, 2012

FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the City. The financial statement and notes are presented as intended by the City.

CITY OF WESTFIELD
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 5,194,967	\$ 10,465,075	\$ 10,474,630	\$ 5,185,412
Motor Vehicle Highway	169,108	1,066,836	981,862	254,082
Local Road And Street	170,388	322,584	346,390	146,582
Park Nonreverting Operating	1,706	1,085	2,266	525
Emergency Medical Services/Ambulanc	47,446	249,373	162,212	134,607
Economic Development Operating	2,761	-	-	2,761
Community Development	110	5,390	5,500	-
Rainy Day	1,050,128	35,500	752,932	332,696
Levy Excess	17,001	-	17,001	-
Cumulative Capital Development	54,813	751,947	655,100	151,660
2011 COIT Notes Construct	-	8,802,283	459,465	8,342,818
Cumulative Capital Improvement	49,466	52,749	72,546	29,669
2011 COIT Notes Bond & Int	-	1,035,417	-	1,035,417
City Facade Improv Grant	-	50,000	10,077	39,923
Safer Grant	-	376,752	300,000	76,752
SCBA Grant	-	95,625	95,625	-
Law Enforcement Lease	-	354,626	354,626	-
Fire Operation	935,424	6,743,862	7,341,856	337,430
Grant Misc	54,497	6,892	61,389	-
Law Enforcement	204,455	144,989	187,539	161,905
Police Donation	681	4,985	1,789	3,877
Parks & Recreation	369,537	296,676	216,018	450,195
Greenspace Beautification	24,160	-	6,860	17,300
Performance/Maint	91,162	19,507	-	110,669
Westside Tif	5,119	-	5,119	-
Leaf	1,483	2,688	214	3,957
Trail Donation	14,796	-	-	14,796
Road & Street Improvement	50,409	408,424	412,359	46,474
Eastside Tif	273,476	1,216,210	863,133	626,553
Aurora Tif	909	1,463	-	2,372
Bryne Memorial Grant	201	-	-	201
Westfield Connects Non-Reverting	22,380	102,324	79,319	45,385
Eagletown Tif	4,157	83,330	-	87,487
Fire Liberty Mutual Grant	13,369	-	-	13,369
Dnr State Trail Grant	155,614	22,610	178,224	-
Youth Assistance Program	5,031	-	5,031	-
Bond #2 Debt Service	22,069	144,374	153,874	12,569
Go Bond 2005 Debt Service	5,961	574,487	386,485	193,963
Psb Lease Rental Pmt	61,043	568,914	572,400	57,557
Eastside Tif 2009 Dsr	615,000	-	-	615,000
Go Bond 2005 Tech	727	-	-	727
South Union Streetscape	1,109,895	-	665,902	443,993
Fire Station 83 Proceeds	1,482,309	-	1,381,803	100,506
Regional Storm Detention	277,551	-	36,920	240,631
Psb/Adm Cap Improvement	64,700	32,785	-	97,485
Midland Trail Phase 1	528,775	-	448,340	80,435
EMS Clearing	178,650	355,021	502,110	31,561
Payroll	22,771	13,111,832	13,134,603	-
Wastewater Utility - Operating	-	2,700,056	2,680,636	19,420
Wastewater Util - Bond And Interest	1,051,624	3,172,120	3,163,935	1,059,809
Wastewater Utility - Construction	614,328	159,400	38,948	734,780
Wastewater Utility - Debt Reserve	721,613	566	679	721,500
Wastewater Utility - Revenue	4,122	6,101,582	5,640,676	465,028
Stormwater Utility - Revenue	30,932	427,686	344,046	114,572
Wastewater Utility - Tap Fee	-	471,595	6,896	464,699
Wastewater Utility - Avail Fee	-	436,544	109,546	326,998
Wastewater Utility - Avail Fee Reim	3,217	104,530	-	107,747
Wastewater Utility - Escrow Dev Fee	143,247	34,620	-	177,867
Trash Revenue	223,882	1,251,808	1,063,301	412,389
Water Utility - Operating	373,636	3,223,218	3,123,318	473,536
Water Utility - Bond And Interest	431,507	1,145,175	1,082,377	494,305
Meter Deposits	11,175	2,400	24	13,551
Water Utility - Construction	341	-	341	-
Water Utility - Debt Reserve	203,970	130	130	203,970
Water Utility - Revenue	230,140	4,859,299	4,681,612	407,827
Water Utility - Tap Fee	100,038	129,903	250	229,691
Water Utility - Availability Fee	455,538	404,247	242,689	617,096
Water Utility - Avail Fee Reimburse	520,267	-	38,579	481,688
Water - Depreciation & Plant Expand	30,791	120,000	-	150,791
Water Utility - Escrow Dev Fees	7,421	-	-	7,421
Totals	\$ 18,511,994	\$ 72,251,494	\$ 63,549,502	\$ 27,213,986

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

CITY OF WESTFIELD
NOTES TO FINANCIAL STATEMENT

Note 1. 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 form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the City.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), 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 regulatory 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.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts may include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state,

CITY OF WESTFIELD
NOTES TO FINANCIAL STATEMENT
(Continued)

local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Penalties which include fees received for late payments.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements may include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

CITY OF WESTFIELD
NOTES TO FINANCIAL STATEMENT
(Continued)

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the City. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

CITY OF WESTFIELD
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize the City to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The City may be 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; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 Indiana Public Retirement System (INPRS) 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 members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS 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:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

CITY OF WESTFIELD
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS) 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 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

INPRS 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:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

The contribution requirements of plan members and the City are established by the Board of Trustees of INPRS.

The City also contributes to additional pension plans unique to the City. Information regarding these plans may be obtained from the City.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the City which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the City. It is presented as intended by the City.

CITY OF WESTFIELD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	General	Motor Vehicle Highway	Local Road And Street	Park Nonreverting Operating	Emergency Medical Services/Ambulanc	Economic Development Operating	Community Development	Rainy Day
Cash and investments - beginning	\$ 5,194,967	\$ 169,108	\$ 170,388	\$ 1,706	\$ 47,446	\$ 2,761	\$ 110	\$ 1,050,128
Receipts:								
Taxes	5,081,465	364,295	-	-	-	-	-	-
Licenses and permits	448,413	-	-	-	-	-	-	-
Intergovernmental	4,462,582	562,523	312,332	-	-	-	-	-
Charges for services	945	32,609	-	1,085	249,373	-	-	-
Fines and forfeits	2,817	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	468,853	107,409	10,252	-	-	-	5,390	35,500
Total receipts	<u>10,465,075</u>	<u>1,066,836</u>	<u>322,584</u>	<u>1,085</u>	<u>249,373</u>	<u>-</u>	<u>5,390</u>	<u>35,500</u>
Disbursements:								
Personal services	6,092,194	226,768	-	-	-	-	-	-
Supplies	435,354	307,469	50,801	-	47,281	-	-	-
Other services and charges	3,245,039	374,721	49,325	-	16,259	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	452,056	-	240,091	-	91,422	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	249,987	72,904	6,173	2,266	7,250	-	5,500	752,932
Total disbursements	<u>10,474,630</u>	<u>981,862</u>	<u>346,390</u>	<u>2,266</u>	<u>162,212</u>	<u>-</u>	<u>5,500</u>	<u>752,932</u>
Excess (deficiency) of receipts over disbursements	<u>(9,555)</u>	<u>84,974</u>	<u>(23,806)</u>	<u>(1,181)</u>	<u>87,161</u>	<u>-</u>	<u>(110)</u>	<u>(717,432)</u>
Cash and investments - ending	<u>\$ 5,185,412</u>	<u>\$ 254,082</u>	<u>\$ 146,582</u>	<u>\$ 525</u>	<u>\$ 134,607</u>	<u>\$ 2,761</u>	<u>\$ -</u>	<u>\$ 332,696</u>

CITY OF WESTFIELD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Levy Excess	Cumulative Capital Development	2011 COIT Notes Construct	Cumulative Capital Improvement	2011 COIT Notes Bond & Int	City Facade Improv Grant	Safer Grant	SCBA Grant
Cash and investments - beginning	\$ 17,001	\$ 54,813	\$ -	\$ 49,466	\$ -	\$ -	\$ -	\$ -
Receipts:								
Taxes	-	695,220	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	56,727	-	52,749	-	50,000	376,752	95,625
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	-	8,802,283	-	1,035,417	-	-	-
Total receipts	-	751,947	8,802,283	52,749	1,035,417	50,000	376,752	95,625
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	95,625
Other services and charges	-	200,000	137,982	62,546	-	3,185	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	455,100	321,483	10,000	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	17,001	-	-	-	-	6,892	300,000	-
Total disbursements	17,001	655,100	459,465	72,546	-	10,077	300,000	95,625
Excess (deficiency) of receipts over disbursements	(17,001)	96,847	8,342,818	(19,797)	1,035,417	39,923	76,752	-
Cash and investments - ending	\$ -	\$ 151,660	\$ 8,342,818	\$ 29,669	\$ 1,035,417	\$ 39,923	\$ 76,752	\$ -

CITY OF WESTFIELD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Law Enforcement Lease	Fire Operation	Grant Misc	Law Enforcement	Police Donation	Parks & Recreation	Greenspace Beautification	Performance/Maint
Cash and investments - beginning	\$ -	\$ 935,424	\$ 54,497	\$ 204,455	\$ 681	\$ 369,537	\$ 24,160	\$ 91,162
Receipts:								
Taxes	-	3,777,827	-	-	-	-	-	-
Licenses and permits	-	-	-	8,530	-	291,090	-	-
Intergovernmental	-	1,412,194	-	-	-	-	-	-
Charges for services	-	1,228,030	-	32,743	-	5,330	-	-
Fines and forfeits	-	-	-	75,416	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	354,626	325,811	6,892	28,300	4,985	256	-	19,507
Total receipts	354,626	6,743,862	6,892	144,989	4,985	296,676	-	19,507
Disbursements:								
Personal services	-	5,673,057	-	-	-	-	-	-
Supplies	28,315	169,722	-	-	-	62,029	-	-
Other services and charges	57,030	824,785	61,389	26,000	1,789	22,849	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	269,281	580,928	-	161,539	-	108,290	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	93,364	-	-	-	22,850	6,860	-
Total disbursements	354,626	7,341,856	61,389	187,539	1,789	216,018	6,860	-
Excess (deficiency) of receipts over disbursements	-	(597,994)	(54,497)	(42,550)	3,196	80,658	(6,860)	19,507
Cash and investments - ending	\$ -	\$ 337,430	\$ -	\$ 161,905	\$ 3,877	\$ 450,195	\$ 17,300	\$ 110,669

CITY OF WESTFIELD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Westside Tif	Leaf	Trail Donation	Road & Street Improvement	Eastside Tif	Aurora Tif	Bryne Memorial Grant	Westfield Connects Non-Reverting
Cash and investments - beginning	\$ 5,119	\$ 1,483	\$ 14,796	\$ 50,409	\$ 273,476	\$ 909	\$ 201	\$ 22,380
Receipts:								
Taxes	-	-	-	-	1,098,710	1,463	-	-
Licenses and permits	-	-	-	408,424	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	102,324
Fines and forfeits	-	2,688	-	-	117,500	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	2,688	-	408,424	1,216,210	1,463	-	102,324
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	214	-	207,400	1,250	-	-	79,319
Debt service - principal and interest	-	-	-	-	610,698	-	-	-
Capital outlay	-	-	-	204,390	251,185	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	5,119	-	-	569	-	-	-	-
Total disbursements	5,119	214	-	412,359	863,133	-	-	79,319
Excess (deficiency) of receipts over disbursements	(5,119)	2,474	-	(3,935)	353,077	1,463	-	23,005
Cash and investments - ending	\$ -	\$ 3,957	\$ 14,796	\$ 46,474	\$ 626,553	\$ 2,372	\$ 201	\$ 45,385

CITY OF WESTFIELD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Eagletown Tif	Fire Liberty Mutual Grant	Dnr State Trail Grant	Youth Assistance Program	Bond #2 Debt Service	Go Bond 2005 Debt Service	Psb Lease Rental Pmt	Eastside Tif 2009 Dsr
Cash and investments - beginning	\$ 4,157	\$ 13,369	\$ 155,614	\$ 5,031	\$ 22,069	\$ 5,961	\$ 61,043	\$ 615,000
Receipts:								
Taxes	78,211	-	-	-	133,482	531,148	504,730	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	10,892	43,339	41,184	-
Charges for services	-	-	-	-	-	-	23,000	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	5,119	-	22,610	-	-	-	-	-
Total receipts	83,330	-	22,610	-	144,374	574,487	568,914	-
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	165	-	-	6,000	-
Debt service - principal and interest	-	-	-	-	153,874	386,485	566,400	-
Capital outlay	-	-	178,224	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	4,866	-	-	-	-
Total disbursements	-	-	178,224	5,031	153,874	386,485	572,400	-
Excess (deficiency) of receipts over disbursements	83,330	-	(155,614)	(5,031)	(9,500)	188,002	(3,486)	-
Cash and investments - ending	\$ 87,487	\$ 13,369	\$ -	\$ -	\$ 12,569	\$ 193,963	\$ 57,557	\$ 615,000

CITY OF WESTFIELD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Go Bond 2005 Tech	South Union Streetscape	Fire Station 83 Proceeds	Regional Storm Detention	Psb/Adm Cap Improvement	Midland Trail Phase 1	EMS Clearing	Payroll
Cash and investments - beginning	\$ 727	\$ 1,109,895	\$ 1,482,309	\$ 277,551	\$ 64,700	\$ 528,775	\$ 178,650	\$ 22,771
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	32,785	-	355,021	13,111,832
Total receipts	-	-	-	-	32,785	-	355,021	13,111,832
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	41,689	-	-	-	-	-
Other services and charges	-	278,544	17,369	36,920	-	20,504	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	387,358	1,322,745	-	-	427,836	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	502,110	13,134,603
Total disbursements	-	665,902	1,381,803	36,920	-	448,340	502,110	13,134,603
Excess (deficiency) of receipts over disbursements	-	(665,902)	(1,381,803)	(36,920)	32,785	(448,340)	(147,090)	(22,771)
Cash and investments - ending	\$ 727	\$ 443,993	\$ 100,506	\$ 240,631	\$ 97,485	\$ 80,435	\$ 31,560.85	\$ -

CITY OF WESTFIELD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Wastewater Utility - Operating	Wastewater Util - Bond And Interest	Wastewater Utility - Construction	Wastewater Utility - Debt Reserve	Wastewater Utility - Revenue	Stormwater Utility - Revenue	Wastewater Utility - Tap Fee	Wastewater Utility - Avail Fee
Cash and investments - beginning	\$ -	\$ 1,051,624	\$ 614,328	\$ 721,613	\$ 4,122	\$ 30,932	\$ -	\$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	73,024	-	-	-	6,030,931	427,686	471,595	436,544
Other receipts	2,627,032	3,172,120	159,400	566	70,651	-	-	-
Total receipts	2,700,056	3,172,120	159,400	566	6,101,582	427,686	471,595	436,544
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	3,163,935	-	-	326,330	-	-	-
Capital outlay	5,147	-	38,948	-	-	189,653	1,500	5,016
Utility operating expenses	2,643,889	-	-	-	105,059	67,712	5,396	-
Other disbursements	31,600	-	-	679	5,209,287	86,681	-	104,530
Total disbursements	2,680,636	3,163,935	38,948	679	5,640,676	344,046	6,896	109,546
Excess (deficiency) of receipts over disbursements	19,420	8,185	120,452	(113)	460,906	83,640	464,699	326,998
Cash and investments - ending	\$ 19,420	\$ 1,059,809	\$ 734,780	\$ 721,500	\$ 465,028	\$ 114,572	\$ 464,699	\$ 326,998

CITY OF WESTFIELD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Wastewater Utility - Avail Fee Reim	Wastewater Utility - Escrow Dev Fee	Trash Revenue	Water Utility - Operating	Water Utility - Bond And Interest	Meter Deposits	Water Utility - Construction	Water Utility - Debt Reserve
Cash and investments - beginning	\$ 3,217	\$ 143,247	\$ 223,882	\$ 373,636	\$ 431,507	\$ 11,175	\$ 341	\$ 203,970
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	34,620	1,230,458	66,391	-	-	-	-
Other receipts	104,530	-	21,350	3,156,827	1,145,175	2,400	-	130
Total receipts	104,530	34,620	1,251,808	3,223,218	1,145,175	2,400	-	130
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	1,082,377	-	-	-
Capital outlay	-	-	-	305,985	-	-	-	-
Utility operating expenses	-	-	1,063,301	2,793,721	-	24	-	-
Other disbursements	-	-	-	23,612	-	-	341	130
Total disbursements	-	-	1,063,301	3,123,318	1,082,377	24	341	130
Excess (deficiency) of receipts over disbursements	104,530	34,620	188,507	99,900	62,798	2,376	(341)	-
Cash and investments - ending	\$ 107,747	\$ 177,867	\$ 412,389	\$ 473,536	\$ 494,305	\$ 13,551	\$ -	\$ 203,970

CITY OF WESTFIELD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Water Utility - Revenue	Water Utility - Tap Fee	Water Utility - Availability Fee	Water Utility - Avail Fee Reimburse	Water - Depreciation & Plant Expand	Water Utility - Escrow Dev Fees	Totals
Cash and investments - beginning	\$ 230,140	\$ 100,038	\$ 455,538	\$ 520,267	\$ 30,791	\$ 7,421	\$ 18,511,994
Receipts:							
Taxes	-	-	-	-	-	-	12,266,551
Licenses and permits	-	-	-	-	-	-	1,156,457
Intergovernmental	-	-	-	-	-	-	7,476,899
Charges for services	-	-	-	-	-	-	1,675,439
Fines and forfeits	-	-	-	-	-	-	198,421
Utility fees	4,827,459	129,903	401,477	-	-	-	14,130,088
Other receipts	31,840	-	2,770	-	120,000	-	35,347,639
Total receipts	4,859,299	129,903	404,247	-	120,000	-	72,251,494
Disbursements:							
Personal services	-	-	-	-	-	-	11,992,019
Supplies	-	-	-	-	-	-	1,238,285
Other services and charges	-	-	-	-	-	-	5,730,584
Debt service - principal and interest	113,087	-	-	-	-	-	6,403,186
Capital outlay	-	-	242,689	-	-	-	6,250,866
Utility operating expenses	251,469	250	-	38,579	-	-	6,969,400
Other disbursements	4,317,056	-	-	-	-	-	24,965,162
Total disbursements	4,681,612	250	242,689	38,579	-	-	63,549,502
Excess (deficiency) of receipts over disbursements	177,687	129,653	161,558	(38,579)	120,000	-	8,701,991
Cash and investments - ending	\$ 407,827	\$ 229,691	\$ 617,096	\$ 481,688	\$ 150,791	\$ 7,421	\$ 27,213,986

CITY OF WESTFIELD
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2011

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	\$ -	\$ -
Wastewater	350,371	645,699
Water	<u>183,576</u>	<u>336,777</u>
Totals	<u>\$ 533,947</u>	<u>\$ 982,476</u>

CITY OF WESTFIELD
SCHEDULE OF LEASES AND DEBT
December 31, 2011

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Chase Equipment Finance	Pumper Truck	\$ 90,027	05-19-11	11-19-17
Fifth Third	2 Pumper Trucks	94,365	11-01-04	09-01-12
Fifth Third	Vehicle Lease	62,038	06-01-10	12-01-12
Fifth Third	Vehicle Lease	37,714	06-01-06	12-01-13
Huntington Bank	2 Kenworth Dump Trucks	46,589	06-21-10	06-21-17
JP Morgan Chase	Vehicle Lease	123,236	11-01-11	05-01-14
Regions Equipment Finance Corp	Police Lease	65,728	11-01-09	05-01-12
Regions Equipment Finance Corp	Police Lease	122,782	01-27-10	05-15-13
Regions Equipment Finance Corp	Ambulance	65,974	09-23-09	03-23-14
Total governmental activities		<u>708,453</u>		
Total of annual lease payments		<u>\$ 708,453</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	2001 Bonds - Road and Trail Projects	\$ 361,000	\$ 154,509
General obligation bonds	2005 Bonds - Park Improvements and IT Upgrades	2,475,000	405,985
General obligation bonds	2004 First Mortgage Refunding Bonds - Public Safety Building	4,370,000	565,100
Revenue bonds	2009 Tax Increment Bonds - East Side Economic Development	6,735,000	614,435
Notes and loans payable	2011 COIT Tax Anticipation Notes - Grand Sports Park Campus Project	10,000,000	335,417
Total governmental activities		<u>23,941,000</u>	<u>26,016,446</u>
Wastewater:			
Revenue bonds	2002 Bonds - Purchase of Hamilton Southwestern Utilities	7,150,000	825,944
Revenue bonds	2004 Bonds - Wastewater Treatment Plant Improvements	9,070,000	901,444
Revenue bonds	2006 Refunding Bonds - Construction of Wastewater Treatment Plant	5,135,000	761,603
Revenue bonds	2007 Bonds - Interceptor Project	13,890,000	690,438
Notes and loans payable	Energy Savings Contract	1,438,045	326,330
Total Wastewater		<u>36,683,045</u>	<u>40,188,804</u>
Water:			
Revenue bonds	1998 Bonds - Water Treatment Plant Improvements	1,165,000	193,590
Revenue bonds	2002 Bonds - Purchase of Hamilton Southwestern Utilities	6,460,000	744,658
Revenue bonds	2009 - Land Purchase for Well Development	1,015,000	1,061,183
Notes and loans payable	Energy Savings Contract	498,341	113,087
Total Water		<u>9,138,341</u>	<u>11,250,859</u>
Totals		<u>\$ 69,762,386</u>	<u>\$ 7,693,723</u>

CITY OF WESTFIELD
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2011

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.

	Ending Balance
Governmental activities:	
Land	\$ 553,181
Buildings	7,311,773
Improvements other than buildings	702,670
Machinery, equipment and vehicles	8,653,342
Total governmental activities	17,220,966
Wastewater:	
Land	1,036,128
Infrastructure	7,265,808
Buildings	13,113,794
Improvements other than buildings	42,596,140
Machinery, equipment and vehicles	10,306,919
Construction in progress	15,771,816
Total Wastewater	90,090,605
Water:	
Land	2,605,074
Infrastructure	23,289,895
Buildings	9,094,233
Machinery, equipment and vehicles	4,971,157
Construction in progress	27,353
Total Water	39,987,712
Total capital assets	\$ 147,299,283

CITY OF WESTFIELD
OTHER REPORTS

The annual report presented herein was prepared in addition to other official reports prepared for the individual City offices listed below:

Water and Wastewater Utilities, City of Westfield

CITY OF WESTFIELD
AUDIT RESULTS AND COMMENTS

TRANSACTION RECORDING - EMERGENCY MEDICAL SERVICE

The financial activity of the bank account for EMS collections was not entered in the records of the city. The city uses a third party to handle the billing and collection of EMS charges. The third party administrator deposits those collections into a city owned bank account. The collections are not posted to the city's revenues until the money is transferred to the city's main account. There are no procedures in place to transfer these collections on a regular basis.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TRAVEL POLICY

We noted instances of reimbursement for meals when the employee was not in travel status according to the unit's policy. The city's policy states that meals will not be reimbursed for training within 50 miles; however, we noted instances of meals purchased, at restaurants within 50 miles of Westfield, by credit card and posted to travel appropriations. In the three month period tested we noted \$2,493 charged to travel for meals in Westfield, Indianapolis, and Carmel. Nothing was presented for audit to indicate that special exceptions to the travel policy had been approved.

Each governmental unit should adopt a written travel policy in conformity with applicable statutes. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

City of Westfield Personnel Policies, Procedures and Benefits Manual 3.020.2 states: "If the training/ educational event is within 50 miles (one way) from Westfield, it is expected that the employee will drive to and from the event the same day. On these occasions the noon meal will not be reimbursed; however mileage reimbursement may be authorized. Special exceptions to the 50-mile rule can be approved by the Department Head and Chief Administrative Officer based upon individual circumstances."

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
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 City of Westfield's (City) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal program for the year ended December 31, 2011. The City's major federal program is 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 could have a direct and material effect on its major federal program for the year ended December 31, 2011. However the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2011-1.

Internal Control Over Compliance

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 to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies, or material weaknesses and therefore, there is no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2011-1 to be material weaknesses.

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

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

STATE BOARD OF ACCOUNTS

August 7, 2012

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the City. The schedule and notes are presented as intended by the City.

CITY OF WESTFIELD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2011

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Noblesville Housing Authority			
CDBG - Entitlement Grants Cluster			
Community Development Block Grants/Entitlement Grants	14.218	B-10-UC-18-0023	\$ 15,300
Total for cluster			<u>15,300</u>
Total for federal grantor agency			<u>15,300</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Natural Resources			
Highway Planning and Construction Cluster			
Recreational Trails Program	20.219	STP-9929	<u>178,224</u>
Total for cluster			<u>178,224</u>
Pass-Through Hamilton County			
Highway Safety Cluster			
State and Community Highway Safety	20.600		
DUI Task Force		K-8-2011-03-03-09	<u>8,012</u>
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601		
Aggressive Driving		CA-2011-08-01-07	4,509
Big County/Big City Seatbelt		PT-11-04-04-03	<u>16,098</u>
Total for Program			<u>20,607</u>
Total for Cluster			<u>28,619</u>
Total for federal grantor agency			<u>206,843</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct Grant			
Assistance to Firefighters Grant	97.044		
SBCA Grant		EMW-2010-FO-00509	95,625
SAFER Grant		EMW-2010-FH-00064	<u>376,752</u>
Total for program			<u>472,377</u>
Total for federal grantor agency			<u>472,377</u>
Total federal awards expended			<u>\$ 694,520</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 and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

CITY OF WESTFIELD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	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?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
97.044	Assistance to Firefighters Grant

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.

CITY OF WESTFIELD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2011-01 - CASH MANAGEMENT

Federal Agency: Department of Homeland Security
Federal Program: Assistance to Firefighters Grant
CFDA Number: 97.044
Federal Award Number and Year: EMW-2010-FO-00509
Pass-Through Entity: Direct Grant

The City received funding for project, EMW-2010-FO-00509, Assistance to Firefighters Grant, which provided cash draws for the purchase of equipment. The Federal Emergency Management Agency Obligor Document for Award stated "Remember, you should request funds when you have an immediate cash need." The City was to maintain procedures to minimize the time elapsing between the transfer of funds and the disbursement of said funds; however the first draw of \$88,333 was received on April 4, 2011, and the first disbursement for project equipment did not occur until June 13, 2011. That disbursement did not use the entire amount of the original draw which left an unspent balance of \$10,685 until October 2011. The original draw was 94 percent of the total grant and the \$10,685 balance was 11 percent of the total grant.

The City failed to implement internal control procedures to ensure that cash management requirements were met. The \$88,333 draw was deposited into the City bank account on April 4, 2011, and the second draw was deposited on August 1, 2011, but neither deposit was identified as Federal grant funding and posted to the fund established for this grant until October 2011.

44CFR13.20(a)(3) states in part: "Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes. "

44CFR 13.20 (a) (7) states in part:

"Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure that the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transaction reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements."

CITY OF WESTFIELD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

44 CFR 13.21(c) states in part: "Grantees and subgrantees shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement by the grantee or subgrantee."

OMB Circular A-133, Subpart C, section.300 (b) states: "The auditee shall: (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

Surplus cash indicates noncompliance with the cash management requirement as set forth by the grant agreement. Failure to minimize cash on hand may cause future funding to be reduced.

We recommended that the City implement the control procedures that will allow for efficient identification of Federal payments to allow timely posting of the funds received to the appropriate fund in the City's accounting records. We also recommend that the City develop and implement procedures and controls to ensure that the time between the receipt and disbursement of federal funds is minimized according to grant requirements.

CITY OF WESTFIELD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



August 6, 2012

Mayor
Andy Cook

City Council
Jim Ake
John Dippel
Steven Hoover
Robert L. Horkay
Robert J. Smith
Cindy L. Spoljaric
Robert W. Stokes

Clerk Treasurer
Cindy J. Gossard

Finding No. 2011-1, Internal Control/Cash Management

Federal Agency:	U.S. Department of Homeland Security
Federal Program:	Assistance to Firefighters Grant
CFDA Number:	97.044
Federal Award Number:	EMW-2010-FH-00064 & EMW-2010-FO-00509
Auditee Contact Person:	Cindy Gossard
Contact Person Title	Clerk-Treasurer
Contact Phone Number:	317-804-3026

The City will institute procedures for each department that applies for Federal grants to ensure that grants are accounted for properly. Each department will be required to document grant information on a shared site located on the City's server that will centrally locate the status of all grants in progress. In addition, for all grants that are approved, the department will supply to the Clerk Treasurer's office sufficient information on the grant, which will include the grant award notification and the grant budget, to allow efficient processing of receipts and disbursements. The grant coordinator for each department will alert the Clerk Treasurer's office when any requests for draws from the federal grant have been made and when to anticipate the receipt of the federal grant draws. Information will be provided to identify the specific grant and the amount to be received from that grant for each draw. The Clerk Treasurer will promptly receipt the grant funding and post the receipt to the appropriated grant fund. All fund reports will be available on the shared site located on the City's server.

Clerk Treasurer's Office

(317) 804-3020 office
(317) 804-3024 fax

130 Penn Street
Westfield, IN 46074
westfield.in.gov

In the event that advance draws are received for any future grant, the Departmental grant coordinator will work with the Clerk Treasurer's office to ensure that minimal time elapses between the receipt of the federal funding and the disbursement of the funding for project costs.



Cindy Gossard

Clerk Treasurer

Clerk Treasurer's Office

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CITY OF WESTFIELD
EXIT CONFERENCE

The contents of this report were discussed on August 13, 2012, with Cindy Gossard, Clerk-Treasurer; John Dippel, Vice-President of the City Council; Jim Ake, City Council member; and Todd Burtron, Chief of Staff. The Official Response has been made a part of this report and may be found on page 45.



Mayor
Andy Cook

City Council
Jim Ake
John Dippel
Steven Hoover
Robert L. Horkay
Robert J. Smith
Cindy L. Spoljaric
Robert W. Stokes

Clerk Treasurer
Cindy J. Gossard

OFFICIAL RESPONSE

August 13, 2012

Emergency Medical Service Deposits – The Clerk-Treasurer will transfer all emergency medical service deposits monthly to the general fund.

Travel Expense – The Clerk-Treasurer is recommending a travel expense policy change, specific to meal expenses related to training and education, to the City Council for consideration. This policy, if approved, will allow for certain training and education meals be allowed within a 50 mile radius, as approved by the Department Head and Clerk-Treasurer pursuant to Travel Expense Policy. This is the recommendation of the Clerk-Treasurer and will ultimately be decided by the City Council.

A handwritten signature in cursive script, reading "Cindy Gossard", written in black ink over a horizontal line.

Cindy Gossard
Clerk-Treasurer
City of Westfield

Clerk Treasurer's Office

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