

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF WESTPORT

DECATUR COUNTY, INDIANA

January 1, 2010 to December 31, 2010



FILED
09/19/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Barbara Green Sylvia England	01-01-08 to 12-31-10 01-01-11 to 12-31-15
President of the Town Council	Bryan Gatewood	01-01-10 to 12-31-14
Superintendent of Utilities	Mark Taylor	01-01-10 to 12-31-14



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF WESTPORT, DECATUR COUNTY, INDIANA

We have examined the accompanying financial statement of the Town of Westport (Town), for the year ended December 31, 2010. The financial statement is the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statement 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 statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Town prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana 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. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis noted above is a different basis than that used in the prior year.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the year ended December 31, 2010.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Town for the year ended December 31, 2010, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Town's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis and Schedule of Debt, 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 examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

June 3, 2014

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FINANCIAL STATEMENT

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

TOWN OF WESTPORT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General Fund	\$ 32,139	\$ 319,224	\$ 304,547	\$ 46,816
Cemetery Operating	176,299	6,550	23,574	159,275
Motor Vehicle Highway	77,428	56,960	75,823	58,565
Local Road And Street	2,050	6,531	3,150	5,431
Economic Dev Income Tax	20,556	9,042	-	29,598
Law Enforcement Con Ed	7,365	905	-	8,270
Riverboat Revenue Sharing	8,014	9,481	-	17,495
Rainy Day Fund	25,259	9,738	-	34,997
Levy Excess	-	590	-	590
Police Grant Account	3,870	5,476	5,472	3,874
Cum Cap Development	39,981	9,084	2,575	46,490
Cum Cap Imp	5,636	4,436	7,700	2,372
Cemetery Maintenance Fund	31,818	1,879	-	33,697
Cemetery Tree Fund	345	-	-	345
Payroll Net Salaries	73	241,238	241,238	73
Payroll Federal W/H	-	34,770	30,677	4,093
Payroll State W/H	-	10,563	9,269	1,294
Payroll County W/H	(5)	4,148	3,640	503
Payroll Health Ins	8	177,645	177,653	-
Payroll Medicare W/H	368	8,725	8,496	597
Payroll Garnishment	-	6,640	6,640	-
Payroll-Wage Contribution	-	823	823	-
Payroll Fica W/H	-	38,883	36,330	2,553
Payroll Perf W/H	3,267	33,287	33,215	3,339
Town Hall Rent Deposits	50	-	-	50
Wastewater Operating	44,251	240,127	243,225	41,153
Wastewater Util-Bond Old Bonds	2,960	-	-	2,960
Wastewater Bond & Interest Debt	48,798	30,210	35,460	43,548
Sewer Reserve Fund	62,800	17,100	-	79,900
Wastewater Grants	-	30,000	30,000	-
Water Operating	(4,563)	390,851	353,381	32,907
Water Utility Customer Deposit	10,619	4,071	3,280	11,410
Water Maintenance	74,877	-	43	74,834
Water Debt Service & Int	63,122	51,032	64,650	49,504
Water Reserve	39,776	-	-	39,776
Totals	<u>\$ 777,161</u>	<u>\$ 1,760,009</u>	<u>\$ 1,700,861</u>	<u>\$ 836,309</u>

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

TOWN OF WESTPORT
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: public safety (police and fire), highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, water and wastewater.

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

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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 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 Town.

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, 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.

TOWN OF WESTPORT
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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 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 Town. It includes all expenditures for the reduction of the principal and interest of the Town'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.

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.

TOWN OF WESTPORT
NOTES TO FINANCIAL STATEMENT
(Continued)

F. Interfund Transfers

The Town 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 Town. 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 Town. 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 Town 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 Town 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 Town 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.

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.

TOWN OF WESTPORT
NOTES TO FINANCIAL STATEMENT
(Continued)

State statutes authorize the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The Town 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 Town 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 Plan

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 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 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 Capitol Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

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

TOWN OF WESTPORT
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 7. Combined Funds

Funds related to payroll and wastewater utility debt were combined into one fund in the prior financial statement, but were reported individually for the current financial statement as shown below:

<u>Fund Name</u>	<u>2009</u>	<u>Fund Name</u>	<u>2010</u>
Payroll	\$ 3,711		\$ -
		Payroll Net Salaries	73
		Payroll County W/H	(5)
		Payroll Health Ins	8
		Payroll Medicare W/H	368
		Payroll Perf W/H	3,267
Wastewater Utility - Bond and Interest	51,758		
		Wastewater Util-Bond Old Bonds	2,960
	-	Wastewater Bond & Interest Debt	48,798
Totals	<u>\$ 55,469</u>		<u>\$ 55,469</u>

Note 8. Change of Fund Names

During the year 2010, changes in fund names were made to more appropriately reflect financial activity of the fund. The following schedule presents a summary of fund name changes:

<u>Fund Name Prior to January 1, 2010</u>	<u>Balance as of December 31, 2009</u>	<u>Current Fund Name</u>	<u>Balance as of January 1, 2010</u>
Water Utility - Reserve	\$ 74,877	Water Maintenance	\$ 74,877
Water Utility - Improvement	39,776	Water Reserve	39,776

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SUPPLEMENTARY INFORMATION - UNAUDITED

For additional financial information, the Town's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

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 Town which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

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

TOWN OF WESTPORT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2010

	General Fund	Cemetery Operating	Motor Vehicle Highway	Local Road And Street
Cash and investments - beginning	\$ 32,139	\$ 176,299	\$ 77,428	\$ 2,050
Receipts:				
Taxes	222,112	-	-	-
Intergovernmental	72,709	-	56,960	6,531
Charges for services	8,722	6,550	-	-
Utility fees	-	-	-	-
Penalties	-	-	-	-
Other receipts	15,681	-	-	-
Total receipts	<u>319,224</u>	<u>6,550</u>	<u>56,960</u>	<u>6,531</u>
Disbursements:				
Personal services	123,026	9,469	30,752	-
Supplies	6,969	11,787	-	-
Other services and charges	174,428	358	-	-
Debt service - principal and interest	-	-	-	-
Capital outlay	-	-	-	-
Utility operating expenses	-	-	-	-
Other disbursements	124	1,960	45,071	3,150
Total disbursements	<u>304,547</u>	<u>23,574</u>	<u>75,823</u>	<u>3,150</u>
Excess (deficiency) of receipts over disbursements	<u>14,677</u>	<u>(17,024)</u>	<u>(18,863)</u>	<u>3,381</u>
Cash and investments - ending	<u>\$ 46,816</u>	<u>\$ 159,275</u>	<u>\$ 58,565</u>	<u>\$ 5,431</u>

TOWN OF WESTPORT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2010
 (Continued)

	Economic Dev Income Tax	Law Enforcement Con Ed	Riverboat Revenue Sharing	Rainy Day Fund
Cash and investments - beginning	\$ 20,556	\$ 7,365	\$ 8,014	\$ 25,259
Receipts:				
Taxes	-	-	-	9,738
Intergovernmental	-	-	9,481	-
Charges for services	-	-	-	-
Utility fees	-	-	-	-
Penalties	-	-	-	-
Other receipts	9,042	905	-	-
Total receipts	<u>9,042</u>	<u>905</u>	<u>9,481</u>	<u>9,738</u>
Disbursements:				
Personal services	-	-	-	-
Supplies	-	-	-	-
Other services and charges	-	-	-	-
Debt service - principal and interest	-	-	-	-
Capital outlay	-	-	-	-
Utility operating expenses	-	-	-	-
Other disbursements	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>9,042</u>	<u>905</u>	<u>9,481</u>	<u>9,738</u>
Cash and investments - ending	<u>\$ 29,598</u>	<u>\$ 8,270</u>	<u>\$ 17,495</u>	<u>\$ 34,997</u>

TOWN OF WESTPORT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2010
 (Continued)

	<u>Levy Excess</u>	<u>Police Grant Account</u>	<u>Cum Cap Development</u>	<u>Cum Cap Imp</u>
Cash and investments - beginning	\$ -	\$ 3,870	\$ 39,981	\$ 5,636
Receipts:				
Taxes	-	-	-	-
Intergovernmental	-	-	8,049	-
Charges for services	-	-	-	-
Utility fees	-	-	-	-
Penalties	-	-	-	-
Other receipts	590	5,476	1,035	4,436
Total receipts	<u>590</u>	<u>5,476</u>	<u>9,084</u>	<u>4,436</u>
Disbursements:				
Personal services	-	-	-	-
Supplies	-	1,800	-	-
Other services and charges	-	-	-	-
Debt service - principal and interest	-	-	-	-
Capital outlay	-	-	-	-
Utility operating expenses	-	-	-	-
Other disbursements	-	3,672	2,575	7,700
Total disbursements	<u>-</u>	<u>5,472</u>	<u>2,575</u>	<u>7,700</u>
Excess (deficiency) of receipts over disbursements	<u>590</u>	<u>4</u>	<u>6,509</u>	<u>(3,264)</u>
Cash and investments - ending	<u>\$ 590</u>	<u>\$ 3,874</u>	<u>\$ 46,490</u>	<u>\$ 2,372</u>

TOWN OF WESTPORT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2010
 (Continued)

	Cemetery Maintenance Fund	Cemetery Tree Fund	Payroll Net Salaries	Payroll Federal W/H
Cash and investments - beginning	\$ 31,818	\$ 345	\$ 73	\$ -
Receipts:				
Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Utility fees	-	-	-	-
Penalties	-	-	-	-
Other receipts	1,879	-	241,238	34,770
Total receipts	<u>1,879</u>	<u>-</u>	<u>241,238</u>	<u>34,770</u>
Disbursements:				
Personal services	-	-	-	-
Supplies	-	-	-	-
Other services and charges	-	-	-	-
Debt service - principal and interest	-	-	-	-
Capital outlay	-	-	-	-
Utility operating expenses	-	-	-	-
Other disbursements	-	-	241,238	30,677
Total disbursements	<u>-</u>	<u>-</u>	<u>241,238</u>	<u>30,677</u>
Excess (deficiency) of receipts over disbursements	<u>1,879</u>	<u>-</u>	<u>-</u>	<u>4,093</u>
Cash and investments - ending	<u>\$ 33,697</u>	<u>\$ 345</u>	<u>\$ 73</u>	<u>\$ 4,093</u>

TOWN OF WESTPORT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2010
 (Continued)

	<u>Payroll State W/H</u>	<u>Payroll County W/H</u>	<u>Payroll Health Ins</u>	<u>Payroll Medicare W/H</u>
Cash and investments - beginning	\$ -	\$ (5)	\$ 8	\$ 368
Receipts:				
Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Utility fees	-	-	-	-
Penalties	-	-	-	-
Other receipts	<u>10,563</u>	<u>4,148</u>	<u>177,645</u>	<u>8,725</u>
Total receipts	<u>10,563</u>	<u>4,148</u>	<u>177,645</u>	<u>8,725</u>
Disbursements:				
Personal services	-	-	-	-
Supplies	-	-	-	-
Other services and charges	-	-	-	-
Debt service - principal and interest	-	-	-	-
Capital outlay	-	-	-	-
Utility operating expenses	-	-	-	-
Other disbursements	<u>9,269</u>	<u>3,640</u>	<u>177,653</u>	<u>8,496</u>
Total disbursements	<u>9,269</u>	<u>3,640</u>	<u>177,653</u>	<u>8,496</u>
Excess (deficiency) of receipts over disbursements	<u>1,294</u>	<u>508</u>	<u>(8)</u>	<u>229</u>
Cash and investments - ending	<u>\$ 1,294</u>	<u>\$ 503</u>	<u>\$ -</u>	<u>\$ 597</u>

TOWN OF WESTPORT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2010
 (Continued)

	<u>Payroll Garnishment</u>	<u>Payroll-Wage Contribution</u>	<u>Payroll Fica W/H</u>	<u>Payroll Perf W/H</u>
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 3,267
Receipts:				
Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Utility fees	-	-	-	-
Penalties	-	-	-	-
Other receipts	<u>6,640</u>	<u>823</u>	<u>38,883</u>	<u>33,287</u>
Total receipts	<u>6,640</u>	<u>823</u>	<u>38,883</u>	<u>33,287</u>
Disbursements:				
Personal services	-	-	-	-
Supplies	-	-	-	-
Other services and charges	-	-	-	-
Debt service - principal and interest	-	-	-	-
Capital outlay	-	-	-	-
Utility operating expenses	-	-	-	-
Other disbursements	<u>6,640</u>	<u>823</u>	<u>36,330</u>	<u>33,215</u>
Total disbursements	<u>6,640</u>	<u>823</u>	<u>36,330</u>	<u>33,215</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>2,553</u>	<u>72</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,553</u>	<u>\$ 3,339</u>

TOWN OF WESTPORT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2010
 (Continued)

	Town Hall Rent Deposits	Wastewater Operating	Wastewater Util-Bond Old Bonds	Wastewater Bond & Interest Debt
Cash and investments - beginning	\$ 50	\$ 44,251	\$ 2,960	\$ 48,798
Receipts:				
Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Utility fees	-	237,983	-	-
Penalties	-	-	-	-
Other receipts	-	2,144	-	30,210
Total receipts	<u>-</u>	<u>240,127</u>	<u>-</u>	<u>30,210</u>
Disbursements:				
Personal services	-	-	-	-
Supplies	-	-	-	-
Other services and charges	-	-	-	-
Debt service - principal and interest	-	-	-	35,460
Capital outlay	-	-	-	-
Utility operating expenses	-	193,344	-	-
Other disbursements	-	49,881	-	-
Total disbursements	<u>-</u>	<u>243,225</u>	<u>-</u>	<u>35,460</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(3,098)</u>	<u>-</u>	<u>(5,250)</u>
Cash and investments - ending	<u>\$ 50</u>	<u>\$ 41,153</u>	<u>\$ 2,960</u>	<u>\$ 43,548</u>

TOWN OF WESTPORT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2010
 (Continued)

	Sewer Reserve Fund	Wastewater Grants	Water Operating	Water Utility Customer Deposit
Cash and investments - beginning	\$ 62,800	\$ -	\$ (4,563)	\$ 10,619
Receipts:				
Taxes	-	-	-	-
Intergovernmental	-	30,000	-	-
Charges for services	-	-	-	-
Utility fees	-	-	346,806	-
Penalties	-	-	2,032	-
Other receipts	17,100	-	42,013	4,071
Total receipts	<u>17,100</u>	<u>30,000</u>	<u>390,851</u>	<u>4,071</u>
Disbursements:				
Personal services	-	-	-	-
Supplies	-	-	-	-
Other services and charges	-	-	-	-
Debt service - principal and interest	-	-	-	-
Capital outlay	-	-	7,543	-
Utility operating expenses	-	30,000	248,909	3,280
Other disbursements	-	-	96,929	-
Total disbursements	<u>-</u>	<u>30,000</u>	<u>353,381</u>	<u>3,280</u>
Excess (deficiency) of receipts over disbursements	<u>17,100</u>	<u>-</u>	<u>37,470</u>	<u>791</u>
Cash and investments - ending	<u>\$ 79,900</u>	<u>\$ -</u>	<u>\$ 32,907</u>	<u>\$ 11,410</u>

TOWN OF WESTPORT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2010
 (Continued)

	Water Maintenance	Water Debt Service & Int	Water Reserve	Totals
Cash and investments - beginning	\$ 74,877	\$ 63,122	\$ 39,776	\$ 777,161
Receipts:				
Taxes	-	-	-	231,850
Intergovernmental	-	-	-	183,730
Charges for services	-	-	-	15,272
Utility fees	-	-	-	584,789
Penalties	-	-	-	2,032
Other receipts	-	51,032	-	742,336
Total receipts	-	51,032	-	1,760,009
Disbursements:				
Personal services	-	-	-	163,247
Supplies	-	-	-	20,556
Other services and charges	-	-	-	174,786
Debt service - principal and interest	-	64,650	-	100,110
Capital outlay	43	-	-	7,586
Utility operating expenses	-	-	-	475,533
Other disbursements	-	-	-	759,043
Total disbursements	43	64,650	-	1,700,861
Excess (deficiency) of receipts over disbursements	(43)	(13,618)	-	59,148
Cash and investments - ending	\$ 74,834	\$ 49,504	\$ 39,776	\$ 836,309

TOWN OF WESTPORT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF DEBT
 December 31, 2010

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Water Utility:		
Revenue bonds:		
1989 Issue	\$ 120,000	\$ 65,252
Wastewater Utility:		
Revenue bonds:		
1994 Issue	<u>225,000</u>	<u>34,240</u>
Total business-type activities debt	<u>\$ 345,000</u>	<u>\$ 99,492</u>

TOWN OF WESTPORT
EXAMINATION RESULTS AND COMMENTS

HYDRANT RENTAL RECEIVABLE/PAYABLE (Applies to Clerk-Treasurer and Town Council)

The Town of Westport owes the Water Utility hydrant rental in the amount of \$86,192. The amount has accumulated over the years because the Town made partial or no payments to the Water Utility starting with the year 2007 and continuing through 2010. Rate Ordinances 2002-3 and 2007-3 passed by the Town Council on May 13, 2002, and December 10, 2007, respectively, requires an annual rate to be paid for each public hydrant.

A similar comment was reported in prior Report B37689.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

INTERNAL CONTROLS OVER BULK WATER SALES (Applies to Clerk-Treasurer)

Internal controls over the receipting and recording activities were insufficient for bulk water sales. The Town sells bulk water to customers in quantities of 100 gallons for a \$1 token. Tokens are purchased at the Water Utility office for \$1 cash. A machine is used to dispense the water once the token is inserted. Unused tokens may be returned to the Water Utility office whereby the customer is refunded \$1 in cash for each token returned. The following deficiencies were noted:

1. All token refunds were made from the current day's cash collections. A negative receipt was issued so cash and receipts to balance for the current day rather than making the refund from a petty cash fund.
2. There is no inventory or accountability for the tokens sold or on hand.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by statute, federal or state rule. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF WESTPORT
EXAMINATION RESULTS AND COMMENTS
(Continued)

OVERTIME PAY (Applies to Clerk-Treasurer and Town Council)

Utility employees were paid one and one-half times their hourly rate for work on Saturday and double their hourly rate for time worked on Sundays and holidays. The salary ordinance presented for examination did not establish overtime rates of pay.

Each governmental unit should adopt a written policy regarding the accrual and use of leave time and compensatory time and the payment of overtime. Negotiated labor contracts approved by the governing board would be considered as written policy. The policy should conform to the requirements of all state and federal regulatory agencies. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

All compensation and benefits paid to officials and employees must be included in the salary ordinance adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ANNUAL FINANCIAL REPORT (Applies to Clerk-Treasurer)

The Annual Financial Report for 2010 contained a number of errors and did not properly reflect the financial activity of the Town.

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

TOWN OF WESTPORT
EXIT CONFERENCE

The contents of this report were discussed on June 3, 2014, with Boyd Holcomb, Town Council member; Sylvia England, Clerk-Treasurer; Mark Taylor, Superintendent of Utilities; and Ronda Bartlett, Part-time Clerk.