

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

TOWN OF WESTPORT
DECATUR COUNTY, INDIANA

January 1, 2013 to December 31, 2014



FILED
06/13/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sylvia England Ronda Bartlett	01-01-12 to 12-31-15 01-01-16 to 12-31-19
President of the Town Council	Bryan Gatewood	01-01-13 to 12-31-16
Superintendent of Utilities	Mark Taylor	01-01-13 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Town of Westport (Town), which comprises the financial position and results of operations for the period of January 1, 2013 to December 31, 2014, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, 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 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 the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the period of January 1, 2013 to December 31, 2014.

Opinion on Regulatory Basis of Accounting

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 period of January 1, 2013 to December 31, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Town'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 records used to prepare the financial statement. The information has been subjected to 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 itself, 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.


Other Information

Our audit was conducted for the purpose of forming an opinion on the Town's financial statement. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, and Schedule of Leases and 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 auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated April 12, 2016, on our consideration of the Town'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* in considering the Town's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

April 12, 2016



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INDEPENDENT AUDITOR'S 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 TOWN OF WESTPORT, DECATUR COUNTY, INDIANA

We have audited, 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, the financial statement of the Town of Westport (Town), which comprises the financial position and results of operations for the period of January 1, 2013 to December 31, 2014, and the related notes to the financial statement, and have issued our report thereon dated April 12, 2016, wherein we noted the Town followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001 and 2014-002 to be material weaknesses.

INDEPENDENT AUDITOR'S 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

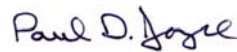
As part of obtaining reasonable assurance about whether the Town's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-002.

Town of Westport's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

April 12, 2016

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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.

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TOWN OF WESTPORT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2013 and 2014

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13	Receipts	Disbursements	Cash and Investments 12-31-14
General	\$ 122,567	\$ 311,730	\$ 321,783	\$ 112,514	\$ 307,793	\$ 317,412	\$ 102,895
Local Road & Street	15,201	5,889	1,975	19,115	7,389	945	25,559
Economic Dev Income Tax	29,598	17,799	-	47,397	17,476	-	64,873
Rainy Day Fund	3,997	-	-	3,997	-	-	3,997
Police K-9	-	3,539	-	3,539	580	-	4,119
Cum Cap Development	14,913	8,712	159	23,466	7,678	9,175	21,969
Cum Cap Imp	723	1,941	-	2,664	-	-	2,664
Town Hall Rent Deposits	50	-	-	50	-	-	50
Riverboat Revenue Sharing	23,054	16,338	3,441	35,951	8,169	-	44,120
Cemetery Maintenance Fund	37,172	1,833	-	39,005	1,095	-	40,100
MVH	36,410	42,287	52,694	26,003	81,425	53,051	54,377
Cemetery	106,619	9,775	18,402	97,992	9,691	67,963	39,720
Police Grant Acct	(3,568)	3,568	-	-	-	-	-
Law Enforcement Cont Ed	9,828	2,169	6,247	5,750	1,255	-	7,005
Cemetery Tree Fund	345	-	-	345	-	-	345
Net Salaries	2,136	250,004	252,139	1	260,464	260,405	60
Levy Excess	590	-	590	-	-	-	-
Payroll Federal W/H	(2,296)	41,612	34,593	4,723	40,814	39,201	6,336
Payroll FICA W/H	(32,439)	60,655	24,793	3,423	44,789	45,585	2,627
Payroll Medicare W/H	(5,640)	15,490	9,049	801	10,658	10,570	889
Payroll State W/H	(368)	12,646	11,365	913	12,296	12,967	242
Payroll County W/H	2,111	4,069	5,860	320	4,378	4,594	104
Payroll PERF W/H	(6,579)	62,508	54,877	1,052	49,107	49,556	603
Payroll Garnishment	258	-	258	-	-	-	-
Payroll Health Ins W/H	10,505	10,102	19,574	1,033	19,022	16,362	3,693
Water Customer Deposits	13,310	5,600	4,630	14,280	3,120	3,700	13,700
Water Maintenance	74,834	-	-	74,834	-	-	74,834
Water Operating	46,996	416,752	346,618	117,130	329,065	337,586	108,609
Water Debt Service & Int	4,213	4,213	-	8,426	25,265	-	33,691
Water Reserve	14,776	18,883	-	33,659	-	-	33,659
Sewer Improvement Fund	26,004	26,004	-	52,008	26,004	-	78,012
Sewer Reserve Fund	75,240	10,740	-	85,980	10,740	-	96,720
Sewer Operating	118,999	417,593	435,090	101,502	408,031	433,490	76,043
Sewer Bond & Int Sinking	548	-	-	548	-	-	548
Sewer Debt Fund	75,786	131,394	126,752	80,428	144,186	138,802	85,812
Waste Water Road Construction	418	1,508,919	1,508,569	768	183,000	183,768	-
Totals	<u>\$ 816,311</u>	<u>\$ 3,422,764</u>	<u>\$ 3,239,458</u>	<u>\$ 999,617</u>	<u>\$ 2,013,490</u>	<u>\$ 1,985,132</u>	<u>\$ 1,027,975</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, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

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.

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 licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

TOWN OF WESTPORT
NOTES TO FINANCIAL STATEMENT
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of these types 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.

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 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.

TOWN OF WESTPORT
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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

TOWN OF WESTPORT
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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 a cost-sharing 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.

TOWN OF WESTPORT
NOTES TO FINANCIAL STATEMENT
(Continued)

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
One North Capitol, 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.

OTHER INFORMATION - UNAUDITED

The Town's Annual Financial 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 Financial Report of the Town which are 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 other 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, 2013

	General	Local Road & Street	Economic Dev Income Tax	Rainy Day Fund	Police K-9	Cum Cap Development	Cum Cap Imp
Cash and investments - beginning	\$ 122,567	\$ 15,201	\$ 29,598	\$ 3,997	\$ -	\$ 14,913	\$ 723
Receipts:							
Taxes	208,983	-	-	-	-	7,056	-
Licenses and permits	4,791	-	-	-	-	-	-
Intergovernmental	87,505	5,889	17,799	-	-	1,656	1,941
Charges for services	-	-	-	-	3,539	-	-
Fines and forfeits	2,730	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	7,721	-	-	-	-	-	-
Total receipts	311,730	5,889	17,799	-	3,539	8,712	1,941
Disbursements:							
Personal services	127,940	-	-	-	-	-	-
Supplies	8,665	-	-	-	-	-	-
Other services and charges	170,290	-	-	-	-	159	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	456	1,975	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	14,432	-	-	-	-	-	-
Total disbursements	321,783	1,975	-	-	-	159	-
Excess (deficiency) of receipts over disbursements	(10,053)	3,914	17,799	-	3,539	8,553	1,941
Cash and investments - ending	\$ 112,514	\$ 19,115	\$ 47,397	\$ 3,997	\$ 3,539	\$ 23,466	\$ 2,664

TOWN OF WESTPORT
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2013
(Continued)

	Town Hall Rent Deposits	Riverboat Revenue Sharing	Cemetery Maintenance Fund	MVH	Cemetery	Police Grant Acct
Cash and investments - beginning	\$ 50	\$ 23,054	\$ 37,172	\$ 36,410	\$ 106,619	\$ (3,568)
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	16,338	-	42,287	-	-
Charges for services	-	-	1,675	-	9,775	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	158	-	-	3,568
Total receipts	-	16,338	1,833	42,287	9,775	3,568
Disbursements:						
Personal services	-	-	-	35,516	11,476	-
Supplies	-	-	-	-	6,475	-
Other services and charges	-	-	-	17,178	451	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	3,441	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	3,441	-	52,694	18,402	-
Excess (deficiency) of receipts over disbursements	-	12,897	1,833	(10,407)	(8,627)	3,568
Cash and investments - ending	\$ 50	\$ 35,951	\$ 39,005	\$ 26,003	\$ 97,992	\$ -

TOWN OF WESTPORT
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2013
(Continued)

	Law Enforcement Cont Ed	Cemetery Tree Fund	Net Salaries	Levy Excess	Payroll Federal W/H	Payroll FICA W/H
Cash and investments - beginning	\$ 9,828	\$ 345	\$ 2,136	\$ 590	\$ (2,296)	\$ (32,439)
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	2,169	-	250,004	-	41,612	60,655
Total receipts	2,169	-	250,004	-	41,612	60,655
Disbursements:						
Personal services	-	-	252,139	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	6,247	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	590	34,593	24,793
Total disbursements	6,247	-	252,139	590	34,593	24,793
Excess (deficiency) of receipts over disbursements	(4,078)	-	(2,135)	(590)	7,019	35,862
Cash and investments - ending	\$ 5,750	\$ 345	\$ 1	\$ -	\$ 4,723	\$ 3,423

TOWN OF WESTPORT
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2013
(Continued)

	Payroll Medicare W/H	Payroll State W/H	Payroll County W/H	Payroll PERF W/H	Payroll Garnishment	Payroll Health Ins W/H
Cash and investments - beginning	\$ (5,640)	\$ (368)	\$ 2,111	\$ (6,579)	\$ 258	\$ 10,505
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	15,490	12,646	4,069	62,508	-	10,102
Total receipts	15,490	12,646	4,069	62,508	-	10,102
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	9,049	11,365	5,860	54,877	258	19,574
Total disbursements	9,049	11,365	5,860	54,877	258	19,574
Excess (deficiency) of receipts over disbursements	6,441	1,281	(1,791)	7,631	(258)	(9,472)
Cash and investments - ending	\$ 801	\$ 913	\$ 320	\$ 1,052	\$ -	\$ 1,033

TOWN OF WESTPORT
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2013
(Continued)

	Water Customer Deposits	Water Maintenance	Water Operating	Water Debt Service & Int	Water Reserve	Sewer Improvement Fund
Cash and investments - beginning	\$ 13,310	\$ 74,834	\$ 46,996	\$ 4,213	\$ 14,776	\$ 26,004
Receipts:						
Taxes	-	-	6,602	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	5,600	-	312,482	-	-	-
Penalties	-	-	2,429	-	-	-
Other receipts	-	-	95,239	4,213	18,883	26,004
Total receipts	5,600	-	416,752	4,213	18,883	26,004
Disbursements:						
Personal services	-	-	115,933	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	47,459	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	13,039	-	-	-
Utility operating expenses	-	-	75,314	-	-	-
Other disbursements	4,630	-	94,873	-	-	-
Total disbursements	4,630	-	346,618	-	-	-
Excess (deficiency) of receipts over disbursements	970	-	70,134	4,213	18,883	26,004
Cash and investments - ending	\$ 14,280	\$ 74,834	\$ 117,130	\$ 8,426	\$ 33,659	\$ 52,008

TOWN OF WESTPORT
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2013
(Continued)

	Sewer Reserve Fund	Sewer Operating	Sewer Bond & Int Sinking	Sewer Debt Fund	Waste Water Road Construction	Totals
Cash and investments - beginning	\$ 75,240	\$ 118,999	\$ 548	\$ 75,786	\$ 418	\$ 816,311
Receipts:						
Taxes	-	-	-	-	-	222,641
Licenses and permits	-	-	-	-	-	4,791
Intergovernmental	-	-	-	-	-	173,415
Charges for services	-	-	-	-	-	14,989
Fines and forfeits	-	-	-	-	-	2,730
Utility fees	-	200	-	-	-	318,282
Penalties	-	10,208	-	-	-	12,637
Other receipts	10,740	407,185	-	131,394	1,508,919	2,673,279
Total receipts	10,740	417,593	-	131,394	1,508,919	3,422,764
Disbursements:						
Personal services	-	107,154	-	-	-	650,158
Supplies	-	-	-	-	-	15,140
Other services and charges	-	87,108	-	-	-	322,645
Debt service - principal and interest	-	167,984	-	126,752	-	294,736
Capital outlay	-	-	-	-	-	25,158
Utility operating expenses	-	40,605	-	-	-	115,919
Other disbursements	-	32,239	-	-	1,508,569	1,815,702
Total disbursements	-	435,090	-	126,752	1,508,569	3,239,458
Excess (deficiency) of receipts over disbursements	10,740	(17,497)	-	4,642	350	183,306
Cash and investments - ending	\$ 85,980	\$ 101,502	\$ 548	\$ 80,428	\$ 768	\$ 999,617

TOWN OF WESTPORT
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014

	General	Local Road & Street	Economic Dev Income Tax	Rainy Day Fund	Police K-9	Cum Cap Development	Cum Cap Imp
Cash and investments - beginning	\$ 112,514	\$ 19,115	\$ 47,397	\$ 3,997	\$ 3,539	\$ 23,466	\$ 2,664
Receipts:							
Taxes	194,764	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	95,277	7,389	17,476	-	-	7,678	-
Charges for services	-	-	-	-	580	-	-
Fines and forfeits	796	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	16,956	-	-	-	-	-	-
Total receipts	<u>307,793</u>	<u>7,389</u>	<u>17,476</u>	<u>-</u>	<u>580</u>	<u>7,678</u>	<u>-</u>
Disbursements:							
Personal services	187,740	-	-	-	-	-	-
Supplies	34,139	945	-	-	-	-	-
Other services and charges	62,825	-	-	-	-	1,801	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	7,374	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	32,708	-	-	-	-	-	-
Total disbursements	<u>317,412</u>	<u>945</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,175</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(9,619)</u>	<u>6,444</u>	<u>17,476</u>	<u>-</u>	<u>580</u>	<u>(1,497)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 102,895</u>	<u>\$ 25,559</u>	<u>\$ 64,873</u>	<u>\$ 3,997</u>	<u>\$ 4,119</u>	<u>\$ 21,969</u>	<u>\$ 2,664</u>

TOWN OF WESTPORT
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Town Hall Rent Deposits	Riverboat Revenue Sharing	Cemetery Maintenance Fund	MVH	Cemetery	Police Grant Acct
Cash and investments - beginning	\$ 50	\$ 35,951	\$ 39,005	\$ 26,003	\$ 97,992	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	8,169	-	81,425	-	-
Charges for services	-	-	1,095	-	9,691	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	-	8,169	1,095	81,425	9,691	-
Disbursements:						
Personal services	-	-	-	26,647	14,511	-
Supplies	-	-	-	2,852	9,416	-
Other services and charges	-	-	-	23,552	2,620	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	41,416	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	-	-	53,051	67,963	-
Excess (deficiency) of receipts over disbursements	-	8,169	1,095	28,374	(58,272)	-
Cash and investments - ending	\$ 50	\$ 44,120	\$ 40,100	\$ 54,377	\$ 39,720	\$ -

TOWN OF WESTPORT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Law Enforcement Cont Ed	Cemetery Tree Fund	Net Salaries	Levy Excess	Payroll Federal W/H	Payroll FICA W/H
Cash and investments - beginning	\$ 5,750	\$ 345	\$ 1	\$ -	\$ 4,723	\$ 3,423
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	1,255	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	260,464	-	40,814	44,789
Total receipts	1,255	-	260,464	-	40,814	44,789
Disbursements:						
Personal services	-	-	260,405	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	39,201	45,585
Total disbursements	-	-	260,405	-	39,201	45,585
Excess (deficiency) of receipts over disbursements	1,255	-	59	-	1,613	(796)
Cash and investments - ending	\$ 7,005	\$ 345	\$ 60	\$ -	\$ 6,336	\$ 2,627

TOWN OF WESTPORT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Payroll Medicare W/H	Payroll State W/H	Payroll County W/H	Payroll PERF W/H	Payroll Garnishment	Payroll Health Ins W/H
Cash and investments - beginning	\$ 801	\$ 913	\$ 320	\$ 1,052	\$ -	\$ 1,033
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	10,658	12,296	4,378	49,107	-	19,022
Total receipts	10,658	12,296	4,378	49,107	-	19,022
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	10,570	12,967	4,594	49,556	-	16,362
Total disbursements	10,570	12,967	4,594	49,556	-	16,362
Excess (deficiency) of receipts over disbursements	88	(671)	(216)	(449)	-	2,660
Cash and investments - ending	\$ 889	\$ 242	\$ 104	\$ 603	\$ -	\$ 3,693

TOWN OF WESTPORT
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Water Customer Deposits	Water Maintenance	Water Operating	Water Debt Service & Int	Water Reserve	Sewer Improvement Fund
Cash and investments - beginning	\$ 14,280	\$ 74,834	\$ 117,130	\$ 8,426	\$ 33,659	\$ 52,008
Receipts:						
Taxes	-	-	19,169	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	306,809	-	-	-
Other receipts	3,120	-	3,087	25,265	-	26,004
Total receipts	3,120	-	329,065	25,265	-	26,004
Disbursements:						
Personal services	-	-	109,270	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	8,436	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	9,384	-	-	-
Utility operating expenses	-	-	137,087	-	-	-
Other disbursements	3,700	-	73,409	-	-	-
Total disbursements	3,700	-	337,586	-	-	-
Excess (deficiency) of receipts over disbursements	(580)	-	(8,521)	25,265	-	26,004
Cash and investments - ending	\$ 13,700	\$ 74,834	\$ 108,609	\$ 33,691	\$ 33,659	\$ 78,012

TOWN OF WESTPORT
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Sewer Reserve Fund	Sewer Operating	Sewer Bond & Int Sinking	Sewer Debt Fund	Waste Water Road Construction	Totals
Cash and investments - beginning	\$ 85,980	\$ 101,502	\$ 548	\$ 80,428	\$ 768	\$ 999,617
Receipts:						
Taxes	-	-	-	-	-	213,933
Licenses and permits	-	-	-	-	-	1,255
Intergovernmental	-	-	-	-	183,000	400,414
Charges for services	-	-	-	-	-	11,366
Fines and forfeits	-	-	-	-	-	796
Utility fees	-	396,047	-	-	-	702,856
Other receipts	10,740	11,984	-	144,186	-	682,870
Total receipts	10,740	408,031	-	144,186	183,000	2,013,490
Disbursements:						
Personal services	-	109,114	-	-	-	707,687
Supplies	-	-	-	-	-	47,352
Other services and charges	-	61,266	-	-	-	160,500
Debt service - principal and interest	-	-	-	138,802	-	138,802
Capital outlay	-	-	-	-	-	58,174
Utility operating expenses	-	45,963	-	-	183,768	366,818
Other disbursements	-	217,147	-	-	-	505,799
Total disbursements	-	433,490	-	138,802	183,768	1,985,132
Excess (deficiency) of receipts over disbursements	10,740	(25,459)	-	5,384	(768)	28,358
Cash and investments - ending	\$ 96,720	\$ 76,043	\$ 548	\$ 85,812	\$ -	\$ 1,027,975

TOWN OF WESTPORT
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Water Utility	\$ 7,238	\$ 10,094
Wastewater Utility	853	29,223
Governmental activities	<u>3,557</u>	<u>-</u>
Totals	<u>\$ 11,648</u>	<u>\$ 39,317</u>

TOWN OF WESTPORT
SCHEDULE OF LEASES AND DEBT
December 31, 2014

Description of Debt		Ending	Principal and
Type	Purpose	Principal	Interest Due
		Balance	Within One
			Year
Wastewater Utility:			
Revenue Bonds	Sewage Works Refunding Revenue Bonds of 1994	\$ 135,000	\$ 33,590
Notes and loans payable	Upgrade to Sewer System	<u>2,019,000</u>	<u>62,735</u>
Total Wastewater Utility		<u>2,154,000</u>	<u>96,325</u>
Totals		<u>\$ 2,154,000</u>	<u>\$ 96,325</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Westport's (Town) 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 each of its major federal programs for the period of January 1, 2013 to December 31, 2014. The Town's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. 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 Town'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Basis for Qualified Opinion on Water and Waste Program Cluster

As described in item 2014-004 in the accompanying Schedule of Findings and Questioned Costs, the Town did not comply with requirements regarding Equipment and Real Property Management that are applicable to its Water and Waste Program Cluster. Compliance with such requirements is necessary, in our opinion, for the Town to comply with requirements applicable to that program.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

Qualified Opinion on Water and Waste Program Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Water and Waste Program Cluster* paragraph, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Water and Waste Program Cluster for the period of January 1, 2013 to December 31, 2014.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of January 1, 2013 to December 31, 2014.

Other Matters

The Town's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The Town's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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 Town's internal control over compliance.


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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not 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 over compliance 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 items 2014-003, 2014-004, and 2014-005 to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

The Town's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The Town's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

April 12, 2016

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTE

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

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TOWN OF WESTPORT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended December 31, 2013 and 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-13	Total Federal Awards Expended 12-31-14
<u>Department of Agriculture</u>					
Water and Waste Program Cluster					
Water and Waste Disposal Systems for Rural Communities	Direct grant	10.760	15-16-0351069182	\$ 619,000	\$ 183,000
Total for federal grantor agency				619,000	183,000
<u>Department of Housing and Urban Development</u>					
CDBG - State Administered CDBG Cluster					
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Indiana Office of Community and Rural Affairs	14.228	DR-09-178	770,416	-
Total for federal grantor agency				770,416	-
Total federal awards expended				\$ 1,389,416	\$ 183,000

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

TOWN OF WESTPORT
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 Town 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.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of towns with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

TOWN OF WESTPORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified for CDBG - State Administered CDBG Cluster and qualified for Water and Waste Program Cluster
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

Water and Waste Program Cluster
CDBG - State Administered CDBG Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

FINDING 2014-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

There were several deficiencies in the internal control system of the Town related to financial transactions and reporting. The following deficiencies constitute material weaknesses:

1. Lack of Segregation of Duties: The Town has not separated incompatible activities related to receipts, disbursements, and cash and investment balances. The Clerk-Treasurer was primarily responsible for issuing receipts, depositing receipts, issuing checks, recording transactions in the financial accounting system, and reconciling the funds ledger to the depository balance.

TOWN OF WESTPORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2. Preparation of the Town's Annual Financial Report: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatements to the Town's audited financial statement and then determining how those identified risks should be managed. The Town has not identified risks to the preparation of a reliable financial statement and as a result has failed to design effective internal controls over the preparation of the financial statement to prevent, or detect and correct, material misstatements. The Clerk-Treasurer was primarily responsible for inputting the Town's financial activity into the Gateway system, a financial reporting system established by the State of Indiana to allow governmental units to file Annual Financial Reports. There was no review or approval of the information by another individual prior to submission. The Annual Financial Report was used to prepare the financial statement presented in this report. Control activities should be in place to reduce the risk of errors in financial reporting.

The failure to establish these controls could enable material misstatements or irregularities to remain undetected. Control activities should be in place to reduce the risks of errors in financial reporting.

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.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements, and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

FINDING 2014-002 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Town did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The Town should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA, there were the following errors: the SEFA prepared by the Clerk-Treasurer included only one grant, which did not properly identify the Federal Grantor Agency, Federal CFDA Number, Cluster Title, Program Title, or Pass-Through Entity. However, the Town actually received grants from two separate federal programs. The federal awards expended reported on the unit-prepared SEFA were overstated by \$100,856. Audit adjustments were proposed, accepted by the Town, and made to the SEFA presented in this report.

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.

TOWN OF WESTPORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements, and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

TOWN OF WESTPORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-003 - INTERNAL CONTROL OVER WATER AND WASTE PROGRAM CLUSTER

Federal Agency: Department of Agriculture

Federal Program: Water and Waste Disposal Systems for Rural Communities

CFDA Number: 10.760

Federal Award Number and Year (or Other Identifying Number): 15-16-0351069182

Pass-Through Entity: N/A

Management of the Town has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Davis-Bacon Act, and Reporting.

Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management

The internal controls established by the Town related to Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Cash Management were not properly implemented. The claim docket used to document the Clerk-Treasurer and Town Council's review and approval of program expenditures did not include all program expenditures.

Davis-Bacon Act

The Town hired a grant administrator to ensure compliance with the Davis-Bacon Act requirements of the grant. There was no documentation that the Town reviewed or provided oversight of the grant administrator's work.

Reporting

The Clerk-Treasurer prepared and submitted required reports. There was no documentation of a control in place to ensure the reports were accurate prior to submission.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"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."

TOWN OF WESTPORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the Town.

We recommended that the Town's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

FINDING 2014-004 - EQUIPMENT AND REAL PROPERTY MANAGEMENT

Federal Agency: Department of Agriculture

Federal Program: Water and Waste Disposal Systems for Rural Communities

CFDA Number: 10.760

Federal Award Number and Year (or Other Identifying Number): 15-16-0351069182

Pass-Through Entity: N/A

Management of the Town has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Equipment and Real Property Management compliance requirements.

The Town did not maintain a complete record of all property and equipment acquired with grant funds that would allow for physical inventories to be taken.

The failure to establish an effective internal control system enabled noncompliance with the grant agreement and the Equipment and Real Property Management compliance requirements.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"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."

7 CFR 3016.32(d) states in part:

"*Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

TOWN OF WESTPORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years."

Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the Town.

We recommended that the Town's management establish controls, including segregation of duties, related to the grant agreement and Equipment and Real Property Management compliance requirements.

FINDING 2014-005 - CASH MANAGEMENT AND DAVIS-BACON ACT

Federal Agency: Department of Housing and Urban Development
Federal Program: Community Development Block Grants/State's Program
and Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Federal Award Number and Year (or Other Identifying Number): DR-09-178
Pass-Through Entity: Indiana Office of Community and Rural Affairs

Management of the Town has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Cash Management and Davis-Bacon Act.

Cash Management

The Clerk-Treasurer was responsible for compliance with Cash Management requirements; however, there was no oversight, review, or approval process.

Davis-Bacon Act

The Town hired a Grant Administrator to ensure compliance with the Davis-Bacon Act requirements of the grant. There was no documentation that the Town reviewed or provided oversight of the Grant Administrator's work.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

TOWN OF WESTPORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

OMB Circular A-133, Subpart C, section .300 states in part:

"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."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the Town.

We recommended that the Town's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

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AUDITEE PREPARED DOCUMENTS

The subsequent documents were provided by management of the Town. The documents are presented as intended by the Town.

**TOWN OF WESTPORT
P.O. Box 579
Westport, IN 47283
(812) 591-3500 – PHONE
(812) 591-3953 – FAX**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS


FINDING 2012-004 – INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII

Original SBA Audit Report Number:	B44185
Fiscal Year	2012
Auditee Contact Person	Ronda Bartlett
Title of Contact Person	Clerk-Treasurer
Phone Number	(812) 591-3500

Status of Finding:

February 2, 2016

This grant has been closed out however, any grants in the future will have board approval for all expenditures.

Sincerely,

Ronda Bartlett
Clerk Treasurer

FINDING 2012-005 – INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO WATER AND WASTE DISPOSAL SYSTEMS FOR RURAL COMMUNITIES

Original SBA Audit Report Number:	B44185
Fiscal Year	2012
Auditee Contact Person	Ronda Bartlett
Title of Contact Person	Clerk-Treasurer
Phone Number	(812) 591-3500

Status of Finding:

February 2, 2016

This grant has been closed out. Any grants in the future will be taken to the board and approved and all expenditures will be approved by them.

Sincerely,

Ronda Bartlett – Clerk Treasurer

FINDING 2012-006 – INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO WATER AND WASTE DISPOSAL SYSTEMS FOR RURAL COMMUNITIES AND REPORTING

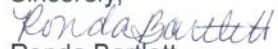
Original SBA Audit Report Number:	B44185
Fiscal Year	2012
Auditee Contact Person	Ronda Bartlett
Title of Contact Person	Clerk-Treasurer
Phone Number	(812) 591-3500

Status of Finding:

February 2, 2016

This grant has been closed out. However, reports for any future grants will be reviewed by myself and the board president for timely submission.

Sincerely,



Ronda Bartlett
Clerk Treasurer

TOWN OF WESTPORT
P.O. BOX 579
WESTPORT, INDIANA 47283
812-591-3500

CORRECTIVE ACTION PLAN

FINDING 2014-001

Contact Person Responsible for Corrective Action: Ronda Bartlett, Clerk Treasurer
Contact Phone Number: 812-591-3500

Description of Corrective Action Plan:

Beginning 2016 we'll designate a separate person to review the annual financial report prior to it being submitted.

We have also implemented other procedures in order to segregate duties for receipts, disbursements and reconciling bank accounts. The clerk treasurer and deputy clerk both look over the day's business for any errors. The town board also reviews and approves the monthly fund reports, bank reconciliation report and utility adjustments report.

Anticipated Completion Date: January 1, 2016

Ronda Bartlett
(Signature)

Clerk Treasurer
(Title)

April 7, 2016
(Date)

TOWN OF WESTPORT
P.O. BOX 579
WESTPORT, INDIANA 47283
812-591-3500

CORRECTIVE ACTION PLAN

FINDING 2014-002

Contact Person Responsible for Corrective Action: Ronda Bartlett, Clerk Treasurer
Contact Phone Number: 812-591-3500

Description of Corrective Action Plan:

Beginning 2016 we'll designate a separate person to review the Schedule of Expenditures of Federal Awards prior to it being submitted.

Anticipated Completion Date: January 1, 2016

Ronda Bartlett
(Signature)

Clerk Treasurer
(Title)

April 7, 2016
(Date)

TOWN OF WESTPORT
P.O. BOX 579
WESTPORT, INDIANA 47283
812-591-3500

CORRECTIVE ACTION PLAN

FINDING 2014-003

Contact Person Responsible for Corrective Action: Ronda Bartlett, Clerk Treasurer
Contact Phone Number: 812-591-3500

Description of Corrective Action Plan:

This grant has been closed out. If in the future the town receives other Federal grants, we will implement procedures to provide oversight for Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Davis-Bacon Act and Reporting.

Anticipated Completion Date: January 1, 2016

Ronda Bartlett
(Signature)

Clerk Treasurer
(Title)

April 7, 2016
(Date)

TOWN OF WESTPORT
P.O. BOX 579
WESTPORT, INDIANA 47283
812-591-3500

CORRECTIVE ACTION PLAN

FINDING 2014-004

Contact Person Responsible for Corrective Action: Ronda Bartlett, Clerk Treasurer
Contact Phone Number: 812-591-3500

Description of Corrective Action Plan:

A town board member has been designated to update the towns asset ledger and take an inventory at least every 2 years.

Anticipated Completion Date: January 1, 2016

Ronda Bartlett
(Signature)

Clerk Treasurer
(Title)

April 7, 2016
(Date)

TOWN OF WESTPORT
P.O. BOX 579
WESTPORT, INDIANA 47283
812-591-3500

CORRECTIVE ACTION PLAN

FINDING 2014-005

Contact Person Responsible for Corrective Action: Ronda Bartlett, Clerk Treasurer
Contact Phone Number: 812-591-3500

Description of Corrective Action Plan:

The grant has been closed out. If in the future the town receives other Federal Grants, we will implement procedures to provide oversight for Cash Management and Davis-Bacon Act.

Anticipated Completion Date: January 1, 2016

Ronda Bartlett
(Signature)

Clerk Treasurer
(Title)

April 7, 2016
(Date)

OTHER REPORTS

In addition to this report, other reports may have been issued for the Town. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.