

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

TOWN OF WESTVILLE  
LAPORTE COUNTY, INDIANA

January 1, 2014 to December 31, 2014



**FILED**  
01/06/2017



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#### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Carol Rotzien Lori Mercer	01-01-12 to 12-31-15 01-01-16 to 12-31-19
President of the Town Council	Michael Albert	01-01-14 to 12-31-16
Superintendent of Utilities	Bart Frank Dan Anderson (acting) Dan Anderson (appointed)	01-01-14 to 11-15-15 11-16-15 to 03-09-16 03-10-16 to 12-31-16



**STATE OF INDIANA**  
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**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statement**

We have audited the accompanying financial statement of the Town of Westville (Town), which comprises the financial position and results of operations for the year ended 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 year ended 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 year ended 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 Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

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 September 22, 2016, except for the Schedule of Expenditures of Federal Awards, as to which the date is December 5, 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

September 22, 2016, except for the Schedule of Expenditures of Federal Awards, as to which the date is December 5, 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 WESTVILLE, LAPORTE 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 Westville (Town), which comprises the financial position and results of operations for the year ended December 31, 2014, and the related notes to the financial statement, and have issued our report thereon dated September 22, 2016, except for the Schedule of Expenditures of Federal Awards, as to which the date is December 5, 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**

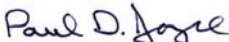
As part of obtaining reasonable assurance about whether the Town's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 items 2014-001 and 2014-002.

**Town of Westville'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

September 22, 2016, except for the Schedule of Expenditures  
of Federal Awards, as to which the date is December 5, 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.

TOWN OF WESTVILLE  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended December 31, 2014

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
GENERAL	\$ 573,106	\$ 776,513	\$ 529,961	\$ 819,658
MOTOR VEHICLE HIGHWAY	254,908	252,346	212,815	294,439
LOCAL ROAD & STREET	252,414	45,815	122,254	175,975
TRASH & GARBAGE PICKUP	38,943	76,753	72,078	43,618
POL CONT ED	14,385	6,160	5,000	15,545
PARK & RECREATION	101,356	34,406	23,778	111,984
CEDIT	202,336	55,068	16,140	241,264
MAJOR MOVES CONST	699,548	24,454	699,730	24,272
CUM CAP IMP - CIG TAX	17,479	15,483	15,000	17,962
CUM CAP DEVELOPMENT	92,720	22,007	29,810	84,917
POLICE DONATION	75	-	26	49
PRO OUR CHILD DONATION	1,421	-	-	1,421
NEVA KLINE	12,012	17	-	12,029
BIRCHFIELD MEMORIAL	430	618	-	1,048
PAYROLL	-	580,585	580,585	-
SEWAGE OPERATING	182,299	784,968	676,063	291,204
SEWAGE METER DEPOSIT	32,504	5,526	8,403	29,627
SEWAGE MAINTENANCE	44,063	-	26,667	17,396
SEWAGE BOND & INTEREST	-	201,812	-	201,812
SEWAGE DEBT SERVICE	-	40,098	-	40,098
SEWAGE CONSTRUCTION	-	568,900	568,900	-
SEWAGE PASS THRU	-	2,934,120	2,934,120	-
WATER OPERATING	334,018	548,696	515,343	367,371
WATER METER DEPOSIT	31,907	5,626	6,487	31,046
WATER MAINTENANCE	154,376	24,873	-	179,249
WATER BOND & INTEREST	60,866	118,781	117,625	62,022
WATER DEBIT SERVICE	119,535	-	-	119,535
Totals	<u>\$ 3,220,701</u>	<u>\$ 7,123,625</u>	<u>\$ 7,160,785</u>	<u>\$ 3,183,541</u>

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

TOWN OF WESTVILLE  
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 tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's 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 the following: peddler licenses, dog tax licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

TOWN OF WESTVILLE  
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, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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 including, but 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, which 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, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service - principal and interest, which includes 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.

TOWN OF WESTVILLE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Capital outlay, which includes 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 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.

TOWN OF WESTVILLE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 4. *Deposits and Investments***

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the Town to invest in securities including, but not limited to, the following: 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***

The Town contributes to a pension plan unique to the Town. Information regarding this plan may be obtained from the Town.

**Note 7. *Subsequent Events***

In April 2016, the Town issued \$1,720,000 in Waterworks Refunding Revenue Bonds to refund the 2001 Waterworks Revenue Bonds.



#### 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 Town's Annual Financial Report 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 WESTVILLE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2014

	GENERAL	MOTOR VEHICLE HIGHWAY	LOCAL ROAD & STREET	TRASH & GARBAGE PICKUP	POL CONT ED	PARK & RECREATION	CREDIT
Cash and investments - beginning	\$ 573,106	\$ 254,908	\$ 252,414	\$ 38,943	\$ 14,385	\$ 101,356	\$ 202,336
Receipts:							
Taxes	471,758	27,093	-	-	-	13,564	-
Licenses and permits	16,821	-	-	-	875	-	-
Intergovernmental receipts	264,203	223,957	45,815	-	-	15,567	55,068
Charges for services	-	-	-	76,697	163	5,275	-
Fines and forfeits	450	-	-	-	5,122	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	23,281	1,296	-	56	-	-	-
Total receipts	776,513	252,346	45,815	76,753	6,160	34,406	55,068
Disbursements:							
Personal services	270,728	132,302	-	-	-	2,758	-
Supplies	18,868	18,509	6,378	51	-	3,074	-
Other services and charges	194,408	52,378	115,876	71,969	5,000	14,563	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	45,686	9,626	-	-	-	2,408	16,140
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	271	-	-	58	-	975	-
Total disbursements	529,961	212,815	122,254	72,078	5,000	23,778	16,140
Excess (deficiency) of receipts over disbursements	246,552	39,531	(76,439)	4,675	1,160	10,628	38,928
Cash and investments - ending	\$ 819,658	\$ 294,439	\$ 175,975	\$ 43,618	\$ 15,545	\$ 111,984	\$ 241,264

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

	MAJOR MOVES CONST	CUM CAP IMP - CIG TAX	CUM CAP DEVELOPMENT	POLICE DONATION	PRO OUR CHILD DONATION	NEVA KLINE	BIRCHFIELD MEMORIAL
Cash and investments - beginning	\$ 699,548	\$ 17,479	\$ 92,720	\$ 75	\$ 1,421	\$ 12,012	\$ 430
Receipts:							
Taxes	-	-	17,266	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	15,483	4,741	-	-	-	-
Charges for services	23,849	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	605	-	-	-	-	17	618
Total receipts	24,454	15,483	22,007	-	-	17	618
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	26	-	-	-
Other services and charges	-	-	29,810	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	699,730	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	15,000	-	-	-	-	-
Total disbursements	699,730	15,000	29,810	26	-	-	-
Excess (deficiency) of receipts over disbursements	(675,276)	483	(7,803)	(26)	-	17	618
Cash and investments - ending	\$ 24,272	\$ 17,962	\$ 84,917	\$ 49	\$ 1,421	\$ 12,029	\$ 1,048

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

	PAYROLL	SEWAGE OPERATING	SEWAGE METER DEPOSIT	SEWAGE MAINTENANCE	SEWAGE BOND & INTEREST	SEWAGE DEBT SERVICE	SEWAGE CONSTRUCTION
Cash and investments - beginning	\$ -	\$ 182,299	\$ 32,504	\$ 44,063	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	765,913	5,460	-	-	-	-
Penalties	-	6,150	-	-	-	-	-
Other receipts	580,585	12,905	66	-	201,812	40,098	568,900
Total receipts	580,585	784,968	5,526	-	201,812	40,098	568,900
Disbursements:							
Personal services	-	130,866	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	19,391	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	1,253	-	26,667	-	-	568,900
Utility operating expenses	-	282,643	4,280	-	-	-	-
Other disbursements	580,585	241,910	4,123	-	-	-	-
Total disbursements	580,585	676,063	8,403	26,667	-	-	568,900
Excess (deficiency) of receipts over disbursements	-	108,905	(2,877)	(26,667)	201,812	40,098	-
Cash and investments - ending	\$ -	\$ 291,204	\$ 29,627	\$ 17,396	\$ 201,812	\$ 40,098	\$ -

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

	SEWAGE PASS THRU	WATER OPERATING	WATER METER DEPOSIT	WATER MAINTENANCE	WATER BOND & INTEREST	WATER DEBIT SERVICE	Totals
Cash and investments - beginning	\$ -	\$ 334,018	\$ 31,907	\$ 154,376	\$ 60,866	\$ 119,535	\$ 3,220,701
Receipts:							
Taxes	-	-	-	-	-	-	529,681
Licenses and permits	-	-	-	-	-	-	17,696
Intergovernmental receipts	-	-	-	-	-	-	624,834
Charges for services	-	-	-	-	-	-	105,984
Fines and forfeits	-	-	-	-	-	-	5,572
Utility fees	-	508,828	5,580	-	-	-	1,285,781
Penalties	-	7,120	-	-	-	-	13,270
Other receipts	2,934,120	32,748	46	24,873	118,781	-	4,540,807
Total receipts	2,934,120	548,696	5,626	24,873	118,781	-	7,123,625
Disbursements:							
Personal services	-	117,387	-	-	-	-	654,041
Supplies	-	-	-	-	-	-	46,906
Other services and charges	-	19,391	-	-	-	-	522,786
Debt service - principal and interest	-	-	-	-	117,625	-	117,625
Capital outlay	2,934,120	15,823	-	-	-	-	4,320,353
Utility operating expenses	-	219,320	4,350	-	-	-	510,593
Other disbursements	-	143,422	2,137	-	-	-	988,481
Total disbursements	2,934,120	515,343	6,487	-	117,625	-	7,160,785
Excess (deficiency) of receipts over disbursements	-	33,353	(861)	24,873	1,156	-	(37,160)
Cash and investments - ending	\$ -	\$ 367,371	\$ 31,046	\$ 179,249	\$ 62,022	\$ 119,535	\$ 3,183,541

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

Government or Enterprise	Accounts Payable	Accounts Receivable
Wastewater	\$ 7,067	\$ 8,486
Water	4,616	6,674
Governmental activities	<u>5,914</u>	<u>1,191</u>
Totals	<u>\$ 17,597</u>	<u>\$ 16,351</u>

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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Pitney Bowes	Postage Machine	\$ 2,100	1/1/2014	12/31/2015
Total of annual lease payments		<u>\$ 2,100</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Wastewater: Revenue bonds	State Revolving Fund Loan	\$ 6,617,000	\$ 400,978
Water: Revenue bonds	USDA Loan	1,717,000	118,025
Totals		<u>\$ 8,334,000</u>	<u>\$ 519,003</u>

TOWN OF WESTVILLE  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2014

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance
Governmental activities:	
Machinery, equipment, and vehicles	\$ 103,362
Wastewater:	
Machinery, equipment, and vehicles	53,078
Construction in progress	<u>7,837,300</u>
Total Wastewater	<u>7,890,378</u>
Water:	
Infrastructure	254,701
Machinery, equipment, and vehicles	<u>40,740</u>
Total Water	<u>295,441</u>
Total capital assets	<u><u>\$ 8,289,181</u></u>



SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

### Report on Compliance for the Major Federal Program

We have audited the Town of Westville'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 its major federal program for the year ended December 31, 2014. The Town's major federal program is 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 the Town's major federal program 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 the major federal program. However, our audit does not provide a legal determination of the Town's compliance.

### Opinion on the Major Federal Program

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 its major federal program for the year ended December 31, 2014.

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

**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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the 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 item 2014-003 to be a material weakness.

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

December 5, 2016

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#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

TOWN OF WESTVILLE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 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	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>Environmental Protection Agency</u>					
Clean Water State Revolving Fund Cluster					
Capitalization Grants for Clean Water State Revolving Funds	Indiana Finance Authority	66.458	WW13154601	\$ -	\$ 1,052,172
Sewage Infrastructure Project					
Total - Environmental Protection Agency				-	1,052,172
Total federal awards expended				\$ -	\$ 1,052,172

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF WESTVILLE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the Town under programs of the federal government for the year ended December 31, 2014. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the Town, it is not intended to and does not present the financial position of the Town.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-133, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

TOWN OF WESTVILLE  
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 program:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major program:	Unmodified
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 Program:

\_\_\_\_\_  
Name of Federal Program or Cluster

Clean Water State Revolving Fund Cluster

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

Auditee qualified as low-risk auditee?	no
--	----

**Section II - Financial Statement Findings**

**FINDING 2014-001 - THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

*Condition*

The Town had no system of internal controls in place to prepare the Schedule of Expenditures of Federal Awards (SEFA) and to prevent, or detect and correct, errors on the SEFA.

*Criteria*

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 WESTVILLE  
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."

*Cause*

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

*Effect*

Without a proper system of internal control in place that operated effectively, the unit had not prepared a SEFA.

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

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2014-002 - FINANCIAL TRANSACTIONS AND REPORTING**

*Condition*

There were several deficiencies in the internal control system of the Town related to financial transactions and reporting that were considered material weaknesses.

1. Lack of Segregation of Duties: The Town had not separated incompatible activities related to cash and investments, receipts, and disbursements, including payroll. The Clerk-Treasurer had two employees; however, a proper segregation of duties between the employees had not been established.

The cash reconciliation was prepared by one employee; however, there was no evidence of a review by either another employee or the Board.

One employee was responsible for receiving money and preparing deposits. This employee also had access to the computer system to make adjustments.

One employee was responsible for collecting utility receipts and recording the receipts in the ledger. There was no review by an individual separate from the recording function to ensure that amounts recorded to the ledger were correct.

The Annual Financial Report (AFR), which included the financial activity of all funds and was the basis for the financial statement, was prepared by a Clerk-Treasurer. There was no evidence of adequate oversight or review before submission of the AFR.

2. Monitoring of Controls: The Town had no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting required the Town to monitor and assess the quality of the system of internal control.

The Town Council approved accounts payable vouchers using the Accounts Payable Vouchers Register (Register). The accounts payable vouchers listed on the Register were approved at the following month's Town Council meeting. Checks were issued prior to Town Council's approval. The Town Council approved Ordinance 2008-2020, which allowed for the payment of certain claims prior to Board approval; however, all accounts payable vouchers were paid prior to Town Council approval.

*Criteria*

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 WESTVILLE  
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)

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

*Cause*

Management of the Town had not established a proper system of internal control. Management had not conducted a risk assessment related to the Town's financial reporting and transactions.

*Effect*

The failure to establish controls enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the Town at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, material misstatements in a timely manner.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

*Auditor's Response*

All employees of the Town have the ability to collect receipts and prepare the deposits for both the Town and Utility. Duties and responsibilities were not adequately segregated over the activities of the Town and Utility. The employees could collect money, prepare the deposit, record the receipts, and make adjustments to the ledger without proper oversight or review.

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

***Section III - Federal Award Findings and Questioned Costs***

***FINDING 2014-003 - DAVIS-BACON ACT AND REPORTING***

Federal Agency: Environmental Protection Agency  
Federal Program: Capitalization Grants for Clean Water State Revolving Funds  
CFDA Number: 66.458  
Federal Award Number and Year (or Other Identifying Number): WW13154601  
Pass-Through Entity: Indiana Finance Authority

*Condition*

An effective internal control system, which would have included segregation of duties, was not in place at the Town in order to ensure compliance with requirements related to the grant agreement and the Davis-Bacon Act and Reporting compliance requirements.

*Davis-Bacon Act*

Management and the governing board did not review the quarterly Davis-Bacon Act compliance reports prepared by a consultant. There were no controls in place to ensure compliance with the Davis-Bacon Act requirements.

*Reporting*

Management and the governing board did not review the annual MBE/WBE (Minority Business Enterprise/Woman Business Enterprise) compliance reports prepared by a consultant. There were no controls in place to ensure compliance with the reporting requirements.

*Context*

The lack of adequate controls was prevalent throughout the audit period.

*Criteria*

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. . . ."

*Cause*

Management had not developed a system of internal controls that segregated key functions.

*Effect*

The failure to establish an effective internal control system placed the Town at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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#### AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the Town. The document is presented as intended by the Town.

---

CORPORATE TOWN  
Mailing Address:  
P O Box 275  
WESTVILLE INDIANA 46391

PHONE: (219) 785-2123  
FAX: (219) 785-2607

**FINDING 2014-001** (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Lori Mercer, Clerk-Treasurer

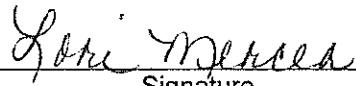
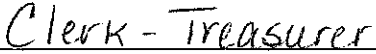
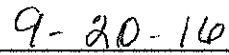
Contact Phone Number: 219-785-2123

Views of Responsible Official: Please be advised that I concur, in part, and disagree, in part, with this audit finding.

Description of Corrective Action Plan: The Town Council of the Town of Westville recently approved Ordinance No. 2016-11 establishing internal control standards for the Town. Town staff has already been trained on the internal control standards. The Town Council's adoption of Ordinance No. 2016-11 and the training of Town staff on internal control standards are the Town's corrective action plan in response to audit finding 2014-001.

I disagree with the finding that states, "*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.*" At the time of the loan closing, the Town was not advised that it was going to be required to implement the internal controls standards.

Anticipated Completion Date: Immediately

  
\_\_\_\_\_  
Signature  
  
\_\_\_\_\_  
Title  
  
\_\_\_\_\_  
Date



---

CORPORATE TOWN  
Mailing Address:  
P O Box 275  
WESTVILLE INDIANA 46391

PHONE: (219) 785-2123  
FAX: (219) 785-2607

**FINDING 2014-002** (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Lori Mercer, Clerk-Treasurer

Contact Phone Number: 219-785-2123

Views of Responsible Official: Please be advised that I concur, in part, and disagree, in part, with this audit finding.

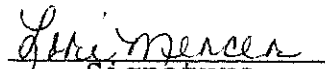
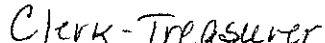
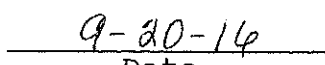
Description of Corrective Action Plan: The Town Council of the Town of Westville recently approved Ordinance No. 2016-11 establishing internal control standards for the Town. Town staff has already been trained on the internal control standards. The Town Council's adoption of Ordinance No. 2016-11 and the training of Town staff on internal control standards are the Town's corrective action plan in response to audit finding 2014-002.


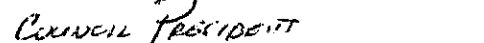
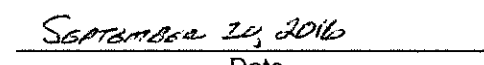
I disagree with the finding that states, "*One employee was responsible for receiving money and preparing deposits.*" In actuality, all Town staff has always been responsible for receiving money and preparing deposits.

I also disagree with the finding that states, "*One employee was responsible for collecting utility receipts and recording the receipts in the ledger.*" In actuality, all three (3) full time office staff collects utility receipts and posts them accordingly.

I disagree with the finding that states, "*The Gateway Annual Report, which included the financial activity of all funds and was the basis for the financial statement, was prepared by a clerk. There was no evidence of adequate oversight or review before submission of the annual report.*" In actuality, the 2014 Gateway Annual Report was prepared by two (2) clerks with review by the Clerk-Treasurer before it was submitted.

Anticipated Completion Date: Immediately

  
Signature  
  
Title  
  
Date

  
Signature  
  
Title  
  
Date

CORPORATE TOWN  
Mailing Address:  
P O Box 275  
WESTVILLE INDIANA 46391

PHONE: (219) 785-2123  
FAX: (219) 785-2607

**FINDING 2014-003** Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Lori Mercer, Clerk-Treasurer

Contact Phone Number: 219-785-2123

Views of Responsible Official: Please be advised that I concur, in part, and disagree, in part, with this this audit finding.

Description of Corrective Action Plan: The Town Council of the Town of Westville recently approved Ordinance No. 2016-11 establishing internal control standards for the Town. Town staff has already been trained on the internal control standards. The Town Council's adoption of Ordinance No. 2016-11 and the training of Town staff on internal control standards are the Town's corrective action plan in response to audit finding 2014-003.

I disagree with the portion of finding 2014-003 that states "*Management and the governing board did not review the quarterly Davis-Bacon Act compliance reports prepared by a consultant. There were no controls in place to ensure compliance with the Davis-Bacon Act requirements.*" At the time of the loan closing, the Town was not informed of this requirement.

Anticipated Completion Date: Immediately

Lori Mercer  
Signature  
Clerk-Treasurer  
Title  
9-20-16  
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/>.