

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

EXAMINATION REPORT  
OF  
TOWN OF WESTFIELD  
HAMILTON COUNTY, INDIANA  
January 1, 2006 to December 31, 2006



**FILED**  
12/31/2007



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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Cindy J. Gossard

01-01-04 to 12-31-11

President of the Town Council

Robert J. Smith  
Andrew Cook

01-01-06 to 12-31-06  
01-01-07 to 12-31-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Town of Westfield (Town), for the period of January 1, 2006 to December 31, 2006. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the year ended December 31, 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

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

STATE BOARD OF ACCOUNTS

November 29, 2007

TOWN OF WESTFIELD  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES  
As Of And For The Year Ended December 31, 2006

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
<b>Governmental Funds:</b>				
General	\$ 181,723	\$ 5,192,007	\$ 4,799,195	\$ 574,535
Motor Vehicle Highway	229,732	529,212	545,631	213,313
Local Road and Street	94,753	206,666	188,451	112,968
Park and Recreation	183,814	183,475	293,895	73,394
Law Enforcement Continuing Education	28,724	51,149	28,132	51,741
Fire Operations	-	4,090,515	3,944,168	146,347
Greenscape Beautification	5,000	10,532	3,486	12,046
Economic Development	13,086	-	-	13,086
Police Donation	3,987	-	-	3,987
LEAF	1,117	2,961	100	3,978
Community Development	32,757	20,000	10,118	42,639
Road and Street Improvement	512,020	961,698	1,214,641	259,077
Emergency Medical Services	97,786	55,750	93,319	60,217
Special County Option Income Tax	553,578	585,101	713,301	425,378
2001 Bond Debt Service	25,968	155,413	154,660	26,721
2005 Bond Debt Service	59,169	182,625	148,322	93,472
Public Safety Building Lease Rental	37,867	521,077	528,588	30,356
Cumulative Capital Improvement	97,562	60,954	110,614	47,902
Cumulative Capital Development	12,249	358,495	214,678	156,066
Capital Improvement	62,074	-	62,074	-
PSB/ADM Capital Improvement	302,667	1,322	2,644	301,345
GO Bond 2005 Technology	755,179	-	514,571	240,608
GO Bonds 2005 Park	1,470,961	50,463	1,431,373	90,051
<b>Proprietary Funds:</b>				
Water Utility - Operating	701,900	6,451,920	6,876,906	276,914
Water Utility - Tap Fee	805,588	411,970	47,263	1,170,295
Water Utility - Availability Fee	5,380,190	1,386,472	1,310,382	5,456,280
Water Utility - Cash Reserve	-	520,000	520,000	-
Water Utility - Construction	341	-	-	341
Water Utility - Energy Savings Account	867,282	23,068	662,201	228,149
Water Utility - Bond and Interest	415,818	996,840	993,126	419,532
Water Utility - Depreciation	223,711	120,000	-	343,711
Water Utility - Debt Service Reserve	247,184	10,730	8,443	249,471
Water Utility - Customer Deposit	-	12,050	4,690	7,360
Wastewater Utility - Operating	1,227,949	7,141,920	7,073,527	1,296,342
Wastewater Utility - Tap Fee	1,648,787	757,644	300,998	2,105,433
Wastewater Utility - Availability Fee	4,460,721	1,386,506	2,465,019	3,382,208
Wastewater Utility - Construction	1,354,525	712,620	1,809,990	257,155
Wastewater Utility - Energy Savings Account	2,502,685	45,076	2,376,021	171,740
Wastewater Utility - Developer Fees	1,140	57,642	-	58,782
Wastewater Utility - Bond and Interest	1,337,267	1,672,259	2,290,258	719,268
Wastewater Utility - Depreciation	74,055	-	-	74,055
Wastewater Utility - Debt Service Reserve	819,133	124,863	221,785	722,211
Wastewater Utility - Expansion	143,090	4,932	-	148,022
Wastewater Utility - Plant Equipment	2,637	127	-	2,764
<b>Fiduciary Funds:</b>				
Levy Excess	-	548	-	548
Payroll	53,235	7,806,490	7,839,539	20,186
<b>Totals</b>	<u>\$ 27,029,011</u>	<u>\$ 42,863,092</u>	<u>\$ 49,802,109</u>	<u>\$ 20,089,994</u>

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

TOWN OF WESTFIELD  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, highways and streets culture and recreation, public improvements, planning and zoning, water and wastewater utilities, and general administrative services.

Note 2. Fund Accounting

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

Note 3. Budgets

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

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

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

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TOWN OF WESTFIELD  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

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

Note 7. Subsequent Event

The Town of Westfield will become a third class city as of January 1, 2008.

TOWN OF WESTFIELD  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF LONG-TERM DEBT  
December 31, 2006

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
<b>Governmental Activities:</b>		
Capital leases:		
Public Safety Building	\$ 5,810,000	\$ 530,875
2004 Vehicles	79,497	80,838
2004 Pumper	125,407	23,830
2005 Police Vehicles	161,538	112,689
2005 Truck & Street Sweeper	319,551	62,038
2006 Ambulance	190,224	82,381
Bonds payable:		
General obligation bonds:		
2001 Bonds	966,000	155,579
2005 Bonds	3,320,000	186,898
	<u>3,320,000</u>	<u>186,898</u>
<b>Total governmental activities debt</b>	<b><u>\$ 10,972,217</u></b>	<b><u>\$ 1,235,128</u></b>
<b>Business-type Activities:</b>		
Water Utility		
Loans:		
2005 Energy Savings Loan	\$ 867,282	\$ 113,087
Revenue bonds:		
Bonds of 1992	50,000	53,150
Bonds of 1998	1,770,000	191,075
Bonds of 2002	8,240,000	744,901
	<u>8,240,000</u>	<u>744,901</u>
<b>Total Water Utility</b>	<b><u>10,927,282</u></b>	<b><u>1,102,213</u></b>
Wastewater Utility		
Loans:		
2005 Energy Savings Loan	2,502,685	326,330
Revenue bonds:		
Bonds of 2002	9,130,000	824,650
Bonds of 2004	11,215,000	908,944
Refunding Bonds of 2006	7,215,000	423,610
	<u>7,215,000</u>	<u>423,610</u>
<b>Total Wastewater Utility</b>	<b><u>30,062,685</u></b>	<b><u>2,483,534</u></b>
<b>Total business-type activities debt:</b>	<b><u>\$ 40,989,967</u></b>	<b><u>\$ 3,585,747</u></b>

TOWN OF WESTFIELD  
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

Financial records presented for examination were incomplete and not reflective of the activity of the payroll fund. The records presented did not provide sufficient information to examine or establish beginning and ending balances or the accuracy of the transactions for the year. No subsidiary ledger of individual withholding accounts was maintained to allow the tracking of payroll withholdings by withholding type. The payroll fund had a balance of \$20,186 at December 31, 2006; however, the unit cannot identify the source of this payroll fund balance.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

BANK ACCOUNT RECONCILIATION

The depository reconciliation presented for the payroll account contained numerous adjusting items. These adjusting items were the result of uncorrected posting errors. There were 23 adjusting items, totaling \$31,568.72, which were not posted in the ledgers until the next year. As a result, the report balance for the payroll fund was understated at December 31, 2006.

The record balance at the end of every month shall be reconciled with the bank balance. [IC 5-13-6-1] Thus any errors may be discovered and adjusted monthly. This procedure will localize any errors within the month and will prevent the necessity of a long and tedious search to trace errors covering transactions over a long period of time and will serve to expedite audits by the State Board of Accounts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 4)

TOWN OF WESTFIELD  
EXIT CONFERENCE

The contents of this report were discussed on December 3, 2007, with Cindy J. Gossard, Clerk-Treasurer; and Andrew Cook, President of the Town Council. The officials concurred with our findings.