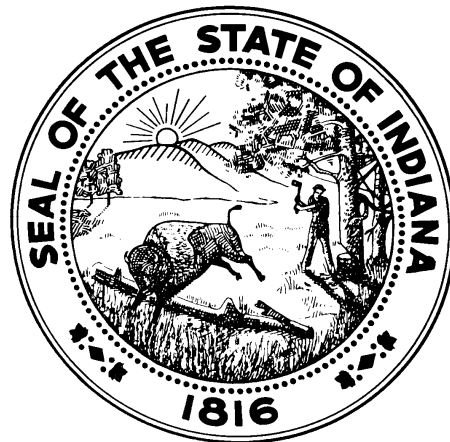


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
TOWN OF WESTFIELD
HAMILTON COUNTY, INDIANA
January 1, 2007 to December 31, 2007



FILED
05/12/2009

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Cindy J. Gossard	01-01-04 to 12-31-11
Mayor	Andrew Cook	01-01-08 to 12-31-11
President of the Town Council	Andrew Cook	01-01-07 to 12-31-07
President of the City Council	Ken Kingshill	01-01-08 to 12-31-09



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
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Web Site: www.in.gov/sboa

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, 2007 to December 31, 2007. 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, 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

December 17, 2008

TOWN OF WESTFIELD
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2007

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 574,535	\$ 7,222,415	\$ 7,052,986	\$ 743,964
Motor Vehicle Highway	213,313	736,227	433,753	515,787
Local Road and Street	112,968	236,975	177,575	172,368
Park and Recreation	73,394	351,687	361,401	63,680
Law Enforcement Continuing Education	51,741	78,466	45,304	84,903
Fire Operations	146,347	4,791,800	4,817,895	120,252
Greenspace Beautification	12,046	13,054	-	25,100
Economic Development	13,086	4,949	18,035	-
Police Donation	3,987	100	-	4,087
LEAF	3,978	703	-	4,681
Parks Nonreverting	-	17,588	9,778	7,810
Community Development	42,639	-	18,183	24,456
Road and Street Improvement	259,077	838,993	1,098,070	-
Emergency Medical Services	60,217	193,411	187,632	65,996
Special County Options Income Tax	425,378	-	31,278	394,100
2001 Bond Debt Service	26,721	255,062	271,579	10,204
2005 Bond Debt Service	93,472	230,769	293,898	30,343
Public Safety Building Lease Rental	30,356	702,505	690,875	41,986
Cumulative Capital Improvement	47,902	64,515	50,189	62,228
Cumulative Capital Development	156,066	362,955	434,407	84,614
PSB/ADM Capital Improvement	301,345	-	69,416	231,929
General Obligation Bond 2005 Technology	240,608	-	65,289	175,319
General Obligation Bond 2005 Park	90,051	57,234	147,285	-
Proprietary Funds:				
Water Utility - Operating	276,914	8,134,083	7,413,291	997,706
Water Utility - Tap Fee	1,170,295	346,299	331,261	1,185,333
Water Utility - Availability Fee	5,456,280	604,328	4,109,663	1,950,945
Water Utility - Cash Reserve	-	547,700	547,700	-
Water Utility - Construction	341	-	-	341
Water Utility - Energy Savings Account	228,149	-	202,967	25,182
Water Utility - Bond and Interest	419,532	1,003,269	989,629	433,172
Water Utility - Depreciation	343,711	120,000	-	463,711
Water Utility - Debt Service Reserve	249,471	2,484	-	251,955
Water Utility - Customer Deposit	7,360	10,041	6,040	11,361
Wastewater Utility - Operating	1,296,342	8,067,007	8,521,692	841,657
Wastewater Utility - Tap Fees	2,105,433	656,184	41,174	2,720,443
Wastewater Utility - Availability Fee	3,382,208	774,282	3,080,911	1,075,579
Wastewater Utility - Construction	257,155	27,459,888	19,316,733	8,400,310
Wastewater Utility - Energy Savings Account	171,740	-	120,632	51,108
Wastewater Utility - Developer Fees	58,782	34,407	34,250	58,939
Wastewater Utility - Bond and Interest	719,268	2,195,493	2,158,553	756,208
Wastewater Utility - Depreciation	74,055	-	-	74,055
Wastewater Utility - Debt Service Reserve	722,211	-	2,063	720,148
Wastewater Utility - Expansion	148,022	5,404	-	153,426
Wastewater Utility - Plant Equipment	2,764	138	-	2,902
Fiduciary Funds:				
Payroll	20,186	9,063,126	8,770,177	313,135
Levy Excess	548	-	548	-
Totals	<u>\$ 20,089,994</u>	<u>\$ 75,183,541</u>	<u>\$ 71,922,112</u>	<u>\$ 23,351,423</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 utility, wastewater utility, 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.

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.

The City of Westfield issued General Revenue bonds in the amount of \$5,500,000 on May 21, 2008, for the purpose of financing the cumulative cash flow deficit. The City will use the bond issue proceeds as a line of credit.

TOWN OF WESTFIELD
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2007

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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 526,516
Buildings	7,311,773
Improvements other than buildings	3,509,011
Machinery and equipment	<u>8,177,323</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 19,524,623</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, being depreciated:	
Land	\$ 1,434,597
Construction in progress	1,565,155
Capital assets, not being depreciated:	
Buildings	6,229,752
Improvements other than buildings	19,741,399
Machinery and equipment	<u>1,912,875</u>
Total Water Utility capital assets	<u>30,883,778</u>

Wastewater Utility:	
Capital assets, not being depreciated:	
Land	941,930
Construction in progress	7,184,501
Capital assets, being depreciated:	
Buildings	11,229,644
Improvements other than buildings	42,976,001
Machinery and equipment	<u>10,020,759</u>
Total Wastewater Utility capital assets	<u>72,352,835</u>

Total business-type activities capital assets	<u>\$ 103,236,613</u>
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TOWN OF WESTFIELD
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2007

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Public Safety Building	\$ 5,525,000	\$ 543,075
2004 Pumper	422,100	94,365
2005 Police Vehicles	55,076	56,344
2005 Dump Truck and Street Sweeper	272,474	62,038
2006 Ambulance	117,170	82,381
2006 Vehicles/Equipment	180,785	126,600
2006 Dump Truck and Mower	191,830	37,714
2007 Police Vehicles and Equipment	386,784	166,988
2008 Ford Escape Hybrids	58,034	16,385
Bonds payable:		
General obligation bonds:		
2001 Bonds	855,000	154,259
2005 Bonds	<u>3,250,000</u>	<u>214,798</u>
Total governmental activities debt	<u>\$ 11,314,253</u>	<u>\$ 1,554,947</u>
Business-type activities:		
Water Utility:		
Loans:		
2005 Energy Savings Loan	\$ 821,114	\$ 113,087
Revenue bonds:		
Bonds of 1998	1,660,000	191,125
Bonds of 2002	<u>7,910,000</u>	<u>742,427</u>
Total Water Utility	<u>10,391,114</u>	<u>1,046,639</u>
Wastewater Utility:		
Loans:		
2005 Energy Savings Loan	2,369,461	326,330
Revenue bonds:		
Bonds of 2002	8,765,000	825,853
Bonds of 2004	10,810,000	906,794
Refunding Bonds of 2006	7,080,000	728,615
Bonds of 2007	<u>14,000,000</u>	<u>742,444</u>
Total Wastewater Utility	<u>43,024,461</u>	<u>3,530,036</u>
Total business-type activities debt	<u>\$ 53,415,575</u>	<u>\$ 4,576,675</u>

TOWN OF WESTFIELD
OTHER REPORT

The report presented herein was prepared in addition to the official report prepared for the individual Town office listed below:

Water and Wastewater Utilities

TOWN OF WESTFIELD
EXAMINATION RESULTS AND COMMENTS

WAIVER OF FEES FOR GUN PERMITS

The Westfield Police Department waived the local fees required by statute for gun permit applications for four individuals in 2007. These individuals did not meet the requirements to be exempted from the payment of fees.

IC 35-47-2-4 states:

". . . (d) The following officers of this state or the United States who have been honorably retired by a lawfully created pension board or its equivalent after at least twenty (20) years of service or because of a disability are exempt from the payment of fees specified in subsection (b):

- (1) Police officers.
- (2) Sheriff's or their deputies.
- (3) Law enforcement officers.
- (4) Correctional officers."

FEES

The following fees were collected, but were not authorized by local ordinance:

Police Department: Accident Report fees, Incident Report Fees, Finger Print fees, Video fees.

Fire Department: Charges for ambulance services billed by CIPRONS in 2007.

Parks Department: Shelter rental, fees for Start Smart Sports Program, fees for Open Swim.

Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

IC 9-29-11-1 Accident Report Fee states:

". . . (a) Except as provided in subsection (c), the main department, office agency, or other person under whose supervision a law enforcement officer carries on the law enforcement officers' duties may charge a fee that is fixed by ordinance of the fiscal body in an amount not less than (\$5) for each report. . . ."

PRESCRIBED FORMS

The following prescribed or approved forms were not always in use:

Form 362 - Report of Collections
Form 352 - General Receipt

TOWN OF WESTFIELD
EXAMINATION RESULTS AND COMMENTS
(Continued)

The following departments were not using the prescribed forms listed:

Parks Department
Community Development Department
Department of Public Works
Emergency Medical Services

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)

CREDIT CARDS

The Town of Westfield is using credit cards to purchase items under an approved credit card policy; however, payments were made in 2007 that were not in compliance with that policy. Payments were made using the Town's credit card to pay for the tuition expense of Town employees. This is not authorized by the credit card policy.

For monthly payments made in 2007, it was noted that charges were paid based on the credit card statement alone without sufficient itemized documentation of expenses.

No logs were provided for audit to document who had authorization to use the credit cards, when they were issued or returned.

There were charges on the credit card statements that appeared to bypass the accounting system.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- (6) Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.

TOWN OF WESTFIELD
EXAMINATION RESULTS AND COMMENTS
(Continued)

(7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.

(8) If properly authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

FINANCE CHARGES

The Town incurred, and subsequently paid, late fees and financial charges for delinquent payment of vendor invoices to Keybank for credit card payments in the amount of \$1,184.73 during 2007.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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 balances 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 \$313,135.13 at December 31, 2007; 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)

TOWN OF WESTFIELD
EXIT CONFERENCE

The contents of this report were discussed on February 5, 2009, with Cindy J. Gossard, Clerk-Treasurer; Rosy Oshry, Consultant; Andrew Cook, Mayor; and Kenneth Kingshill, President of the City Council. The official response has been made a part of this report and may be found on pages 14 and 15.

City of
Westfield
Indiana 1834

"Old Town Charm, New City Style"

February 16, 2009

Audit Results and Comments

OFFICIAL RESPONSE

Mayor
ANDY COOK

City Council
JOHN DIPPEN
STEVE HOOVER
ROBERT L. HORKAY
KEN KINGSHILL
ROBERT J. SMITH
TOM SMITH
ROB STOKES

Clerk Treasurer
CINDY J. GOSSARD

Below is an itemized list of activities and plans that will ensure that the existing issues found in the recent audit will be rectified and done so in a timely manner. The Clerk Treasurer's office was unaware that such issues occurred or existed and will work to eliminate all issues.

With the tremendous growth that the City has experienced, the Clerk Treasurer's Office has not been able to properly monitor each department submissions, as required by statute, but with the additional staff more stringent controls can be established to comply with the duties of the Clerk Treasurer's Office.

If you have additional questions about the below responses, please feel free to contact the Clerk Treasurer's Office at 317-804-3020.

CORPORATION

Waiver of Fees for Gun Permits

Response: A memorandum will be sent to the Police Chief regarding waiver of fees for gun permits, reminding staff that the waiving of gun permit fees is not permitted.

Fees

Response: The Clerk Treasurer's Office will draft ordinances regarding the following fees, to be passed by the City Council, specifying the amount of each fee, and the conditions for the collection of these fees:

- Accident Report Fees
- Incident Report Fees
- Finger Print Fees
- Video Fees
- Ambulance Service Fees (No longer outsourced)
- Shelter Rental
- Start Smart Sports Fees
- Fees for Open Gym & Swim

Prescribed Forms

Response: All City departments are now using forms 362 and 352 as prescribed forms.

Credit Cards:

Response: The City's credit card policy will be revised by the City Council to outline and detail the proper usage of City credit cards. Department Heads will send appropriate supporting documentation to the Clerk Treasurer's Office for proper claim processing with ultimate approval by Council.

Finance Charges:

Response: The Departments Heads will ensure that all claims will be sent to the Clerk Treasurer's Office in a timely manner.

Condition of Records:

Response: The issue with payroll existed prior to the current Clerk Treasurer; research will be conducted this year to determine the true fund balance and the appropriate actions will be taken to rectify this issue.