

B37689

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

EXAMINATION REPORT
OF
TOWN OF WESTPORT
DECATUR COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
10/27/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Barbara Green	01-01-08 to 12-31-11
President of the Town Council	Bryan Gatewood	01-01-08 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Town of Westport (Town), for the period of January 1, 2008 to December 31, 2009. 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 years ended December 31, 2008 and 2009, 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

August 5, 2010

TOWN OF WESTPORT
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 47,249	\$ 171,355	\$ 305,986	\$ (87,382)
Motor Vehicle Highway	135,509	53,693	82,127	107,075
Local Road and Street	46,817	6,666	35,067	18,416
EDIT	20,556	-	-	20,556
Law Enforcement Continuing Education	5,497	875	-	6,372
Police Grant	1,236	2,950	238	3,948
Riverboat	47,773	9,504	3,500	53,777
Cemetery	207,181	6,956	12,896	201,241
Cemetery Maintenance	26,906	2,378	8	29,276
Cemetery - Tree	(155)	500	-	345
Cumulative Capital Improvement	18,004	4,927	20,000	2,931
Cumulative Capital Development	66,712	2,991	35,147	34,556
Levy Excess	6,907	-	6,907	-
Proprietary Funds:				
Water Utility - Operating	13,557	382,729	344,791	51,495
Water Utility - Bond and Interest	88,577	1,698	67,209	23,066
Water Utility - Reserve	66,437	-	-	66,437
Water Utility - Customer Deposit	8,359	5,710	3,720	10,349
Water Utility - Improvement	23,704	11,852	-	35,556
Wastewater Utility - Operating	96,707	292,618	357,925	31,400
Wastewater Utility - Bond and Interest	57,942	30,073	32,545	55,470
Wastewater Utility - Reserve	76,755	13,200	41,555	48,400
Fiduciary Funds:				
Town Hall Rent Deposits	50	-	-	50
Payroll	3,036	573,799	560,607	16,228
Totals	<u>\$ 1,065,316</u>	<u>\$ 1,574,474</u>	<u>\$ 1,910,228</u>	<u>\$ 729,562</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ (87,382)	\$ 406,347	\$ 286,826	\$ 32,139
Motor Vehicle Highway	107,075	50,075	79,722	77,428
Local Road and Street	18,416	6,344	22,710	2,050
EDIT	20,556	-	-	20,556
Law Enforcement Continuing Education	6,372	993	-	7,365
Police Grant	3,948	75	153	3,870
Riverboat	53,777	9,481	55,244	8,014
Cemetery	201,241	7,055	31,997	176,299
Cemetery Maintenance	29,276	2,550	8	31,818
Cemetery - Tree	345	-	-	345
Cumulative Capital Improvement	2,931	4,645	1,940	5,636
Cumulative Capital Development	34,556	17,174	11,749	39,981
Rainy Day	-	25,259	-	25,259
Proprietary Funds:				
Water Utility - Operating	51,495	343,940	399,998	(4,563)
Water Utility - Bond and Interest	23,066	106,658	66,602	63,122
Water Utility - Reserve	66,437	8,440	-	74,877
Water Utility - Customer Deposit	10,349	4,180	3,910	10,619
Water Utility - Improvement	35,556	4,220	-	39,776
Wastewater Utility - Operating	31,400	239,866	227,015	44,251
Wastewater Utility - Bond and Interest	55,470	32,948	36,660	51,758
Wastewater Utility - Reserve	48,400	14,400	-	62,800
Fiduciary Funds:				
Town Hall Rent Deposits	50	-	-	50
Payroll	16,228	530,044	542,561	3,711
Totals	<u>\$ 729,562</u>	<u>\$ 1,814,694</u>	<u>\$ 1,767,095</u>	<u>\$ 777,161</u>

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

TOWN OF WESTPORT
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, health and social services, culture and recreation, economic development, cemetery, 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 WESTPORT
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.

TOWN OF WESTPORT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Water Utility:		
Revenue bonds:		
1999 Issue	\$ 173,000	\$ 64,650
Wastewater Utility:		
Revenue bonds:		
1994 Issue	<u>245,000</u>	<u>35,460</u>
Total business-type activities debt	<u>\$ 418,000</u>	<u>\$ 100,110</u>

TOWN OF WESTPORT
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

The Clerk-Treasurer's official bond does not comply with current requirements. Currently, the Clerk-Treasurer's bond is for \$15,000.

Public Law 176 House Enrolled Act 1514, effective July 1, 2009, amended IC 5-4-1-18 and requires surety bonds required under IC 5-4-1-18 to be annual bonds instead of for the term of office. The minimum amount of annual coverage was increased from \$15,000 to \$30,000 for each \$1,000,000 in receipts for all city controllers and city and town clerk-treasurers.

FUND SOURCES AND USES

Economic development income tax receipts were incorrectly recorded in the General Fund during 2008 and 2009.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

IC 6-3.5-7-13.1 states in part:

". . . the fiscal officer of each county, city, or town for a county in which the county economic development tax is imposed shall establish an economic development income tax fund. Except as provided in sections 23, 25, 26, and 27 of this chapter, the revenue received by a county, city, or town under this chapter shall be deposited in the unit's economic development income tax fund . . ."

HYDRANT RENTAL RECEIVABLE (PAYABLE)

The Town of Westport owes the Water Utility hydrant rental of \$14,898.45, \$17,823.45, and \$44,558.40 for the years 2007, 2008, and 2009, respectively. Rate Ordinance 2002-3 and 2007-3 passed by the Town Council on May 13, 2002, and December 10, 2007, respectively, require these payments to fully fund the cash flow requirements of water utility operations, maintenance, and debt service.

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

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

A list of employees was not certified to the County Treasurer during 2008 or 2009.

IC 6-1.1-22-14(a) states in part:

"On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

TOWN OF WESTPORT
EXAMINATION RESULTS AND COMMENTS
(Continued)

OVERDRAWN FUND BALANCES

The Water Utility Operating Fund was overdrawn in 2009. The General Fund was overdrawn in 2008.

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CAPITAL ASSET RECORDS

The Town does not maintain capital asset records.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

HANDGUN APPLICATION FEE

The Westport Police Department did not always collect the proper amount for handgun application fees during 2008 and 2009.

IC 35-47-2-3(b) states in part:

"The law enforcement agency which accepts an application for a handgun license shall collect the following application fees:

- (1) From a person applying for a four (4) year handgun license, a ten dollar (\$10) application fee, five dollars (\$5) of which shall be refunded if the license is not issued.
- (2) From a person applying for a lifetime handgun license who does not currently possess a valid Indiana handgun license, a fifty dollar (\$50) application fee, thirty dollars (\$30) of which shall be refunded if the license is not issued.
- (3) From a person applying for a lifetime handgun license who currently possesses a valid Indiana handgun license, a forty dollar (\$40) application fee, thirty dollars (\$30) of which shall be refunded if the license is not issued."

TOWN OF WESTPORT
EXIT CONFERENCE

The contents of this report were discussed on August 5, 2010, with Barbara Green, Clerk-Treasurer. The official concurred with our findings.