

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT

OF

WEST CREEK TOWNSHIP

LAKE COUNTY, INDIANA

January 1, 2004 to December 31, 2005



FILED
7/20/06

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Rick Niemeyer	01-01-03 to 12-31-06
Chairman of the Township Board	Gerald Little	01-01-04 to 12-31-04
	Michael McIntire	01-01-05 to 12-31-05
	Harold Mussman, Jr.	01-01-06 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF WEST CREEK TOWNSHIP, LAKE COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of West Creek Township (Township), for the period of January 1, 2004 to December 31, 2005. The Township's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the Township for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

June 15, 2006

WEST CREEK TOWNSHIP, LAKE COUNTY
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 As Of And For The Years Ended December 31, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 1,806	\$ 21,406	\$ 71,680	\$ (48,468)
Dog	300	153	58	395
Township Assistance	48,082	13,395	33,341	28,136
Firefighting	39,575	14,012	50,717	2,870
Cemetery	3,598	500	1,295	2,803
Build Indiana	3,456	-	-	3,456
Cumulative Fire	<u>102,842</u>	<u>6,341</u>	<u>9,500</u>	<u>99,683</u>
Totals	<u>\$ 199,659</u>	<u>\$ 55,807</u>	<u>\$ 166,591</u>	<u>\$ 88,875</u>
	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ (48,468)	\$ 350,302	\$ 381,448	\$ (79,614)
Dog	395	8	95	308
Township Assistance	28,136	17,688	35,022	10,802
Firefighting	2,870	87,239	60,626	29,483
Cemetery	2,803	-	797	2,006
Build Indiana	3,456	-	-	3,456
Cumulative Fire	<u>99,683</u>	<u>41,417</u>	<u>11,534</u>	<u>129,566</u>
Totals	<u>\$ 88,875</u>	<u>\$ 496,654</u>	<u>\$ 489,522</u>	<u>\$ 96,007</u>

The accompanying notes are an integral part of the schedules.

WEST CREEK TOWNSHIP, LAKE COUNTY
NOTES TO SCHEDULES

Note 1. Introduction

The Township was established under the laws of the State of Indiana. The Township provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Township 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 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 Township 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.

Property tax rates and levies were not established by the Indiana Department of Local Government Finance as of February 15, 2005, as required by statute, due to the continued delay in the completion of the reassessment of Lake County. The 2004 pay 2005 property tax bills were mailed out on October 31, 2005, with the first installment due November 18, 2005, and the second installment due February 10, 2006.

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 Township 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.

WEST CREEK TOWNSHIP, LAKE COUNTY
NOTES TO SCHEDULES
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Township 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 Township 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

Property tax rates and levies were not established by the Indiana Department of Local Government Finance as of February 15, 2006, as required by statute, due to the continued delay caused by the reassessment of Lake County. As of June 15, 2006, the 2005 pay 2006 property tax bills have not been mailed out.

WEST CREEK TOWNSHIP, LAKE COUNTY
EXAMINATION RESULTS AND COMMENTS

CONTRACTS

Records presented for audit indicate payments were made to Tri-Creek Ambulance Service for \$155,000 in 2004 and \$171,042 in 2005 without a written contract.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PUBLIC EMPLOYEES RETIREMENT FUND

Cedar Creek Civil Township, West Creek Civil Township, and Eagle Creek Civil Township of Lake County, Indiana, by resolution in 1975, agreed to join together to provide ambulance services for the inhabitants of the three townships. A similar comment appeared in the prior examination report.

The agreement provides that the purpose is to operate ambulances or contract for the services for the operation in accordance with standards of equipment and personnel required by the laws of the State of Indiana. As a result, Tri-Creek Ambulance Service was formed.

The number of inhabitants in each township determines the amount to be paid by each Township to Tri-Creek Ambulance Service. Additionally, the Tri-Creek Ambulance Service receives additional income from private billings, interest and miscellaneous revenue.

Our examination disclosed that membership in the Public Employees Retirement Fund (PERF) was provided to the individuals employed by Tri-Creek Ambulance Service under the name of the governmental entity "West Creek Township." Employees of the civil township are members of the PERF plan provided by Lake County and not by the township plan.

Based on Tri-Creek Ambulance Service's Annual Report, remittances to PERF were from Tri-Creek Ambulance Service under the plan number assigned to West Creek Township.

Further review disclosed that for taxation purposes, Tri-Creek Ambulance Service has a separate tax identification number and issues W-2's to the individuals employed.

No disclosures or information was presented for examination which would validate that the ambulance employees were Township employees. The financial activities of the Tri-Creek Ambulance Service are not accounted for in the Township's financial records. An audit of the Tri-Creek Ambulance Service is conducted by a local accounting firm.

Indiana Code 5-10.3-7-1 states in part: ". . . any individual who becomes a full-time employee of the state or of a participating political subdivision . . . becomes a member of the fund . . ."

Indiana Code 5-10.3-1-6 defines, "Political subdivision as used in this article means a county, city, town, township, political body corporate, public school corporation, public library, public utility of a county, city, town, township, and any department of, or associated with, a county, city, town, or township, which department receives revenue independently of, or in addition to, funds obtained from taxation."

WEST CREEK TOWNSHIP, LAKE COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

INTERNAL REVENUE SERVICE PROCEDURES

The Trustee has not issued Internal Revenue Service (IRS) Form W-2 to the Township Board members. Each of the three Board members were paid \$1,000 in 2004 and 2005.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

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 Townships, Chapter 13)

SALARY RESOLUTION

A salary resolution was not presented for audit for the years 2004 and 2005. A similar comment appeared in the prior examination report.

Indiana Code 36-6-6-10 requires the township board to set the salaries; wages; rates of hourly pay; and remuneration other than statutory allowances of all township officials and employees, except assessing officials and employees, for the year 1985 and each year thereafter. However, please remember the township board should record the salaries so fixed in the township board minutes. A type of format for recording these salaries should be the existing format of Township Form 17. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

PRESCRIBED FORMS

General Form 100R, Certified Report of Names, Addresses, Duties and Compensation of Public Employees, was not presented for audit for the years 2004 and 2005, nor was it filed with the State Board of Accounts. A similar comment appeared in the prior examination report.

WEST CREEK TOWNSHIP, LAKE COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Township Trustee's Receipt, Form 16 was not presented for audit. Also, there were no references to receipt numbers in the Township Financial and Appropriation Record, Form 1C. A similar comment appeared in the prior examination report.

Each year during the month of January each township trustee must complete a Certified Report of Names, Addresses, Duties and Compensation of Public Employees Form 100R and send the same properly certified to the State Examiner of the State Board of Accounts. List all officers and employees of the township as of the month of January. Form 100R may be procured from your printer or supply firm. Space is provided for the name of the officer or employee, the address of each, the duties of each, and the compensation. List the compensation per month, week, day or hour. You will need to use more than one form if there are more than 65 officers and employees. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

The Township Trustee's Receipt (Form 16-1997) is to be used for receipt of each item of money received. Indicate in the space "On Account Of" the fund or funds to which the receipt is to be posted and identify the receipt, such as Dog Tax, Tax Distribution, Fire Protection Agreement, Temporary Loan, Bank Loan for Equipment, etc. Give the original to the payor, and retain all duplicates in the bound record. Payment amount for cash, check, money order, credit card/bank card, EFT, and other shall be designated on each receipt. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

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 Townships, Chapter 13)

CONFLICT OF INTEREST DISCLOSURE

West Creek Township is one of three townships that entered into an inter-local agreement that created the Tri-Creek Ambulance Service. Rick Niemeyer is paid for the duties of Treasurer of the Tri-Creek Ambulance Service in addition to his salary as Township Trustee. No Uniform Conflict of Interest Disclosure Statements were presented for audit by Rick Niemeyer. A similar comment appeared in the prior examination report.

Indiana Code 35-44-1-3 states in part:

"(a) A public servant who knowingly or intentionally: (1) has a pecuniary interest in; or (2) derives a profit from; a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Class D felony . . ."

"(c) This section does not prohibit a public servant from having a pecuniary interest in or deriving a profit from a contract or purchase connected with the governmental entity served . . . (3) if the public servant; (A) is an elected public servant . . . and (B) makes a disclosure under subsection (d)(1) through (d)(6)."

"(d) A disclosure required by this section must: (1) be in writing; (2) describe the contract or purchase to be made by the governmental entity; (3) describe the pecuniary interest that the public servant has in the contract or purchase; (4) be affirmed under penalty of perjury; (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity prior to final action on the contract or purchase; (6) be filed within fifteen (15) days after final action on the contract or purchase with; (A) the state board of accounts; and (B) . . . the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase . . ."

WEST CREEK TOWNSHIP, LAKE COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

"(g) A public servant has a pecuniary interest in a contract or purchase if the contract or purchase will result or is intended to result in an ascertainable increase in the income or net worth of:
(1) the public servant."

OVERDRAWN CASH

The General Township Fund had a negative cash balance of \$48,469.05 and \$79,615.05 at December 31, 2004 and 2005, respectively.

The cash 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 Townships, Chapter 13)

WEST CREEK TOWNSHIP, LAKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 19, 2006, with Rick Niemeyer, Trustee. The official response has been made a part of this report and may be found on page 12.



RICK NIEMEYER

WEST CREEK TOWNSHIP TRUSTEE/ASSESSOR

11003 W. 181ST AVENUE
P.O. BOX 84
LOWELL, INDIANA 46356

June 26, 2006

**State Board of Accounts
302 W. Washington Street
Room E 418
Indianapolis, IN 46204-2738**

RE: OFFICIAL RESPONSE / West Creek Township 2004 & 2005 Audit

The three Township Trustees of West Creek, Cedar Creek and Eagle Creek request a meeting to address the issues concerning the Tri-Creek Ambulance Service Inc.'s annual payments for emergency medical service for their residents.

Thank you,