

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

EXAMINATION REPORT

OF

TOWN OF WINFIELD

LAKE COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED

04/24/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Richard C. Anderson, Jr.	01-01-04 to 12-31-07
President of the Town Council	William D. Teach	01-01-05 to 12-31-05
	Kenneth D. Thieneman	01-01-06 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 WINFIELD, LAKE COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Winfield (Town), for the period of January 1, 2005 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 years ended December 31, 2005 and 2006, 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 the Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not a required part 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

March 1, 2007

TOWN OF WINFIELD
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, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 132,319	\$ 683,428	\$ 529,560	\$ 286,187
Special Revenue Funds:				
Motor Vehicle Highway	13,998	209,572	165,877	57,693
Local Road and Street	38,679	44,142	14,638	68,183
Solid Waste Recycling Grant	42,905	5,726	17,121	31,510
Casino Gaming	80,284	29,764	-	110,048
Election	-	1,673	-	1,673
Debt Service Funds:				
Water District - Operating	3,243	6,581	612	9,212
Water District - Bond and Interest	-	68,933	46,392	22,541
Capital Project Funds:				
2005 General Obligation Bond Proceeds	-	850,000	614,395	235,605
Cumulative Capital Improvement	27,124	6,269	7,647	25,746
Cumulative Capital Development	29,834	76,528	19,055	87,307
Cumulative Building and Fire Fighting Equipment	-	47,351	20,343	27,008
Water District - Construction	39,811	18,674	23,060	35,425
Fiduciary Fund:				
Agency Fund:				
Escrow Deposits	12,000	11,775	12,000	11,775
Totals	<u>\$ 420,197</u>	<u>\$ 2,060,416</u>	<u>\$ 1,470,700</u>	<u>\$ 1,009,913</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 286,187	\$ 916,194	\$ 863,469	\$ 338,912
Special Revenue Funds:				
Motor Vehicle Highway	57,693	139,995	187,685	10,003
Local Road and Street	68,183	43,967	106,155	5,995
Solid Waste Recycling Grant	31,510	17,178	31,532	17,156
Casino Gaming	110,048	21,631	-	131,679
Major Moves	-	48,224	-	48,224
Election	1,673	-	-	1,673
Water District - Operating	9,212	6,198	8,020	7,390
Debt Service Funds:				
Debt Service - General Obligation	-	268,632	268,315	317
Water District - Bond and Interest	22,541	31,508	53,940	109
Capital Project Funds:				
2005 General Obligation Bond Proceeds	235,605	137,000	297,079	75,526
Cumulative Capital Improvement	25,746	7,245	-	32,991
Cumulative Capital Development	87,307	31,905	57,000	62,212
Cumulative Building and Fire Fighting Equipment	27,008	26,726	17,044	36,690
Water District - Construction	35,425	25,602	61,027	-
Proprietary Funds:				
Enterprise Funds:				
Wastewater Utility - Operating	-	712,774	484,014	228,760
Wastewater Utility - Construction	-	2,750,000	959,218	1,790,782
Fiduciary Fund:				
Agency Fund:				
Escrow Deposits	11,775	-	11,775	-
Totals	<u>\$ 1,009,913</u>	<u>\$ 5,184,779</u>	<u>\$ 3,406,273</u>	<u>\$ 2,788,419</u>

The accompanying notes are an integral part of the schedules.

TOWN OF WINFIELD
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, culture and recreation, planning and zoning, 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 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. The final 2006 property tax distribution was received in January 2007.

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.

Note 6. Circuit Breaker Agreement

In 2004, the state provided to Lake County, for the benefit of various taxing units, a circuit breaker loan. The loan was to cover tax bill amounts in excess of 2% of the property's assessed valuation, subject to the property having a homestead exemption on file. On January 11, 2005, the County

TOWN OF WINFIELD
NOTES TO FINANCIAL INFORMATION
(Continued)

entered into an agreement with the Town of Winfield and other taxing units receiving gaming tax distributions from Lake County for repayment of the loan. The Town will have its gaming distribution reduced by \$1,052 quarterly for 5 years, beginning in April 2005, to repay its share of the loan.

Note 7. 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.

Since the Town joined PERF in 2006, there are no actuarial figures for the Town. Therefore, there is no Schedule of Funding Process included in this report.

Note 8. Subsequent Event

On December 5, 2006, The Town Wastewater Utility Board awarded a bid of \$1,598,080 for utility plant expansion. The balance of the 2006 Wastewater Revenue Bond proceeds will pay for this expansion.

Note 9. Potential Litigation Costs

The Town is involved in various lawsuits against the Town. The potential costs to the Town, resulting from a negative outcome of these suits, could range from \$200,000 to \$6,000,000.

TOWN OF WINFIELD
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

For The Years Ended December 31, 2006

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 300,000
Buildings	149,351
Machinery and equipment	599,630
Construction in progress	614,395
 Total governmental activities, capital assets not being depreciated	 \$ 1,663,376

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Construction in progress	105,155
Buildings	340,000
 Total Wastewater Utility capital assets	 445,155

TOWN OF WINFIELD
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT

For The Years Ended December 31, 2006

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Two Highway Trucks	\$ 38,705	\$ 11,992
Backhoe	42,000	4,940
Bonds payable:		
General obligation bonds:		
2001 Water District Improvement	295,000	15,000
2005 Street Improvement	<u>710,000</u>	<u>80,000</u>
Total governmental activities long-term debt	<u>\$ 1,085,705</u>	<u>\$ 111,932</u>
Business-type Activities:		
Wastewater Utility		
Revenue bonds:		
2006 Improvement	<u>\$ 2,750,000</u>	<u>\$ 75,000</u>

TOWN OF WINFIELD
EXIT CONFERENCE

The contents of this report were discussed on March 1, 2007, with Richard C. Anderson, Jr., Clerk-Treasurer; and Kenneth D. Thieneman, President of the Town Council. Our examination disclosed no material items that warrant comment at this time.