

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

EXAMINATION REPORT
OF
WINFIELD TOWNSHIP
LAKE COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
02/11/2009

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5-6
Examination Results and Comments:	
Receipts.....	7
Township Assistance	7-8
Disbursements.....	8-9
Board Minutes.....	9
Salary Ordinance.....	9
Temporary Loan	9-10
Contracts	10
Official Bond	10
List of Employees Not Filed With County Treasurer	10
Exit Conference.....	11

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	John Curley	01-01-03 to 12-31-10
Chairman of the Township Board	Nick Gasparovic Linda Eisenhauer	01-01-06 to 12-31-06 01-01-07 to 12-31-08



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
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF WINFIELD TOWNSHIP, LAKE COUNTY, INDIANA

We have examined the financial information presented herein of Winfield Township (Township), for the period of January 1, 2006 to December 31, 2007. The Township'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 Township for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

December 15, 2008

WINFIELD TOWNSHIP, LAKE COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 85,016	\$ 119,055	\$ 175,053	\$ 29,018
Dog	338	86	78	346
Township Assistance	27,216	11,329	26,974	11,571
Firefighting	128,902	167,446	296,348	-
Park and Recreation	24,269	12,375	14,312	22,332
Donation	904	1,564	400	2,068
Cumulative Fire	33,031	39,758	44,485	28,304
Totals	<u>\$ 299,676</u>	<u>\$ 351,613</u>	<u>\$ 557,650</u>	<u>\$ 93,639</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 29,018	\$ 141,577	\$ 138,224	\$ 32,371
Dog	346	-	346	-
Township Assistance	11,571	12,300	22,098	1,773
Firefighting	-	251,510	174,234	77,276
Park and Recreation	22,332	15,218	7,928	29,622
Cemetery	2,068	4,475	5,897	646
Cumulative Fire	28,304	41,544	40,171	29,677
Totals	<u>\$ 93,639</u>	<u>\$ 466,624</u>	<u>\$ 388,898</u>	<u>\$ 171,365</u>

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

WINFIELD TOWNSHIP, LAKE COUNTY
NOTES TO FINANCIAL INFORMATION

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).

However, property tax rates and levies for 2005 payable in 2006 were not established by February 15, 2005, as required by state statute due to the delay in the completion of the reassessment of Lake County. The final settlement of the 2005 payable 2006 was distributed on January 4, 2007.

Property tax rates and levies for 2006 taxes payable in 2007 were not established by February 15, 2006, as required by state statute due to the delay in the completion of the reassessment of Lake County. The tax bills were mailed to Lake County residents on December 26, 2007. They were due on January 31, 2008. The final settlement of the 2006 taxes payable in 2007 was distributed to the various governmental entities on March 20, 2008.

Note 5. Deposits and Investments

Deposits, made in accordance with IC 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.

WINFIELD TOWNSHIP, LAKE COUNTY
NOTES TO FINANCIAL INFORMATION
(Continued)

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.

Note 6. Short Term Borrowing

On December 7, 2007, the Board approved for the Trustee to secure a line of credit for \$100,000 as a temporary loan until the property tax situation in Lake County is settled. On December 28, 2007, \$100,000 was borrowed at a rate of 6.75%. On February 14, 2008, the loan was repaid.

Note 7. 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 8. Subsequent Event

Property tax rates and levies were not established by the Indiana Department of Local Government Finance as of February 15, 2008, as required by state statute, due to the continued delay caused by the reassessment of Lake County. Provisional bills for 2007 taxes payable 2008 were sent out September 22, 2008, due October 29, 2008.

WINFIELD TOWNSHIP, LAKE COUNTY
EXAMINATION RESULTS AND COMMENTS

RECEIPTS

The following items were noted concerning receipts:

1. Receipts were not issued for tax distributions, rents collected from other entities, and interest earned. Receipts were not always issued for donations or other miscellaneous collections.
2. Collections were deposited up to 38 days after the receipt was written.
3. Township Receipt Form 16 was revised in 1997 but the Township continues to use an outdated version.
4. Receipts were not written in numerical order.
5. Old outstanding checks were not receipted into the ledger but entered by a negative disbursement.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

IC 5-13-6-1(c) states in part: "The public funds collected by township trustees shall be deposited in the designated depository on or before the first and fifteenth day of each month."

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)

The amounts of such checks should be receipted into the fund or funds from which originally drawn by writing an official receipt or receipts therefore. The amount of such check should be receipted into the township (general) fund if the fund from which a check was drawn is not now in existence or cannot be ascertained. The checks should also be removed from the list of outstanding checks. IC 5-11-10.5-5 (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

TOWNSHIP ASSISTANCE

The following items were noted for Township assistance:

1. Checks were distributed to clients for cash from the donation fund.
2. Eight assistance cases did not contain documentation verifying of income or assets. Eligibility is based on income guidelines.
3. Clients were not required to complete a new application after 6 months.

WINFIELD TOWNSHIP, LAKE COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

4. Clients were not required to complete TA-1B (Application for Additional or Continuing Township Assistance) when requesting additional assistance.
5. The Township is currently using PR-1 (Application for Poor Relief) which was revised to TA-1 (Application for Township Assistance) in January 2004.

Payment of all claims should be directly to a vendor and should never be to a township assistance applicant. (Accounting and Uniform Guidelines Manual for Townships, Chapter 6)

Application for Additional or Continuing Township Assistance should be completed for additional or continuing township assistance. The township trustee may not extend additional or continuing aid to an individual or a household unless the individual or household files an affidavit with the request for assistance affirming how, if at all, the personal condition of the individual or the household has changed from that set forth in the individual's or household's most recent application. (Accounting and Uniform Guidelines Manual for Townships, Chapter 6)

In the case of *Hopson v. Schilling*, 4187 Supp. 1223 (N.D. Ind. 1976) the court held that each township must adopt eligibility standards/guidelines, and must include financial and non-financial eligibility guidelines, as statement of needs to be met and a description of application procedures. (Accounting and Uniform Guidelines Manual for Townships, Chapter 6)

If a township trustee determines by investigation that a township assistance applicant or a township assistance applicant's household requires assistance, the township trustee shall, after determining that an emergency exists, furnish to the applicant or household the temporary aid necessary for the relief of immediate suffering. However, before any further final or permanent relief is given, the township trustee shall consider whether the applicant's or household's need can be relieved by means other than an expenditure of township money. (Accounting and Uniform Guidelines Manual for Townships, Chapter 6)

DISBURSEMENTS

The following items were noted concerning disbursements:

1. Payments to individuals for work performed over \$600 were not issued a Form 1099 for income tax reporting.
2. Payments did not always have supporting documentation such as a receipt or itemize statement for maintenance work, emergency assistance, and other payments to the volunteer fire department in addition to the contract amount.

All claims, invoices, receipts, accounts payable vouchers, including those presented to the governing body for approval in accordance with IC 5-11-10, should contain adequate detailed documentation. All claims, invoices, receipts, and accounts payable vouchers regarding reimbursement for meals and expenses for individuals must have specific detailed information of the names of all individuals for which amounts are claimed, including the nature, name, and purpose of the business meeting, to enable the governing body to authorize payment. Payments which do not have proper itemization showing the business nature of the claim, may be the personal obligation of the responsible official, employee or other person for whom the claim is made. (Accounting and Uniform Guidelines Manual for Townships, Chapter 13)

WINFIELD TOWNSHIP, LAKE COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. Accounting and Uniform 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)

BOARD MINUTES

The minutes of all meetings of the Township Advisory Board were not approved by the Township Board members.

The secretary of the township board shall under the direction of the board record the minutes of the proceedings of each meeting in full and provide copies of the minutes to each member of the township board before the next meeting is convened. After the minutes are approved by the township board, the secretary of the township board shall place the minutes in the permanent record book. Any meeting may adjourn from day to day until the business is completed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 5)

SALARY ORDINANCE

A salary resolution not approved by the Township Board for salaries of the trustee and employees.

IC 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 No. 17. We recommend the board set the salaries of township officials and employees, except assessing officials and employees, in conjunction with the preparation and completion of the township budget. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

TEMPORARY LOAN

Temporary loans totaling \$44,127 were made in 2007 from the various funds to the Fire Fighting Fund without a resolution or Township Board approval.

WINFIELD TOWNSHIP, LAKE COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

The fiscal body of a political subdivision may, by resolution, permit the transfer of a prescribed amount, for a prescribed period, to a depleted fund from another fund of the political subdivision if it must be necessary to borrow money to enhance the depleted fund; there must be sufficient money on deposit to the credit of the other fund that can be temporarily transferred; the prescribed period must end during the budget year of the year in which the transfer occurs, except as authorized by IC 36-1-8-4(b); the amount transferred must be returned to the other fund at the end of the prescribed period; and, only revenues derived from the levying and collection of property taxes or special taxes or from operation of the political subdivision may be included in the amount transferred. If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following: (1) Passes a resolution that contains the following: (A) A statement that the fiscal body has determined that an emergency exists. (B) A brief description of the grounds for the emergency. (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs. (2) Immediately forwards the resolution to the State Board of Accounts and the Department of Local Government Finance. IC 36-1-8-4

Such temporary transfer should be affected by issuing a warrant and receipt for the amount of the transfer. The warrant should be endorsed and deposited in the depository account designated for the depleted fund. No appropriation is required either for the transfer or the repayment. No interest should be charged on any such temporary transfer. (Accounting and Uniform Guidelines Manual for Townships, Chapter 12)

CONTRACTS

The contract for 2007 for the volunteer fire fighters required payments of \$20,742 to be made on a monthly basis, totaling \$248,900 for the year. \$174,182 was paid during 2007 on the contract.

Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

OFFICIAL BOND

The official bond for the Trustee was not filed in the Office of the County Recorder.

IC 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

Officials and employees of the Township were not certified to the County Treasurer.

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."

WINFIELD TOWNSHIP, LAKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 15, 2008, with John Curley, Trustee; and Mylissa Yelich, Board member.