

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

EXAMINATION REPORT
OF
WEST CREEK TOWNSHIP
LAKE COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
04/27/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Rick Niemeyer	01-01-07 to 12-31-10
Chairman of the Township Board	Michael McIntire	01-01-08 to 12-31-08
	Harold Mussman	01-01-09 to 12-31-09
	Michael McIntire	01-01-10 to 12-31-10



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of West Creek Township (Township), for the period of January 1, 2008 to December 31, 2009. 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, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

March 31, 2010

WEST CREEK 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, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 44,453	\$ 329,074	\$ 366,272	\$ 7,255
Township Assistance	(6,777)	36,935	30,102	56
Fire Fighting	(39,987)	82,867	54,980	(12,100)
Cumulative Fire	(5,232)	37,588	10,000	22,356
Cemetery	150	-	629	(479)
Totals	<u>\$ (7,393)</u>	<u>\$ 486,464</u>	<u>\$ 461,983</u>	<u>\$ 17,088</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 7,255	\$ 304,244	\$ 296,967	\$ 14,532
Township Assistance	56	51,622	28,734	22,944
Fire Fighting	(12,100)	62,562	62,676	(12,214)
Cumulative Fire	22,356	26,537	36,000	12,893
Cemetery	(479)	9,400	8,261	660
Totals	<u>\$ 17,088</u>	<u>\$ 454,365</u>	<u>\$ 432,638</u>	<u>\$ 38,815</u>

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

WEST CREEK 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). 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 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. 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,

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

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

Tax Distribution

On January 20, 2010, the Township received a final settlement of 2008 pay 2009 taxes totaling \$151,537. The final settlement was 51% of the general property taxes for the Township.

Note 8. Joint Venture

West Creek Township is a participant with Cedar Creek Township and the Town of Lowell in a joint venture to operate Freedom Park, which was created to provide recreation to the residents of the Town and the two Townships. West Creek is obligated by agreement to remit the lesser of \$30,000 or one-third of the annual cost of Freedom Park.

Note 9. Short-Term Borrowing

On August 5, 2009, the Township received \$75,000 in a secure line of credit as a temporary loan until receipt of the property tax distribution. On January 20, 2010, the loan was repaid.

WEST CREEK TOWNSHIP, LAKE COUNTY
EXAMINATION RESULTS AND COMMENTS

RECORDS NOT PROVIDED FOR AUDIT

The following records were not presented for audit:

1. 2009 Internal Revenue Service W-2 Forms;
2. Budget approved by the Department of Local Government Finance for 2008 and 2009; and
3. Salary Resolution Form 17 for 2008 and 2009.

IC 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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, in conjunction with the preparation and completion of the township budget. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

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 Compliance Guidelines Manual for Townships, Chapter 13)

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)

PENALTIES AND INTEREST

The Township paid penalties and interest to the Indiana Department of Revenue and Indiana Department of Workforce Development. On November 9, 2009, the Township paid \$18.15 in penalty and interest to the Indiana Department of Revenue for the December 2007 Indiana withholding tax. The payroll withholding taxes for December 2007 were due January 31, 2008. On October 9, 2009, the Township paid \$10.75 in penalty and interest to the Indiana Department of Workforce Development for the second quarter of 2009. A similar comment appeared in the prior report.

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.

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

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)

OVERDRAWN CASH BALANCES

The Fire Fighting Fund was overdrawn by \$12,100 in 2008 and the Cemetery Fund was overdrawn by \$479. The Fire Fighting Fund was overdrawn in 2009 by \$12,214.

The 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)

ANNUAL REPORT

The activity of the Cemetery Fund was not properly reported on the 2009 Township Trustee's Annual Financial Report, Form 15.

The Township Trustee's Report of Receipts and Disbursements for the Calendar Year is an abstract report of receipts and disbursements for the calendar year. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

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)

CONTRACTS

West Creek Township paid Tri-Creek Ambulance Service \$193,000 in 2008 and \$115,000 in 2009 without a written contract. A similar comment appeared in the prior report.

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 (PERF)

Tri-Creek Ambulance Service was formed for and by the townships of Cedar Creek, West Creek and Eagle Creek to provide ambulance service to the three townships. Employees of Tri-Creek Ambulance Service are not considered public employees. The prior reports disclosed that Tri-Creek Ambulance Service receives additional income from private billings, interest, and miscellaneous revenue.

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

The employees are issued Internal Revenue Service W-2's, under a number assigned to Tri-Creek Ambulance Service. Payments to the Indiana Public Employees' Retirement Fund (PERF) are being provided under the West Creek PERF Plan Number.

IC 5-10.3-7-1 states in part: "Any individual who becomes a full-time employee of the state or of participating political subdivisions . . . becomes a member of the fund."

IC 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."

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. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

OFFICIAL BOND

The official bond for Rick Niemeyer, Trustee, was not filed with the County Recorder's office. A similar comment appeared in the prior report.

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 . . ."

RECEIPT ISSUANCE

Receipt Forms were not issued when property taxes, excise taxes, financial institution taxes, temporary loans, transfers between funds, interest earned, and state grants were received. The receipts were properly posted in the ledger and deposited in the bank.

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)

WEST CREEK TOWNSHIP, LAKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 31, 2010, with Rick Niemeyer, Trustee.