

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, 2007 to December 31, 2009



FILED
12/14/2010

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 | 4-5 |
| Notes to Financial Information | 6-7 |
| Supplementary Information: | |
| Schedule of Capital Assets..... | 8 |
| Schedule of Long-Term Debt | 9 |
| Examination Results and Comments: | |
| Private Property | 10 |
| Ordinances and Resolutions | 10 |
| Loan to Outside Organization..... | 10 |
| Exit Conference..... | 11 |
| Official Response | 12 |

OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|---------------------------------|--|--|
| Clerk-Treasurer | Richard C. Anderson, Jr. | 01-01-04 to 12-31-11 |
| President of the Town Council | Kenneth D. Thieneman James L. Hicks | 01-01-07 to 12-31-07 01-01-08 to 12-31-10 |
| President of the Sanitary Board | James L. Hicks | 03-17-09 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 WINFIELD, LAKE COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Winfield (Town), for the period of January 1, 2007 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, 2007, 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 Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts 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

October 5, 2010

TOWN OF WINFIELD
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES
As Of And For The Years Ended December 31, 2007, 2008, And 2009

| | Cash and Investments | | | Cash and Investments |
|---|----------------------|---------------------|---------------------|----------------------|
| | 01-01-07 | Receipts | Disbursements | |
| Governmental Funds: | | | | |
| General | \$ 638,912 | \$ 683,801 | \$ 945,089 | \$ 377,624 |
| Motor Vehicle Highway | 10,003 | 195,465 | 203,904 | 1,564 |
| Local Road and Street | 5,996 | 53,804 | 49,683 | 10,117 |
| Solid Waste Recycling Grant | 17,156 | 9,159 | 26,315 | - |
| Park Donation | - | 11,000 | - | 11,000 |
| Election | 1,673 | - | - | 1,673 |
| Casino Gaming | 131,680 | 32,751 | - | 164,431 |
| IDEM Grant | - | 17,625 | 17,625 | - |
| Water District Operating | 7,390 | 12,707 | 19,221 | 876 |
| Major Moves Construction | 48,224 | - | 8,245 | 39,979 |
| Water District Excess Levy | - | 437 | - | 437 |
| Debt Service - General Obligation Bonds | 317 | 372,937 | 372,895 | 359 |
| Water District Bond and Interest | 109 | 36,300 | 36,370 | 39 |
| 2005 General Obligation Bond Proceeds | 75,526 | - | 54,528 | 20,998 |
| Cumulative Capital Improvement | 32,991 | 7,236 | 13,700 | 26,527 |
| Cumulative Capital Development | 62,213 | 75,420 | 55,712 | 81,921 |
| Cumulative Building and Fire Fighting Equipment | 36,690 | 23,789 | - | 60,479 |
| Proprietary Funds: | | | | |
| Wastewater Utility - Operating | 228,760 | 95,209 | 268,103 | 55,866 |
| Wastewater Utility - Revenue | - | 601,473 | 200,254 | 401,219 |
| Wastewater Utility - Bond and Interest | - | 198,289 | 195,045 | 3,244 |
| Wastewater Utility - Construction | 1,790,782 | - | 1,778,351 | 12,431 |
| Wastewater Utility - Construction Advance | - | 170,559 | - | 170,559 |
| Wastewater Utility - Improvement | - | 17,746 | 17,746 | - |
| Totals | \$ 3,088,422 | \$ 2,615,707 | \$ 4,262,786 | \$ 1,441,343 |

| | Cash and Investments | | | Cash and Investments |
|---|----------------------|---------------------|---------------------|----------------------|
| | 01-01-08 | Receipts | Disbursements | |
| Governmental Funds: | | | | |
| General | \$ 377,624 | \$ 1,198,612 | \$ 1,243,785 | \$ 332,451 |
| Motor Vehicle Highway | 1,564 | 221,705 | 215,238 | 8,031 |
| Local Road and Street | 10,117 | 55,343 | 54,354 | 11,106 |
| Solid Waste Recycling Grant | - | 41,544 | 7,552 | 33,992 |
| Park Donation | 11,000 | 16,500 | - | 27,500 |
| Election | 1,673 | - | - | 1,673 |
| Casino Gaming | 164,431 | 52,045 | 85,000 | 131,476 |
| IDEM Grant | - | 5,272 | - | 5,272 |
| Redevelopment Commission | - | 5,000 | - | 5,000 |
| Water District Operating | 876 | 23,954 | 10,448 | 14,382 |
| Major Moves Construction | 39,979 | - | 39,979 | - |
| Water District Excess Levy | 437 | 109 | 404 | 142 |
| Debt Service - General Obligation Bonds | 359 | 260,631 | 252,910 | 8,080 |
| Water District Bond and Interest | 39 | 46,288 | 45,540 | 787 |
| 2005 General Obligation Bond Proceeds | 20,998 | 14,000 | 34,998 | - |
| 2008 General Obligation Bond Proceeds | - | 880,047 | 612,538 | 267,509 |
| Cumulative Capital Improvement | 26,527 | 12,650 | 1,821 | 37,356 |
| Cumulative Capital Development | 81,921 | 99,492 | 20,000 | 161,413 |
| Cumulative Building and Fire Fighting Equipment | 60,479 | 43,311 | 18,163 | 85,627 |
| Proprietary Funds: | | | | |
| Wastewater Utility - Operating | 55,866 | 594,637 | 620,555 | 29,948 |
| Wastewater Utility - Revenue | 401,219 | 684,856 | 1,086,075 | - |
| Wastewater Utility - Bond and Interest | 3,244 | 415,556 | 208,815 | 209,985 |
| Wastewater Utility - Construction | 12,431 | 43,272 | 55,703 | - |
| Wastewater Utility - Construction Advance | 170,559 | - | 170,559 | - |
| Wastewater Utility - Improvement | - | 375,346 | 22,347 | 352,999 |
| Totals | \$ 1,441,343 | \$ 5,090,170 | \$ 4,806,784 | \$ 1,724,729 |

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

TOWN OF WINFIELD
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES
As Of And For The Years Ended December 31, 2007, 2008, And 2009
(Continued)

| | Cash and Investments | | Cash and Investments | |
|---|----------------------|---------------------|----------------------|---------------------|
| | 01-01-09 | Receipts | Disbursements | 12-31-09 |
| Governmental Funds: | | | | |
| General | \$ 332,451 | \$ 656,990 | \$ 786,656 | \$ 202,785 |
| Motor Vehicle Highway | 8,031 | 251,458 | 240,184 | 19,305 |
| Local Road and Street | 11,106 | 66,407 | 71,265 | 6,248 |
| Solid Waste Recycling Grant | 33,992 | 32,378 | 15,844 | 50,526 |
| Park Donation | 27,500 | 9,500 | 500 | 36,500 |
| Election | 1,673 | - | 1,673 | - |
| Casino Gaming | 131,476 | 53,305 | - | 184,781 |
| IDEM Grant | 5,272 | - | 5,272 | - |
| Redevelopment Commission | 5,000 | 60 | 1,702 | 3,358 |
| Excess Welfare Distribution | - | 10,016 | - | 10,016 |
| Water District Operating | 14,382 | 9,090 | 23,424 | 48 |
| Water District Excess Levy | 142 | - | 142 | - |
| Water District Excess Welfare Distribution | - | 525 | 525 | - |
| Debt Service - General Obligation Bonds | 8,080 | 374,816 | 337,465 | 45,431 |
| Debt Service - Exempt | - | 203,464 | 190,450 | 13,014 |
| Water District Bond and Interest | 787 | 37,205 | 37,470 | 522 |
| 2008 General Obligation Bond Proceeds | 267,509 | 6,179 | 176,530 | 97,158 |
| Cumulative Capital Improvement | 37,356 | 11,928 | 6,327 | 42,957 |
| Cumulative Capital Development | 161,413 | 61,581 | 139,273 | 83,721 |
| Cumulative Building and Fire Fighting Equipment | 85,627 | 35,044 | 19,186 | 101,485 |
| Proprietary Funds: | | | | |
| Wastewater Utility - Operating | 29,948 | 309,982 | 309,910 | 30,020 |
| Wastewater Utility - Revenue | - | 663,611 | 663,611 | - |
| Wastewater Utility - Bond and Interest | 209,985 | 202,367 | 285,020 | 127,332 |
| Wastewater Utility - Improvement | 352,999 | 592,545 | 528,559 | 416,985 |
| Totals | \$ 1,724,729 | \$ 3,588,451 | \$ 3,840,988 | \$ 1,472,192 |

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

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, wastewater collection and treatment, 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.

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 WINFIELD
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.

Note 7. Subsequent Event

On March 16, 2010, the Town of Winfield established a Department of Storm Water Management to be governed by a Storm Water Management Board. The Storm Water Management Board passed Resolution 2010-1 recommending a Storm Water Fee for approval by the Town Council. The Town Council did not approve the recommended fee and as of October 5, 2010, no fee had been approved.

TOWN OF WINFIELD
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

| <u>Primary Government</u> | <u>Ending Balance</u> |
|--|---------------------------|
| Governmental activities: | |
| Capital assets, not being depreciated: | |
| Land | \$ 290,500 |
| Buildings | 244,042 |
| Improvements other than buildings | 689,510 |
| Machinery and equipment | <u>731,015</u> |
| Total governmental activities, capital assets not being depreciated | <u>\$ 1,955,067</u> |
| Business-type activities: | |
| Wastewater Utility: | |
| Capital assets, not being depreciated: | |
| Land | \$ 6,580 |
| Buildings | <u>3,213,253</u> |
| Total Wastewater Utility capital assets | <u>\$ 3,219,834</u> |

TOWN OF WINFIELD
 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 |
|---|--------------------------------|---|
| Governmental activities: | | |
| Capital leases: | | |
| John Deere 310G Backhoe loader | \$ 26,349 | \$ 7,521 |
| 2007 GMC Topkick Plow | 9,609 | 10,248 |
| Bonds payable: | | |
| General obligation bonds: | | |
| 2005 Roadway Improvements | 190,000 | 194,655 |
| 2008 Roadway Improvements | 730,000 | 200,938 |
| Special taxing district bonds: | | |
| 2001 Water District | <u>250,000</u> | <u>27,738</u> |
| Total governmental activities debt | <u>\$ 1,205,958</u> | <u>\$ 441,099</u> |
| Business-type activities: | | |
| Wastewater Utility: | | |
| Revenue bonds: | | |
| 2006 Sewer Plant Purchase and Expansion | <u>\$ 2,480,000</u> | <u>\$ 211,000</u> |

TOWN OF WINFIELD
EXAMINATION RESULTS AND COMMENTS

PRIVATE PROPERTY

The Town of Winfield made payments to Winfield Township to remodel the Town Hall office. However, the Town does not own the building; they rent from the Township. In addition, the Town Council approved the payment not to exceed \$45,000 with \$15,000 as a down payment. The balance is to be paid off over 60 months through increased rent payments. The Town paid the \$15,000 down payment on May 2, 2007, and began paying increased rent of \$1,570 (instead of \$800) per month in September 2007. If they continue to pay the additional \$770 for 60 months, they will pay a total of \$61,200 (\$15,000 and \$46,200) for the renovations.

Generally, public funds may not be used to make improvements to property not owned by the governmental unit, unless permitted by statute, federal or state requirements, or safety concerns. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ORDINANCES AND RESOLUTIONS

The Town has an ordinance establishing building, zoning, and inspection fees; however, the Town did not fully comply with the ordinance. Ordinance 41, including all amendments, lists a pre-pour inspection fee of \$45 (\$55 as of August 18, 2009) for residential buildings. The Building Department charged \$135, or three times the approved amount.

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)

LOAN TO OUTSIDE ORGANIZATION

The Town of Winfield created the Winfield Community Foundation (Foundation) in 2008. The Foundation board members are all appointed by the Town Council. The Foundation has agreed to pursue 501(c)(3) (tax-exempt non-profit) status. On December 16, 2008, the Town Council approved a \$5,000 loan without interest to the Foundation to be repaid within 5 years. The loan was repaid by the Winfield Community Foundation on June 25, 2010.

We know of no statutory authority which would authorize the Town to issue a loan to a foundation.

TOWN OF WINFIELD
EXIT CONFERENCE

The contents of this report were discussed on October 5, 2010, with Richard C. Anderson, Jr., Clerk-Treasurer, and James L. Hicks, President of the Town Council. The official response has been made a part of this report and may be found on page 12.



Town of Winfield

October 12, 2010

Town Council

James L. Hicks

Michael J. Lambert

Robert Bult

Michael G. DeNormandie

Paulette J. Skinner

Clerk Treasurer

Richard C. Anderson, Jr.

Building Administrator

Thomas E. Richardson

Bruce Hartman, CPA
Indiana State Board of Accounts
302 West Washington Street, Room E418
Indianapolis, IN 46204-2765

Re: Town of Winfield Examination OFFICIAL RESPONSE

Dear Mr. Hartman:

The Town of Winfield wishes to file an official response to be bound in the audit by the State Board of Accounts as discussed in the exit conference of October 5, 2010.

Private Property

The Town of Winfield will attempt to enter into a new formal written lease agreement which will properly reflect leasehold improvements with Winfield Township, the owner of the building where the Winfield Town offices are located. Any future improvements to our rented office space will be undertaken by the owner, Winfield Township.

Ordinances and Resolutions

The Building Administrator has been notified that all inspection fees must be calculated based on Ordinance 41. The Winfield Building Department is currently in the process of reviewing inspection fees and will amend Ordinance 41 to reflect the various types of pre-pour inspections.

Loan to Outside Organization

The Town of Winfield will not authorize any loans to outside organizations in the future.

This concludes the Town of Winfield's official response to the 2007 through 2009 audit prepared by the Indiana State Board of Accounts.

Sincerely,

Richard C. Anderson Jr.
Clerk-Treasurer
Town of Winfield