

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF WINFIELD

LAKE COUNTY, INDIANA

January 1, 2013 to December 31, 2016



FILED
10/30/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Richard C. Anderson, Jr.	01-01-13 to 12-31-19
President of the Town Council	Gerald T. Stiener	01-01-13 to 12-31-17



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302 WEST WASHINGTON STREET
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TO: THE OFFICIALS OF THE TOWN OF WINFIELD, LAKE COUNTY, INDIANA

This report is supplemental to our examination report of the Town of Winfield (Town), for the period from January 1, 2013 to December 31, 2016. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the Town. It should be read in conjunction with our Financial Statements Examination Report of the Town, which provides our opinion on the Town's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Examination Results and Comments, incorporated within this report, was not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

September 14, 2017

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CLERK-TREASURER
TOWN OF WINFIELD

CLERK-TREASURER
TOWN OF WINFIELD
EXAMINATION RESULTS AND COMMENTS

BANK RECONCILEMENTS

Depository reconciliations of the fund balances to the bank account balances were incomplete. The Town did not use the depository balance in reconciling the record balances to the depository. Instead, a "bank balance" calculated by the financial accounting software was used.

The collections for wastewater, storm water, and trash were all deposited into the Wastewater Utility bank account. Monthly transfers were made to the storm water and Town's general bank accounts to transfer the collections to the proper bank account. However, a \$31,508 monthly transfer to the storm water bank account for December 2016 was not made and not discovered because bank reconcilements were not properly performed. In addition, the timing variances of credit card payments posted and deposited were not considered as a reconciling item at each month end.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

INTERNAL CONTROLS OVER FINANCIAL CLOSE AND REPORTING

The Town did not have an effective internal control system over the financial year-end closure and reporting. One person independently input and submitted financial information into the Indiana Gateway for Government Units (Gateway), which is a financial reporting system and the source of the Annual Financial Report (AFR) and financial statement. There was no control in place, such as an oversight, review, or approval process, to ensure the accuracy of the financial information prior to the submission in Gateway.

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

CLERK-TREASURER
TOWN OF WINFIELD
EXAMINATION RESULTS AND COMMENTS
(Continued)

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities . . .

- Accurate and timely recording of transactions. . . ."

PERFORMANCE AND MAINTENANCE BONDS

On October 18, 2013, the Town called \$10,200 of a performance bond and \$28,400 of a maintenance bond for the Wynbrook Subdivision Phase I project. Based upon review of the Performance and Maintenance Bond Calculation sheets, the \$38,600 was attributable to asphalt surface, asphalt binder, surface milling, and compacted aggregate items related to paving.

On October 28, 2014, the Town disbursed \$22,391 of the called bond proceeds for ADA compliant concrete sidewalk ramps in the subdivision. On May 23, 2017, the Town disbursed \$6,300 for a cultured stone Wynbrook subdivision sign. As of August 2017, the Town had retained the \$9,909 remaining balance of the called bonds in the Town's Escrow Deposit fund. Neither the sidewalk ramps nor the subdivision sign were determined to be what the bond was provided for and thus not in compliance with Indiana Code 36-4-709(b).

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Indiana Code 36-7-4-709(b) states:

"Any money received from a bond or otherwise shall be used only for making the improvements and installments for which the bond or other proof of financial responsibility was provided. This money may be used for these purposes without appropriation. The improvement or installation must conform to the standards provided for such improvements or installations by the municipality in which it is located, as well as the subdivision control ordinance."



TOWN OF WINFIELD

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TOWN COUNCIL: David Anderson | Bridget Baird | Tim Clayton | James Simmons | Gerald T. Stiener

CLERK-TREASURER: Richard C. Anderson Jr. | TOWN ADMINISTRATOR: Nick Bellar

OFFICIAL RESPONSE

Via Email Only

September 29, 2017

Paul Joyce, CPA
State Examiner
State Board of Accounts
302 West Washington St., Room E418
Indianapolis, IN 46204-2765

Re: Town of Winfield Examination for Fiscal Years 2013 through 2016

Dear Mr. Joyce:

The Town of Winfield wishes to file an official response to be bound in the audit by the State Board of Accounts concerning the comments discussed in the exit conference of September 14, 2017.

Bank Reconcilements

The Town of Winfield will complete monthly bank account reconciliations that will reflect the actual bank account balances and include all appropriate utility transfers; we will no longer reconcile the accounts to the software bank balance.

Internal Controls over Financial Close and Reporting

Annual Financial Reports submitted within the Gateway portal will be reviewed by an additional staff member prior to final submission in order to verify accuracy of the information to be reported.

Performance and Maintenance Bonds

The Town acknowledges the Performance and Maintenance Bonds portion of the Examination Results and Comments resulting from the Town examination for fiscal years 2013 through 2016, and respectfully disagrees with the entirety of same. For complete understanding of the requirements and responsibilities as well as legal duties of a developer, it is necessary to note and acknowledge that under applicable law, a Subdivision Control Ordinance is adopted for Subdivision Plat approval processes. In Winfield, such an Ordinance existed at the time Wynbrook was proposed and approved and continues to be uniformly applied to all proposed subdivisions. Any developer of land in Winfield is required to comply with the terms and provisions of the Subdivision Control Ordinance for approval of a Primary Plat, and subsequently, Secondary Plat approval. Previously, Winfield received an Application for development of the subdivision project known as Wynbrook Phase 1.



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Upon Application, the Plan Commission of the Town, as the exclusive jurisdictional body for approval of Subdivision Plats under Indiana law, received and reviewed same, conducted a Public Hearing, and acted to approve the Primary Plat for this subdivision. That approval was premised upon compliance, as verified by the Town Engineering Consultants, of all requirements of the Town Subdivision Control Ordinance, including, but not limited to, boundaries, lots, public ways, infrastructure, sidewalks, signage, and the like. This developer, based upon the approval of the Primary Plat of the Town Plan Commission, proceeded to develop and construct the subdivision. As this process occurred, Surety Performance Bond and Surety Maintenance Bond funds were tendered to the Town for purposes of assurance that the promised improvements would be constructed in the approved subdivision. It should be noted in the record, a copy of documents which are attached hereto, that ADA compliant concrete sidewalk ramps were required to be constructed, as was a monument sign identifying the location and entrance to said subdivision. Unfortunately, after approval, but before expiration of the aforementioned Performance and Maintenance Surety Bonds, the Town was forced to call these bonds in order to construct the aforementioned improvements that the developer failed to construct. The records of the Town reflect the commitments of the developer, as well as responsibilities, on these items. It should be noted that in the event the developer did not complete the subdivision infrastructure improvements, as required and approved by the Plan Commission consistent with the Subdivision Control Ordinance, the Bonds would have expired, and the Town would not have the funds to assure completion of said necessary required and approved infrastructure items. The Town construes the Bonds to be for those purposes, and that its actions did comply with applicable law.

Sincerely,

Richard C. Anderson Jr.
Clerk-Treasurer

encls



REVIEW MEMORANDUM

Date: September 23, 2013

To: Lance Ryskamp – Town of Winfield (via email)
Bill Bobey

Cc: Plan Commission, Town of Winfield (via email)
Rick Anderson – Town of Winfield (via email)
Attorney Adam Sworden – Austgen Kuiper & Associates (via email)

From: Anthony J. Kenning, PE
Michael P. Duffy Jr., PLS, EI



Subject: Wynbrook Phase 1 – Performance Bond / Maintenance Turnover Inspection

Pursuant to the Town's direction, DLZ reviewed the above referenced project in response to the developer's request to enter into the maintenance period of the development due to the developer's statement that all performance items are complete. Additionally, in relation to this matter, DLZ reviewed the items raised in the 5/1/2013 Louie Batides complaint filed with the Town along with the email sent to Town staff on 9/13/2013 by Mr. Batides. DLZ noted the following deficient maintenance or missing performance items during the inspection:

Maintenance:

- Damaged surface course of asphalt approximately 30' by 15' in front of Lot 20 requiring removal and replacement.
- Damaged curb approximately 10' in length in front of Lot 10 requiring replacement.
- Damaged curb surrounding the storm sewer inlet at the common lot line of Lots 11/12 requiring replacement.

Performance:

-  - The accessible sidewalk ramps are incomplete and not in compliance with the detail included in the developer's plans on file with the Town. Including, but not limited to, the lack of truncated dome detectable surface. The detail should be reviewed in its entirety and corrected accordingly.
-  - Per the plans on Sheet 9 the development was to have an entrance sign installed. The sign was not located in the site review of the development.
- The stub road between Lots 18 and 19 has recently been paved with the finish course of asphalt.

ENGINEERS • ARCHITECTS • SCIENTISTS • PLANNERS • SURVEYORS

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It is the understanding of DLZ that the neither the Town nor DLZ was called so an inspector could be onsite to witness the placement. Additionally, there is a memo on file with the Town (attached) which was also addressed to the developer dated August 4, 2010 outlining repairs required to this specific area of roadway. Specifically the memo calls for the entire removal and replacement of the intermediate course of asphalt prior to the placement of the surface course. DLZ cannot verify that this removal and replacement was completed nor the condition of the underlying stone sub-base. It should be noted that this asphalt was recommended for full removal and replacement based on a 2009 inspection. It would be recommended that this section of road not be accepted into the Town's inventory.

Based on the performance items incomplete DLZ would recommend that the subdivision not be moved to maintenance at this time. DLZ further recommends that the deficient maintenance items be corrected and all performance items be completed. At that time a review of the development can take place to verify that all items are complete and in acceptable condition. Therefore, as previously directed by the Town, the provision for a maintenance and performance bond to be in place concurrently for a single phase of a project is not permitted by Town Ordinance. DLZ understands the minimum performance bond amount shall be the greater of either 30% of the Total Value of Improvements or 110% of the value of all Incomplete Improvements for the phase being bonded. The original opinion of construction cost from 2006 valued the improvements at \$457,310.00. DLZ adjusted for 2013 costs and the new opinion of construction cost is \$537,240.00 (attached). The incomplete improvements remaining are as outlined above with the following costs associated with each:

Sidewalk Ramps:	\$2,100 EA	Qty 10 = \$21,000.00
Entrance Sign:	\$10,000 EA	Qty 1 = \$10,000.00
Stub road remove/replace		
(Cost from 2011 bond renewal memo)		= \$10,200.00
Sub-Total		\$41,200.00
10%		\$ 4,120.00
Total		\$45,320.00

Therefore the recommended bond amount is \$161,172.00 as detailed below.

Project	Total Value of Improvements *2013 Opinion of Cost (A)	30% of Improvements (A x 0.30) = (B)	15% Improvements (A x 0.15) = (C)	Amount of Incomplete Improvements Plus 10% (D)	Recommended Performance Bond (D) if D > B (B) if D < B	Recommended Maintenance Bond C if D=0
Wynbrook Phase 1	\$537,240.00	\$161,172.00	\$80,586.00	\$45,320.00	\$161,172.00	N/A

Should you have any questions, please contact me.

M:\proj\0264\2046\phases\0287 Wynbrook\2013-09-23 phase 1 - performance maintenance bond memo doc

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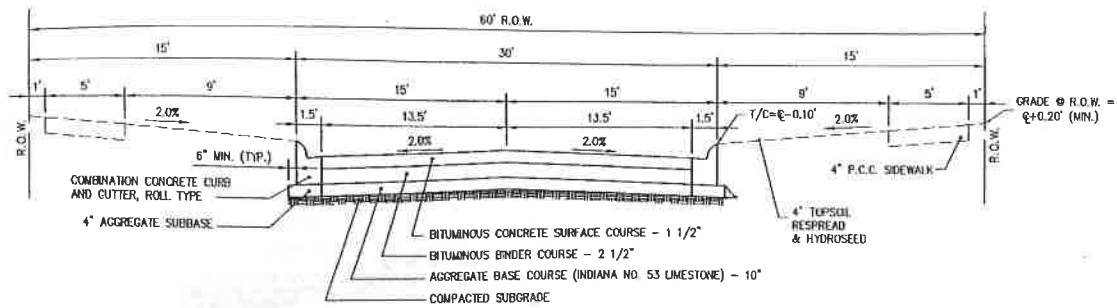
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WYNBROOK SUBDIVISION
OPINION OF CONSTRUCTION COST
 July 7, 2006
 UPDATED September 23, 2013

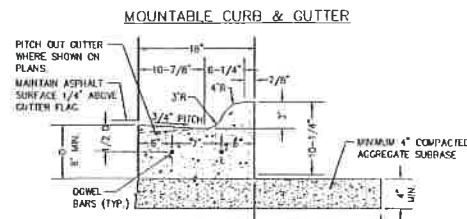
ITEM NUMBER	ITEM DESCRIPTION	UNIT	UNIT COST	QUANTITY	EXTENSION
1	ASPHALT SURFACE (1-1/2")	TON	\$85.00	360	\$30,600.00
2	ASPHALT BINDER (2-1/2")	TON	\$70.00	590	\$41,300.00
3	COMPACTED AGGREGATE (10")	TON	\$15.00	2,720	\$40,800.00
4	CONCRETE CURB AND GUTTER	LFT	\$13.00	2,840	\$36,920.00
5	STORM SEWER, 10-INCH	LFT	\$27.00	1,219	\$32,913.00
6	STORM SEWER, 12-INCH	LFT	\$32.00	831	\$26,592.00
7	STORM SEWER, 15-INCH	LFT	\$34.00	364	\$12,376.00
8	STORM SEWER, 18-INCH	LFT	\$38.00	742	\$28,196.00
9	STORM SEWER, 21-INCH	LFT	\$40.00	58	\$2,320.00
10	STORM SEWER, 27-INCH	LFT	\$44.00	592	\$26,048.00
11	FLARED END SECTION	EACH	\$400.00	3	\$1,200.00
12	STORM INLET	EACH	\$1,200.00	11	\$13,200.00
13	STORM CATCH BASIN	EACH	\$1,500.00	8	\$12,000.00
14	STORM MANHOLE	EACH	\$2,000.00	7	\$14,000.00
15	EARTHWORK	CYS	\$5.00	7,095	\$35,475.00
16	WATER MAIN 8"	LFT	\$46.00	1,580	\$72,680.00
17	FIRE HYDRANTS, VALVE & LATERALS	EACH	\$3,200.00	2	\$6,400.00
18	SANITARY SEWER 8"	LFT	\$30.00	1,824	\$54,720.00
19	SANITARY LATERAL	EACH	\$500.00	22	\$11,000.00
20	SANITARY MANHOLE	EACH	\$3,000.00	8	\$24,000.00
21	SIGNAGE	LS	\$500.00	1	\$500.00
22	SEEDING	LS	\$3,500.00	1	\$3,500.00
23*	ENTRANCE SIGN	EACH	\$10,000.00	1	\$10,000.00
24	AS BUILT DRAWINGS	LS	\$500.00	1	\$500.00
				TOTAL	\$537,240.00

M:\proj\0264\2046\phases\0287 Wynbrook\2013-9-23 wynbrook subdivision performance bond amount.xls\Roadway

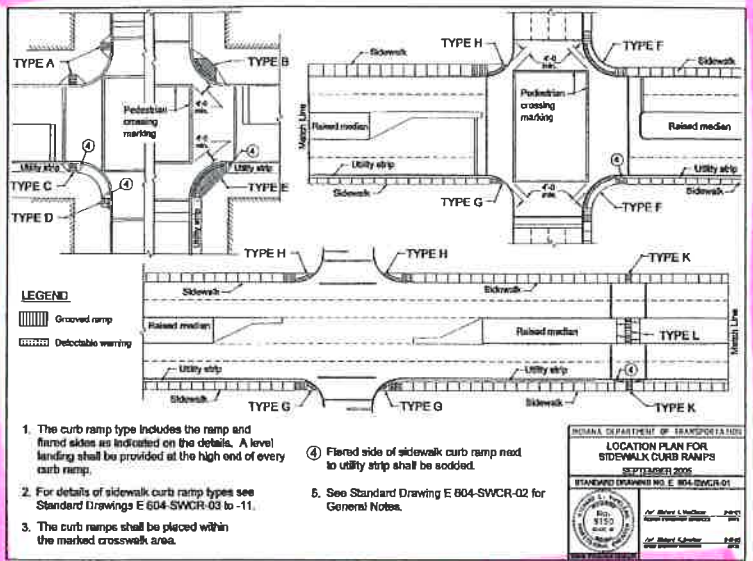
* Line item added as directed after legal review.



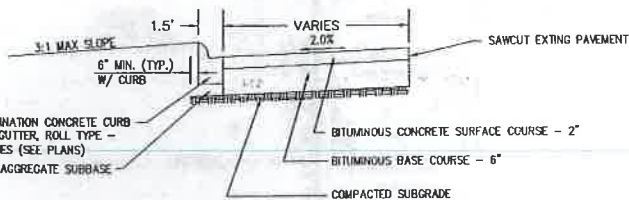
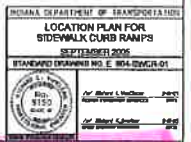
TYPICAL ROADWAY SECTION
NOT TO SCALE



NOTES:
 1. 3/4\"/>

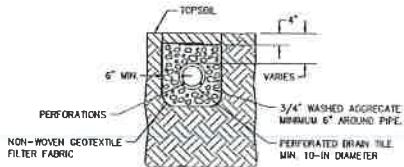


1. The curb ramp type includes the ramp and flared sides as indicated on the details. A level landing shall be provided at the high end of every curb ramp.
 2. For details of sidewalk curb ramp types see Standard Drawings E 604-SWCR-03 to -11.
 3. The curb ramps shall be placed within the marked crosswalk area.
 4. Flared side of sidewalk curb ramp need to utility strip shall be added.
 5. See Standard Drawing E 604-SWCR-02 for General Notes.

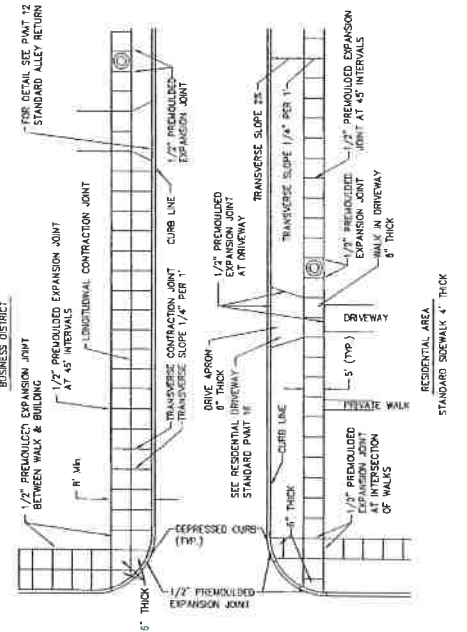


ACCELERATION/ DECELERATION LANE & PASSING BLISTER TYPICAL SECTION
NOT TO SCALE

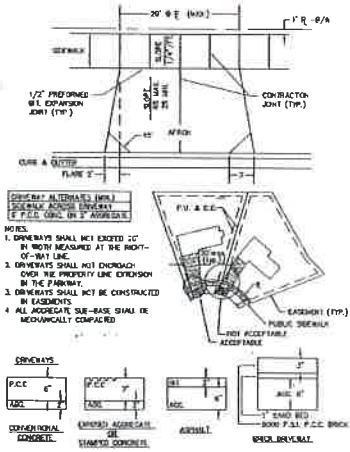
DETENTION BASIN TRENCH DRAIN DETAIL



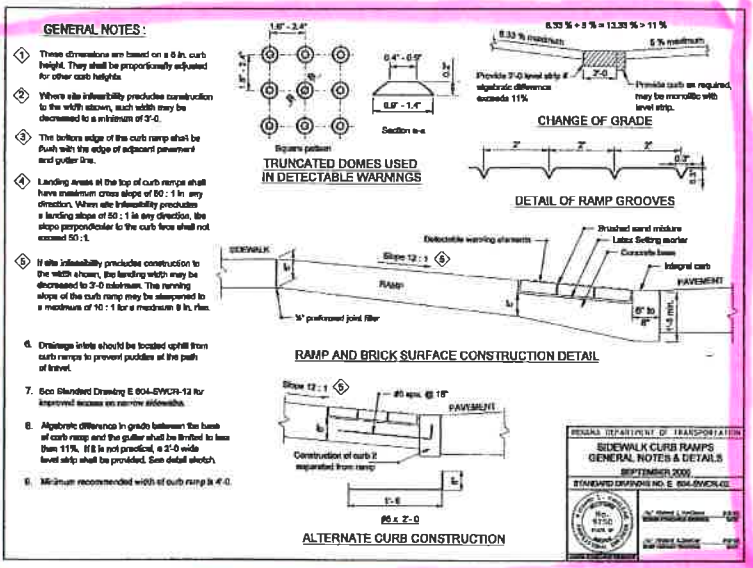
SIDEWALK CONSTRUCTION



TYPICAL RESIDENTIAL DRIVEWAY DETAIL



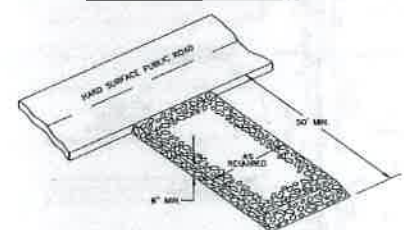
NOTES:
 1. DRIVEWAYS SHALL NOT BE CONSTRUCTED ON THE PROPERTY LINE.
 2. DRIVEWAYS SHALL NOT BE CONSTRUCTED IN EASEMENTS.
 3. DRIVEWAYS SHALL NOT BE CONSTRUCTED IN EASEMENTS.
 4. ALL AGGREGATE SUB-BASE SHALL BE MECHANICALLY COMPACTED.



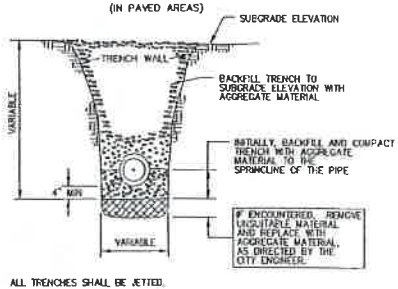
GENERAL NOTES:
 1. These dimensions are based on a 6\"/>



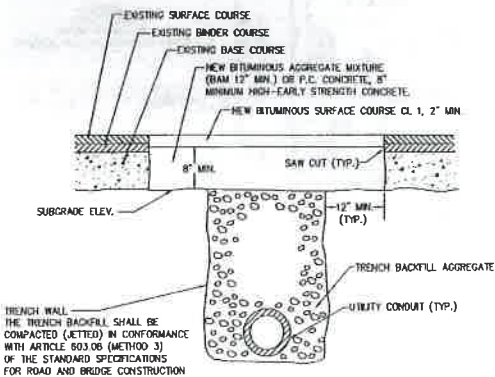
CONSTRUCTION ENTRANCE



STORM SEWER TRENCH SECTION (IN PAVED AREAS)

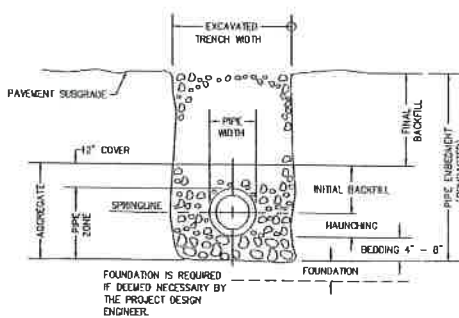


UTILITY TRENCH PAVING SECTION THRU EXISTING FLEXIBLE PAVEMENTS



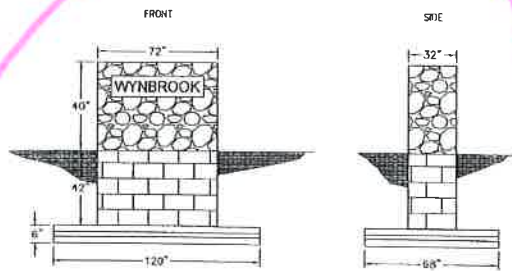
NOTES:
 1. THE OPENING OF PAVEMENTS SHALL NOT BE ALLOWED WITHOUT FIRST RECEIVING A PERMISSION FROM THE APPLICABLE RIGHT-OF-WAY AUTHORITY.
 2. THE TRENCH SHALL BE BACKFILLED WITH AGGREGATE AND COMPACTED TO 95% OF THE STANDARD PROCTOR DENSITY. TRENCH SPILLS OR EXCAVATED MATERIAL SHALL BE DISCARDED BY THE CONTRACTOR, AT THEIR EXPENSE, AT DUMP SITES OR IN A SUITABLE FASHION AS APPROVED BY THE CITY ENGINEER.
 3. PRIOR TO PLACING OF P.C.C. CONCRETE, THE EXPOSED EDGES OF ALL EXISTING PAVEMENT SHALL BE SAW CUT TO PROVIDE A SMOOTH, CLEAN EDGE, FREE OF LOOSE MATERIAL.
 4. EXCAVATIONS SHALL BE PROTECTED BY BARRICADES WITH FLASHING LIGHTS. A ONE (1) INCH STEEL PLATE SHALL BE PROVIDED AND MAINTAINED BY THE CONTRACTOR AT LOCATIONS WHERE ADJUSTMENTS ARE LOCATED IN TRAVEL LANES UNTIL THE SURFACE RESTORATION IS COMPLETE. THE PLATE SHALL BE PROTECTED FROM SLIDING AND PROVIDED WITH BITUMINOUS RAMPAS AS REQUIRED.

PVC TRENCH CROSS SECTION



NOTES:
 1) PAY LINE: 1.0 O.D. OF PIPE PLUS 20\"/>

ENTRANCE SIGN DETAIL



NOTES:
 1) SIGN TO BE CONSTRUCTED OF 8\"/>

CLERK-TREASURER
TOWN OF WINFIELD
EXIT CONFERENCE

The contents of this report were discussed on September 14, 2017, with Richard C. Anderson, Jr., Clerk-Treasurer; Dave Anderson, Town Council member; and Lori Lesniewski, Deputy Clerk-Treasurer.