

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

COMPLIANCE REPORT

OF

WINFIELD TOWNSHIP

LAKE COUNTY, INDIANA

January 1, 2013 to December 31, 2016



**FILED**  
02/23/2018



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Roland Brauer Paulette Skinner	01-01-11 to 12-31-14 01-01-15 to 12-31-18
Chairman of the Township Board	Linda Eisenhauer	01-01-13 to 12-31-17



**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](http://www.in.gov/sboa)

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

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Winfield Township (Township), Lake County, for the period January 1, 2013 to December 31, 2016, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The 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 Results and Comments, incorporated within this report, was not verified for accuracy.

The Township Annual Financial Reports filed by the Township can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

September 28, 2017

WINFIELD TOWNSHIP, LAKE COUNTY  
RESULTS AND COMMENTS

**ANNUAL FINANCIAL REPORT**

The Annual Financial Report (AFR) filed in the Indiana Gateway for governmental units for 2014 contained a number of errors and did not properly reflect the financial activity of the Township.

Year	Fund	Category	Amount per AFR	Amount per Township Ledger	Difference
2014	Township General	Disbursement	\$ 138,347.05	\$ 136,303.25	\$ 2,043.80
2014	Township General	Ending Balance	35,816.48	37,860.28	(2,043.80)
2014	Township Assistance	Disbursement	85,488.52	84,708.47	780.05
2014	Township Assistance	Ending Balance	136.95	917.00	(780.05)
2014	Firefighting	Disbursement	250,934.79	250,399.79	535.00
2014	Firefighting	Ending Balance	139,525.60	140,060.60	(535.00)
2014	Parks & Recreation	Disbursement	17,850.00	21,390.18	(3,540.18)
2014	Parks & Recreation	Ending Balance	21,117.12	17,576.94	3,540.18
2014	Donations	Disbursement	14,035.22	13,135.72	899.50
2014	Donations	Ending Balance	6,089.77	6,989.27	(899.50)
2014	Payroll Deductions	Disbursement	19,478.12	20,196.29	(718.17)
2014	Payroll Deductions	Ending Balance	377.70	(340.47)	718.17

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

**OVERDRAWN CASH BALANCES**

The following funds had overdrawn cash balances at December 31:

Years	Fund	Amount Overdrawn
2014	Payroll Deductions	\$ 340.47
2015	Payroll Deductions	2,159.00
2016	Payroll Deductions	2,285.09

The cash 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 unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

**APPROPRIATIONS**

The records presented indicated the following disbursements in excess of budgeted appropriations:

WINFIELD TOWNSHIP, LAKE COUNTY  
RESULTS AND COMMENTS  
(Continued)

<u>Years</u>	<u>Fund</u>	<u>Excess Amount Disbursed</u>
2013	Township Assistance	\$ 8,522.71
2013	Park & Recreation	11,362.73
2014	Township Assistance	19,953.47
2014	Fire Fighting	50,899.79
2014	Rainy Day	14,000.00
2015	Township	9,057.28
2015	Firefighting	10,158.38
2015	Park & Recreation	5,170.99
2016	Township	180.70
2016	Firefighting	6,133.45

Indiana Code 6-1.1.18-4 states: "Except as otherwise provided in this chapter, the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

**RECEIPT ISSUANCE**

A similar comment appeared in the prior Report B42178.

Receipts were not issued when property taxes, excise taxes, financial institution taxes, and interest was received.

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

**SUPPORTING DOCUMENTATION**

A similar comment appeared in the prior Report B42178.

We noted 87 payments to vendors which did not contain adequate supporting documentation, such as receipts or invoices.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination 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 1)

**DISBURSEMENTS**

*Gift Cards*

The former Trustee purchased gift cards from various local businesses. There was no documentation regarding the purpose of the gift cards or who received them.

WINFIELD TOWNSHIP, LAKE COUNTY  
RESULTS AND COMMENTS  
(Continued)

*Credit Card*

The Township had a credit card for the purchase of fuel. Payments made by the former Trustee were based on monthly statements without itemized invoices. Total amount of payments were \$543.10 (including late fees and interest of \$77.49) in 2013 and \$452.60 in 2014.

The SBOA will not take exception to the use of credit cards by a unit provided the following criteria are observed:

1. The governing body must authorize credit card use through an ordinance/resolution, which has been approved in a meeting and documented in the minutes.
2. Issuance and use must be handled by an official or employee designated by the governing body.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance/resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card must be returned to the custody of the responsible person.
5. The designated responsible official or employee must maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned.
6. Credit cards must not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing body and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. Payment cannot be made on the basis of a statement or a credit card slip only. Procedures for payments must be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee may be the personal obligation of the responsible officer or employee.
8. If authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

**DONATIONS TO ORGANIZATIONS**

In 2013 and 2014, donations were made to community foundations, parent teacher organizations, local churches, and a leadership center, as follows:

WINFIELD TOWNSHIP, LAKE COUNTY  
RESULTS AND COMMENTS  
(Continued)

Fund	Purpose	2013 Amount	2014 Amount
Donation	Sponsorships	\$ 789.00	\$ 3,100.00
Donation	Scholarship Fund/Community Foundation Winfield	-	10,000.00
Donation	Donations	9,836.73	950.00
Totals		<u>\$ 10,625.73</u>	<u>\$ 14,050.00</u>

Public funds cannot be donated or given to other organizations or individuals unless specifically authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

***DONATIONS FOR HOLIDAY PARTY***

Local residents solicited donations for a 2013 holiday party. The "Christmas Party for Underprivileged Children" was sponsored in conjunction with a private business, the Town Council, the Township Trustee, and the Lake of the Four Seasons Fire Department. Donors were instructed to make checks payable to the "Winfield Township Trustee," and that donations of toys and other items could be left or mailed to the Township office.

The Trustee deposited all the donations of \$12,824.02 into a separate bank account.

Local residents were reimbursed for the expenses incurred totaling \$10,434.33 from the donations. Reimbursements were made based on a general list of expenses rather than itemized invoices.

In 2016, the Trustee opened a separate bank account to account for the donations of \$21,612.62 and expenses of \$14,132.34 incurred for the holiday party. The activity and remaining cash and investment balances of \$7,480.28 were not recorded in the ledgers or financial statements of the Township.

The Trustee was presented with adjustments to record the activity in the financial statements presented by the Township in the Gateway.

Units which conduct fund raising events must have the express permission of the governing body for conducting the fund raiser as well as procedures in place concerning the internal controls and the responsibility of employees or officials. The Ghost Employment law [IC 35-44.1-1-3] should be considered when conducting a fundraiser. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination 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 1)

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

WINFIELD TOWNSHIP, LAKE COUNTY  
RESULTS AND COMMENTS  
(Continued)

**TOWNSHIP ASSISTANCE STANDARDS**

Township Assistance Standards were not established in accordance with Indiana Code 12-20-5.5 for 2013, 2014, or 2015.

Indiana Code 12-20-5.5-1 states:

"(a) The township trustee shall process all applications for township assistance according to uniform written standards and without consideration of the race, creed, nationality, or gender of the applicant or any member of the applicant's household.

(b) The township's standards for the issuance of township assistance and the processing of applications must be:

- (1) governed by the requirements of this article;
- (2) proposed by the township trustee, adopted by the township board, and filed with the board of county commissioners;
- (3) reviewed and updated annually to reflect changes in the cost of basic necessities in the township and changes in the law;
- (4) published in a single written document, including addenda attached to the document; and
- (5) posted in a place prominently visible to the public in all offices of the township trustee where township assistance applications are taken or processed."

**UNSUPPORTED TOWNSHIP ASSISTANCE**

On December 5, 2012, the former Trustee paid Township Assistance of \$858.92 to a law firm without supporting documentation or an application for assistance. Since an application was not presented, we could not verify residency. Due to the lack of supporting documentation for the payment to the law firm, we could not determine the validity of the disbursement and if it was a basic necessity.

The Township Assistance paid did not comply with state statutes governing the disbursement of Township Assistance, which require an individual or household to submit an application, and an itemized claim to be filed.

Indiana Code 12-20-6-1(a) states: "A township trustee may not extend aid to an individual or a household unless an application and affidavit setting forth the personal condition of the individual or household has been filed with the trustee within one hundred eighty (180) days before the date aid is extended."

Indiana Code 12-20-20-1(a) states:

"If a township trustee, as administrator of township assistance, grants township assistance to an indigent individual or to any other person or agency on a township assistance order as provided by law or obligates the township for an item properly payable from township assistance money, the claim against the township must be:

WINFIELD TOWNSHIP, LAKE COUNTY  
RESULTS AND COMMENTS  
(Continued)

- (1) itemized and sworn to as provided by law;
- (2) accompanied by the original township assistance order, which must be itemized and signed; and
- (3) checked with the records of the township trustee, as administrator of township assistance, and audited and certified by the township trustee."

Indiana Code 12-20-16-1 states: "A township trustee, as administrator of township assistance, may provide and shall extend township assistance only when the personal effort of the township assistance applicant fails to provide one (1) or more basic necessities."

***SALARY RESOLUTION***

The Township Board did not establish the salary for the Chief Deputy for 2013, 2014, or 2015.

In addition, the former Trustee gave an employee a \$0.50 raise; however, there was no Township Board action noted in the minutes approving this raise or adjustment made to the salary resolution.

Indiana Code 36-6-6-10(b) states:

"The township legislative body shall fix the:

- (1) salaries;
- (2) wages;
- (3) rates of hourly pay; and
- (4) remuneration other than statutory allowances;

of all officers and employees of the township."

***CONTRACTS***

Payments made for cleaning services were not supported by a written contract for 2013 through 2016. In addition, payments made for legal services were not supported by a written contract for 2013 and 2014.

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

***OFFICIAL BOND***

The Trustee was not properly bonded for 2013. The Trustee did not obtain an individual Surety Bond.

WINFIELD TOWNSHIP, LAKE COUNTY  
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(Continued)

Indiana Code 5-4-1-18(a) states in part:

". . . the following individuals shall file and maintain in place an individual surety bond during each year that the individual serves as an officer, employee, or contractor: . . .

(4) Township trustees. . . ."

**CONTRACTING WITH A UNIT**

*Contracting Policy*

The Township did not have a Contracting Policy for 2013, 2014, 2015, or 2016.

Indiana Code 36-1-21-4(a) states:

"This chapter establishes minimum requirements regarding contracting with a unit. The legislative body of the unit shall adopt a policy that includes, at a minimum, the requirements set forth in this chapter. However, the policy may:

- (1) include requirements that are more stringent or detailed than any provision in this chapter; and
- (2) apply to individuals who are exempted or excluded from the application of this chapter.

The unit may prohibit or restrict an individual from entering into a contract with the unit that is not otherwise prohibited or restricted by this chapter."

*Certification*

Each elected officer did not certify in writing that the officer had not violated Indiana Code 36-1-21 (Contracting With a Unit) by December 31, 2013, 2014, 2015, or 2016.

Indiana Code 36-1-21-6 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer is in compliance with this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

**NEPOTISM IN EMPLOYMENT CERTIFICATION**

Each elected officer did not certify in writing that the officer had not violated Indiana Code 36-1-20.2 (Nepotism) by December 31, 2013, 2014, 2015, or 2016.

Indiana Code 36-1-20.2-16 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer has not violated this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

WINFIELD TOWNSHIP, LAKE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 21, 2017, with Roland Brauer, former Trustee.

The contents of this report were discussed on September 28, 2017, with Paulette Skinner, Trustee; Barbara Graham, Office Coordinator; Linda Eisenhauer, Chairman of the Township Board; and Jeffrey Gunning, Township Board Attorney.