

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

EXAMINATION REPORT
OF
TOWN OF MERRILLVILLE
LAKE COUNTY, INDIANA
January 1, 2006 to December 31, 2006



FILED
10/19/2007

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Rose Ann Antich

11-28-05 to 12-31-07

President of the Town Council

Richard Hardaway
Shawn Pettit

01-01-06 to 12-31-06
01-01-07 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF MERRILLVILLE, LAKE COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Merrillville (Town), for the period of January 1, 2006 to December 31, 2006. 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.

At December 31, 2006, the Town's adjusted depository balance was less than the Town's ledger balance by the amount of \$193,346.

In our opinion, except for the effects, if any, as described in the preceding paragraph, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the year ended December 31, 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

September 5, 2007

TOWN OF MERRILLVILLE
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2006

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 1,725,495	\$ 17,659,299	\$ 18,829,519	\$ 555,275
Motor Vehicle Highway	90,394	1,259,194	1,117,547	232,041
Local Road and Street	109,389	379,416	400,375	88,430
Park and Recreation	155,352	266,274	382,103	39,523
Town Party Donation	250	1,500	1,612	138
Town Donations	1,315	10,568	10,257	1,626
Dumpster Nonreverting	938	8,250	8,237	951
Parks Nonreverting	40,858	36,910	44,332	33,436
EMS/Ambulance	101,599	1,309,880	1,296,314	115,165
Emergency Management Agency	2,368	2,000	4,060	308
Court Probation	20,994	40,690	53,298	8,386
Public Defender Fees	673	3,195	-	3,868
Record Perpetuation	558	8,801	10,629	(1,270)
Veterans Memorial	30,113	96,086	91,464	34,735
Engineering Fees	6,044	22,472	11,447	17,069
Park Impact Fees	-	32,093	349	31,744
Firefighters Equipment	2,538	62,092	46,400	18,230
Police Equipment	45,665	77,208	58,728	64,145
Police Donation	3,498	4,960	7,367	1,091
Law Enforcement Continuing Education	23,676	32,468	46,228	9,916
Economic Development Commission	4,190	-	-	4,190
Special Projects	5,364	-	-	5,364
Police Special Grant	8,025	51,279	54,710	4,594
Tourism	18,406	5,400	-	23,806
Property Seizure	75,069	24,724	68,421	31,372
OTB	23,811	78,565	100,452	1,924
New Town Hall Donation	743	-	-	743
Parks Grant	22,876	73,999	53,109	43,766
Park Donation	7,904	-	-	7,904
Cumulative Capital Improvement	170,199	109,176	200,000	79,375
Police Dept. Community Relations	2,252	-	2,252	-
Cumulative Capital Development	159,388	823,365	670,758	311,995
GO Bond 2004	77,116	228,479	135,798	169,797
Law Enforcement Block Grant	6	-	6	-
Merrillville Road TIF	(22,160)	534,921	211,647	301,114
Merrillville Road TIF Debt Service	644,562	1,241,439	1,642,483	243,518
Redevelopment Bond Debt Service	246,925	110,142	357,067	-
Redevelopment Commission Bond	148	-	148	-
93rd Avenue Redevelopment	225,425	435,721	186,142	475,004
GO Bond Debt Service	475,992	618,124	965,446	128,670
Broadway TIF	345,555	42,461	281,507	106,509
Mississippi Street TIF Debt Service	1,007,415	931,590	1,749,668	189,337
Mississippi Street TIF Project	(318,486)	1,083,196	486,834	277,876
Mississippi Street TIF Debt Service Reserve	776,113	26,160	-	802,273
Fire and Hazmat	19,808	124,721	132,543	11,986
Recycling Grant	1,796	290,415	271,530	20,681
Casino Gaming	351,199	547,258	750,164	148,293
RDC Bonds 2005	2,626,879	2,036,608	4,482,026	181,461
RDC Bonds 2005 Debt Service	-	1,030,667	451,251	579,416
Major Moves Construction	-	735,208	600,000	135,208
Proprietary Fund:				
Health Insurance Escrow	4,533	1,300,994	1,295,646	9,881
Fiduciary Funds:				
Payroll	75,335	6,724,773	6,735,698	64,410
Cable Escrow	177,610	6,115	20	183,705
Employees Insurance Benefits Withholding	480	1,026,760	1,027,231	9
Police Officers' Pension	(49,877)	405,519	384,608	(28,966)
Police Pension - PERF	33,051	146,038	178,967	122
Town Court	250,652	1,256,210	1,211,964	294,898
Totals	<u>\$ 9,810,021</u>	<u>\$ 43,363,383</u>	<u>\$ 47,108,362</u>	<u>\$ 6,065,042</u>

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

TOWN OF MERRILLVILLE
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, health and social services, culture and recreation, 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 MERRILLVILLE
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

Tax Levies and Rates for 2007

Due to delays caused by trending of assessments, the assessed valuations of Lake County have not been finalized. Therefore, the 2006 pay 2007 property tax rates and levies, as well as related budget orders for 2007, have not yet been established as of August 27, 2007.

Tax Anticipation Warrants

The Town received tax anticipation warrants in March 2007 in the amount of \$5,000,000.

TOWN OF MERRILLVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2006

The Town has entered into the following long-term debt:

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Mower, Sweeper, Backhoe, Truck, 5 Police Cars	\$ 282,381	\$ 50,935
10 Police Cars, Leaf Collector	159,678	29,029
2 Trucks, 4 Dump Trucks, Equipment	453,107	83,351
15 Police Cars	101,102	101,102
Police Car	4,087	2,281
Bonds payable:		
General obligation bonds:		
RDC 2005	8,935,000	490,000
GO 2004	4,250,000	100,000
Revenue bonds:		
Merrillville Rd TIF	1,625,000	190,000
Merrillville Revenue Notes	410,000	195,000
Mississippi St TIF	9,470,000	280,000
Total governmental activities long-term debt	<u>\$ 25,690,355</u>	<u>\$ 1,521,697</u>

TOWN OF MERRILLVILLE
OTHER REPORT

The examination report presented herein was prepared in addition to another official report prepared for the individual Town office listed below:

Clerk-Treasurer's Office

TOWN OF MERRILLVILLE
EXAMINATION RESULTS AND COMMENTS

INTERNAL CONTROLS

As stated in prior Reports B18969, B20855, B22867, B25435, and B27204, covering the years 2001 through 2005, and for 2006, the Town has not established any segregation of duties for the Clerk-Treasurer's bookkeeping process. The Bookkeeper wrote receipts, posted all items to the ledger, made all bank deposits, controlled all unused checks, and reconciled all of the bank accounts.

Due to the lack of segregation of duties, many of the responsibilities of the Bookkeeper were not performed in a timely manner. Also, had the Bookkeeper's duties been segregated between other employees, and had her duties been reviewed, the shortages shown in this report could have been prevented or detected on a more timely basis.

In December 2006, the Clerk-Treasurer began segregating duties by utilizing two other employees in transporting the deposits to the bank. In July 2007, the Clerk-Treasurer hired an accounting firm to assist in compiling accurate bank reconciliations and ledger balances.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

BANK RECONCILIATIONS

As stated in prior Reports B22867, B25435, and B27204, covering the years 2003 through 2005, the Town has had multiple problems with its bank reconciliations that had not improved. These problems continued in 2006 and through June 30, 2007. We noted the following deficiencies with the Town's bank reconciliations:

1. Bank reconciliations were not performed timely causing errors and adjustments not to be detected and corrected in a timely manner.
2. The amount used as the total outstanding checks was misstated at December 31, 2006.
3. The amount used as the total outstanding deposits was understated at December 31, 2006.
4. The reconciliation prepared for December 31, 2006, did not agree to the Town's Financial Statements. The Town's main bank account's tentative reconciliation showed a cash necessary to balance (shortage) of \$193,346. At July 31, 2007, the Town is attempting to complete all reconciliations to date.
5. None of the bank teller receipts of deposit were retained for examination.
6. Not all of the Town's duplicate deposit tickets were retained for examination.

TOWN OF MERRILLVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

7. An adjustment of \$205,000, which would have increased the bank balance, was initially presented by the Bookkeeper on the December 31, 2006, reconciliation. The Bookkeeper indicated that this was for a temporary loan repayment from 2005 which had not been properly recorded. Further review determined the loan repayment had been properly made. This was an invalid adjustment which, when removed from the reconciliation, created the cash necessary to balance amount.

Indiana Code 5-13-6-1(e) states in part: "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."

The record balance at the end of every month shall be reconciled with the bank balance. [IC 5-13-6-1] Thus, any errors may be discovered and adjusted monthly. This procedure will localize any errors within the month and will prevent the necessity of a long and tedious search to trace errors covering transactions over a long period of time and will serve to expedite audits by the State Board of Accounts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Indiana Code 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."

RECEIPTS AND DEPOSITS

As stated in prior Reports B18969, B20855, B22867, B25435, and B27204, covering the years 2001 through 2005, the Town had not complied with Indiana Code 5-13-6-1(d) concerning the timely depositing of collections. These problems continued in 2006. The following schedule (for the Town's primary bank account) shows the lack of timeliness of the Town's deposits for 2006:

<u>Deposit Time Frame</u>	<u>Number of Deposits</u>	<u>Percentage of Total</u>
Timely	129	30.7%
3-7 days late	83	19.8%
8-14 days late	58	13.8%
15-21 days late	42	10.0%
Greater than 21 days late	77	18.3%
Deposit not found	<u>31</u>	<u>7.4%</u>
Totals	<u>420</u>	<u>100%</u>

The schedule above includes deposits not found, which are discussed in the Examination Result and Comment titled "Receipts not Deposited."

Indiana Code 5-13-6-1(d) states in part: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or town; and (2) approved as depositories of state funds."

TOWN OF MERRILLVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

TEMPORARY TRANSFER OF FUNDS

Temporary transfers (loans) were made in 2005 of \$165,000 from the Cumulative Capital Development Fund to the Cumulative Capital Improvement Fund and \$260,000 from the 93rd Avenue Redevelopment Fund to the Redevelopment Bond Debt Service Fund. These temporary loans had not been repaid as of December 31, 2006.

A temporary loan was made from the RDC Bonds 2005 Fund to the General Fund of \$1,000,000 in 2006. An emergency was declared and the loan extended for six months at the end of the year. The RDC Bonds 2005 Fund was funded in 2005 by the issuance and receipt of bond proceeds. Review of bond resolution 05-03, which authorized these bonds, noted the restriction of the use of the bond proceeds. Temporary loans are not defined as a permitted use under sections 8 and 9 of the bond resolution.

Indiana Code 36-1-8-4 concerning temporary transfer states, in part:

"(a) . . . (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs. (4) The amount transferred must be returned to the other fund at the end of the prescribed period. . . .

(b) 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 an ordinance or 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 ordinance or resolution to the state board of accounts and the department of local government finance."

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)

OVERDRAWN CASH BALANCES

The cash balance of the Police Officers' Pension Fund and the Record Perpetuation Fund were overdrawn in 2006.

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 governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DISBURSEMENTS WITHOUT AN APPROPRIATION

Disbursements were made without an appropriation (budget) in the General Fund. Some of the disbursements made without an appropriation included: interest on tax anticipation warrants loans (\$108,643), principal and interest on revenue anticipation warrant (\$209,587), bank fees (\$3,936), and attorney fees related to debt (\$3,510). Disbursements were also made without appropriation from the EMS/Ambulance Fund for court filing fees, and from the Parks Nonreverting Fund of \$12,500 for the local match for a grant.

TOWN OF MERRILLVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

The Police Equipment Fund, which is funded by deferral program fees collected by the town court, was not appropriated as required under Indiana Code 33-37-8-4.

In some instances, statutory authority is given to the city or town fiscal officer to make disbursements without an appropriation having been previously made for the specific purpose. Examples are as follows:

1. Premiums on official bonds. (IC 5-4-5-3)
2. Purchased meals, lodging, and mileage for conferences called by the State Board of Accounts. (IC 5-11-14-1)
3. Federal and State grants, if advanced and not received as a reimbursement of expenditures.
4. Refund of money erroneously received. (IC 6-1.1-18-9)
5. Correction of errors in posting. (IC 6-1.1-18-9)
6. Investment of funds.
7. Repayment of temporary loans.
8. City and town user fee fund disbursements. (March 2000 Cities and Town Bulletin, page 4)
9. Establishment of a cash change fund. (IC 36-1-8-2)
10. Establishment of a petty cash fund. (IC 36-1-8-3)

(Cities and Towns Bulletin and Uniform Compliance Guidelines, June 2000, Page 12)

The law and the uniform system provide that no disbursement shall be made except as authorized by an appropriation contained in the budget or in a subsequent modification of the budget. (Accounting and Uniform Guidelines Manual for Cities and Towns, Chapter 1)

ORDINANCES AND RESOLUTIONS

The Town Council adopted Ordinance 03-42 concerning a four year loan for the Health Insurance Escrow Fund, an internal service fund. The ordinance, as well as the copy of the note located in the note transcript binder, requires the Health Insurance Escrow Fund to repay the loan. However, the principal and interest of the loan were paid from the Town's General Fund, from the unappropriated account.

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)

INTERNAL CONTROLS – EMERGENCY MEDICAL SERVICE

The computer accounting program used by the Emergency Medical Service (EMS) Clerk allows a date to be entered into the system. If the wrong year is entered, the receipts are not included in the "Cash Payments Previously Updated" reports for the current year.

TOWN OF MERRILLVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CORRECTION OF ERRORS

Some corrections and adjustments were made in the records without retaining recommended audit trails. One large correction involved voiding a transaction a year later, by posting a negative receipt of \$222,194.54 in 2006. Insufficient documentation was maintained and further review of both 2005 and 2006 records, as well as inquiry, was necessary to ascertain the reason for the correction.

Receipt and disbursement corrections or other error corrections should be made by memorandum entry with the issuance of a check and receipt to document the flow of the transactions. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

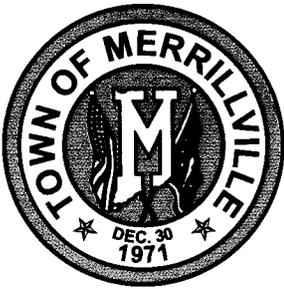
TAX INCREMENT FINANCING EXPENDITURES

The Town expended \$384,308.93 from the Mississippi Street Tax Increment Financing (TIF) Project Fund for disbursements unrelated to the TIF district. The Town also expended \$70,140 from the Merrillville Road Tax Increment Financing (TIF) Fund for disbursements unrelated to the TIF district.

Controls over receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF MERRILLVILLE
EXIT CONFERENCE

The contents of this report were discussed on September 5, 2007, with Rose Ann Antich, Clerk-Treasurer; and Shawn Pettit, President of the Town Council. The official response has been made a part of this report and may be found on pages 15 and 16.



Town of Merrillville

7820 BROADWAY
MERRILLVILLE, INDIANA 46410

ROSE ANN ANTICH
CLERK - TREASURER

September 21, 2007

VIA FACSIMILE & FIRST CLASS MAIL
Mr. Bruce A. Hartman, CPA, State Examiner
Indiana State Board of Accounts
302 Washington Street, Room E418
Indianapolis, Indiana 46204-2765

Ms. Mary Jo Small, Field Supervisor
For Lake, LaPorte and Porter Counties
c/o: Porter County Administration Center
Attn: Indiana State Board of Accounts
155 Indiana Avenue
Valparaiso, Indiana 46383

Re: Town of Merrillville Clerk-Treasurer's Response to the State Board of
Accounts Audit Results and Comments [Audit Period: 2006 ending 2007]

c/o: Mary Jo Small, Field Supervisor, Valparaiso, Indiana

Dear Mr. Hartman and Ms. Small:

As Chief Fiscal Officer of the Town of Merrillville (Ind. Code 36-5-6-2) beginning on November 28, 2005, I am sending you my response to the September 5, 2007 exit conference and the written Audit Results and Comments of the Town of Merrillville Examination from 2006 on.

Although we were told at the exit conference that we would have ten business days from that exit meeting in which to file a written Response, I requested and was granted additional time by Mr. Small. I understand that this Response will be included in the final Report as it is expected to arrive before the Examination Report is released.

Below, by examination topic, are my comments as the Clerk-Treasurer of the Town of Merrillville:

Temporary Transfers of Funds:

We concur with this comment. I can not speak for the January 2005 loan as I was not the Clerk-Treasurer at the time but in December 2005 the Town Council passed Resolution 05-59 for a temporary loan in the amount of \$165,000.00.

PHONE
(219) 769-3501

- 15 -



FAX
(219) 756-0542

The untimely distribution of tax monies from the State in 2006 causing a cash flow problem is the reason for the emergency temporary loans to enable the Town to continue operating. On March 28, 2007, the \$1,000,000.00 loan was repaid.

Overdrawn Cash Balances:

We concur with this comment. The untimely distribution from the State in 2006 causing a cash flow problem is the reason for the overdraft. The Town has yet to be certified for year 2007, this will be a continuing problem but a positive cash balance shall be restored when possible, but not expected until well into 2008.

Disbursements with out an appropriation:

We concur with this statement. The problem resulted from there being an unappropriated fund (999) which has been in existence for many years. Historically, this was the way it was done by prior administrations. We are currently attempting to address the issue by creating an Ordinance to appropriate the funds that were always classified as unappropriated (999) and to ensure all disbursements are with a separate appropriation number.

Ordinances & Resolutions:

This section addresses Ordinance 03-42, which came into being in 2003, prior to beginning my term as Clerk-Treasurer. The Town's Consultant was unaware of this and will come into compliance with Ordinances and Resolutions in the future.

Internal Controls-EMS:

The Keystone program that is currently in use by the EMS clerk does not identify a human error in the entering of any numerical data relating to year numbers. Due to the lack of finances, we can not afford at this time to buy a new program.

Correction of Error:

In part, some of these errors could have been because of the procedural changes with the Keystone program that occurred in August 2005. Again prior to my arriving. Any correction done in the program was instructed through the Keystone help line and to our knowledge; they did not know the State Board of Account's protocol on correctional procedures. I am attempting to establish documentation for future corrections and adjustments. I have been using a paper trail since the beginning of 2007 and provide oversight when adjustments are to be made.

Tax Increment Financing Expenditures:

Once again, the shortfall of monies created by the Counties failure to collect property taxes may have necessitated these loan actions. Attorney Don Pittman, of Baker & Daniels, was to have provided an opinion letter regarding engineering disbursements.

Sincerely,



Rose Ann Antich
Clerk-Treasurer