

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

ANNUAL FINANCIAL REPORT

2010

TOWN OF SCHERERVILLE

LAKE COUNTY, INDIANA



FILED
06/03/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Janice M. Malinowski	01-01-08 to 12-31-11
President of the Town Council	Jerry Tippy Hal Slager	01-01-10 to 12-31-10 01-01-11 to 12-31-11
Superintendent of Utilities	James Gorman	01-01-10 to 12-31-11
Town Manager	Robert Volkman	01-01-10 to 12-31-11
Town Judge	Kenneth Anderson	01-01-08 to 12-31-11



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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

We have audited the accompanying financial statement(s) of the Town of Schererville (Town), for the year ended December 31, 2010. These financial statement(s) are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statement(s) based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement(s) are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement(s). An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion(s).

As discussed in Note 1, the Town prepares its financial statement(s) on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statement(s) referred to above presents fairly, in all material respects, the financial position and results of operations of the Town for the year ended December 31, 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated April 13, 2011, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming an opinion on the Town's financial statement(s). The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement(s). Such information has been subjected to the auditing procedures applied in the audit of the financial statement(s) and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement(s) taken as a whole.

Included in the financial statement(s) are the receipts and disbursements activity from emergency telephone system fees (IC 36-8-16) and enhanced wireless emergency telephone fees (IC 36-8-16.5). In accordance with Indiana Code 36-8-16-14 and Indiana Code 36-8-16.5-41 these fees have been subject to an annual audit performed by the State Board of Accounts and, in our opinion, are fairly stated, in all material respects, in relation to the financial statement(s) taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statement(s) that collectively comprise the Town's financial statement(s). The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement(s). The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the financial statement(s) and, accordingly, we express no opinion on them.

The Town's response to the Audit Result(s) and Comment(s) identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management, the Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

April 13, 2011



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statement(s) of the Town of Schererville (Town), for the year ended December 31, 2010, and have issued our report thereon dated April 13, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statement(s), but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statement(s) are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

The Town's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management, the Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

April 13, 2011

FINANCIAL STATEMENT(S)

TOWN OF SCHERERVILLE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 775,356	\$ 9,788,855	\$ 10,374,043	\$ 190,168
Motor Vehicle Highway	69,531	1,266,762	1,186,236	150,057
Local Road And Street	204,796	247,118	186,947	264,967
Law Enforcement Continuing Education	59,485	39,407	28,003	70,889
Parks And Recreation	71,950	959,611	839,396	192,165
Major Moves Construction	194,172	-	6,210	187,962
Excess Welfare Distribution	173,239	32,024	719	204,544
Lake County Gaming Tax	391,634	362,501	259,039	495,096
Pennsy/Greenwy Bike Trail	62,127	21,000	-	83,127
H.I.D.T.A. Revenue Non-Reverting Fund	62,912	8,071	13,021	57,962
Farmers' Market Non-Reverting Fund	6,779	7,305	6,110	7,974
Kennedy TIF District Debt Serv.	2,177,389	5,411,405	2,605,599	4,983,195
Schererville Newspaper Fund	2,640	3,420	3,660	2,400
Donation Fund	68,366	29,519	27,409	70,476
U.S. Postage Stamp Fund	470	3,590	3,608	452
Central Purchasing Fund	8,765	-	190	8,575
Deposits Non-Reverting Escrow Fund	670	950	875	745
Clerk's Perpetuation Fund	4,742	5,894	2,274	8,362
Spec. Deferral Program Fund	20,129	58,488	75,317	3,300
Adult Probation Service Fund	18,657	58,250	57,528	19,379
Public Defender Fund	8,982	8,238	8,721	8,499
Cable TV	419,907	363,359	249,649	533,617
Stormwater Permit Fee Non-Reverting	39,336	13,862	-	53,198
Ambulance Service	29,117	827,817	827,471	29,463
Special Ambulance Equipment Non-Reverting	32,546	17,693	19,109	31,130
Fire Equipment Fund	18,894	8,119	19,562	7,451
EMT Fund	527	190	-	717
Police Equipment Fund	47,986	37,936	51,000	34,922
Asset Forfeiture Federal	45,123	58,022	52,492	50,653
Asset Seizure	365	1	-	366
Asset Forfeiture State	3,086	1	-	3,087
Police Training Fund	32,860	4,882	4,221	33,521
Park Impact Fee Fund	50,249	182,276	138,098	94,427
Park Non-Reverting Fund	32,517	158,997	145,940	45,574
Park Dist Bonds Of 2004	16,941	34	-	16,975
Drainage Fund	38,143	31,998	20,761	49,380
Police Grants Fund	4,040	356,528	356,050	4,518
Schererville Safe Kids Chapter	1,586	3,190	3,516	1,260
Video Fund	23,694	2,751	2,163	24,282
Impact Fees Fund	21,789	-	-	21,789
Solid Waste Management	658,354	1,855,092	1,724,802	788,644
Improvement Inspection Fee Non-Reverting	10,317	2,105	5,733	6,689
Subdivision Revenue Prof. Fee Non-Reverting	1,942	11,889	13,589	242
Park Grant Fund Non-Reverting	7,137	315,815	306,732	16,220
2010 Levy Excess	-	25,590	-	25,590
Schererville 2010 Park Bond	-	1,947,865	240,850	1,707,015
Waterworks Bond Debt Service	27,144	-	-	27,144
Park District Bond Debt Service	30,375	229,130	152,388	107,117
General Obligation Bond/Bridge Debt Service	106,838	325,939	328,890	103,887
Redevelopment District Bond Debt Service	58,126	937,778	760,923	234,981
Building Corporation Lease	7,937	1,592,808	1,089,700	511,045
Storm Sewer Bond Debt Service	68,544	154,327	184,360	38,511

The notes to the financial statement(s) are an integral part of this statement.

TOWN OF SCHERERVILLE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Park District Bond 2010 Debt Service	-	138,900	-	138,900
Cumulative Capital Improvement Cigarette Tax	317,475	111,492	89,319	339,648
Cumulative Capital Development	651,355	663,217	698,962	615,610
Employee Benefit Fund	2,018,918	1,718,986	2,342,735	1,395,169
Health Claims Account	-	600,272	597,296	2,976
Police Pension	32,876	233,633	237,726	28,783
Payroll	1,325	9,218,593	9,217,404	2,514
Payroll Withholding Federal	6,285	1,020,973	1,019,933	7,325
Payroll Withholding State	5,360	290,423	276,410	19,373
Payroll Withholding Insurance	361	122,149	122,078	432
Payroll Withholding U.S. Bonds	-	6,077	6,077	-
Payroll Withholdings Union Dues	-	6,055	6,055	-
Payroll Withholding Uniforms	1,191	749	1,592	348
Payroll Withholding Police Pension	4,286	-	-	4,286
Payroll Withholding Fica/Medicare	11,852	830,203	831,241	10,814
Payroll Withholding P.E.R.F.	37,893	128,931	130,194	36,630
Payroll Withholding I.S.P.P.	37,898	147,912	156,378	29,432
Payroll Withholding I.S.F.P.	10,920	48,711	34,926	24,705
Payroll Withholding C.U. Employee	-	1,300	1,300	-
Payroll Withholding Garnishee	35	109,151	108,969	217
Payroll Withholding Deferred Savings	1,120	138,416	138,416	1,120
Payroll Withholding C.A.G.I.T.	162	4,682	4,600	244
Payroll Withholding A.F.L.A.C.	8,654	87,257	87,261	8,650
Schererville Town Court	342,741	858,474	891,045	310,170
Wastewater Operating And Maintenance	139,148	3,279,158	3,401,875	16,431
Wastewater Bond And Interest	957	116,593	83,442	34,108
Wastewater Deposits	14,775	450	325	14,900
Wastewater Improvement	1,224,641	113,789	208,137	1,130,293
Wastewater Bond And Interest Reserve	3,585	-	-	3,585
Wastewater Operating And Maintenance Reserve	819,621	3,158,682	832,573	3,145,730
Southeast Sewer Interceptor Ban	264,215	7,262,827	7,193,039	334,003
S.R.F. Debt Service Reserve	178,243	103,890	-	282,133
S.R.F. Bond And Interest	519,875	607,560	554,315	573,120
Wastewater Revenue	-	4,834,181	4,834,181	-
Schererville S.R.F. Fund	7,737,882	-	7,737,882	-
S.R.F. Schererville Const. Fund	4,144,994	26	1,898,349	2,246,671
Water Works Operating And Maintenance	299,329	4,615,355	4,652,131	262,553
Water Bond And Interest	298,754	348,816	322,492	325,078
Water Meter Deposit	412,537	37,425	56,636	393,326
Water Improvement	2,955,550	1,030,036	2,747,115	1,238,471
Water Debt Service Reserve	110,530	-	-	110,530
Water Revenue	-	5,164,491	5,164,491	-
Totals	<u>\$ 28,833,554</u>	<u>\$ 74,938,237</u>	<u>\$ 79,069,804</u>	<u>\$ 24,701,987</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF SCHERERVILLE
NOTES TO FINANCIAL STATEMENT(S)

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement(s) present(s) the financial information for the Town (primary government), and does not include financial information for any of the Town's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Town (primary government).

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

TOWN OF SCHERERVILLE
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

TOWN OF SCHERERVILLE
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The Town may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Town. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Town in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

TOWN OF SCHERERVILLE
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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.

Note 5. Risk Management

The Town may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Town by recording as a disbursement and replacement items purchased.

Note 6. Pension Plan(s)

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 percent 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

TOWN OF SCHERERVILLE
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

B. 1925 Police Officers' Pension Plan

Plan Description

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

On Behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under Indiana Code 5-10.3-11.

C. 1937 Firefighters' Pension Plan

Plan Description

The 1937 Firefighters' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

On Behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under Indiana Code 5-10.3-11.

TOWN OF SCHERERVILLE
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

D. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

PERF 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

The contribution requirements of plan members and the Town are established by the Board of Trustees of PERF.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town of Schererville's Annual Report(s) can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

TOWN OF SCHERERVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General	Motor Vehicle Highway	Local Road And Street	Law Enforcement Continuing Education	Parks And Recreation	Major Moves Construction
Cash and investments - beginning	\$ 775,356	\$ 69,531	\$ 204,796	\$ 59,485	\$ 71,950	\$ 194,172
Receipts:						
Taxes	5,026,266	263,574	-	-	445,297	-
Licenses and permits	467,584	-	-	11,100	-	-
Intergovernmental	615,224	758,606	247,118	-	41,358	-
Charges for services	317,059	-	-	21,855	70,319	-
Fines and forfeits	149,924	-	-	6,452	-	-
Utility fees	-	-	-	-	-	-
Other receipts	3,212,798	244,582	-	-	402,637	-
Total receipts	9,788,855	1,266,762	247,118	39,407	959,611	-
Disbursements:						
Personal services	6,280,087	743,036	-	-	445,895	-
Supplies	210,134	132,032	37,653	-	40,167	-
Other services and charges	829,862	310,359	149,294	28,003	114,330	-
Debt service - principal and interest	1,243,144	-	-	-	-	-
Capital outlay	10,816	809	-	-	1,004	6,210
Utility operating expenses	-	-	-	-	-	-
Other disbursements	1,800,000	-	-	-	238,000	-
Total disbursements	10,374,043	1,186,236	186,947	28,003	839,396	6,210
Excess (deficiency) of receipts over disbursements	(585,188)	80,526	60,171	11,404	120,215	(6,210)
Cash and investments - ending	\$ 190,168	\$ 150,057	\$ 264,967	\$ 70,889	\$ 192,165	\$ 187,962

TOWN OF SCHERERVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Excess Welfare Distribution	Lake County Gaming Tax	Pennsy/Greenwy Bike Trail	H.I.D.T.A. Revenue Non-Reverting Fund	Farmers' Market Non-Reverting Fund	Kennedy TIF District Debt Service
Cash and investments - beginning	\$ 173,239	\$ 391,634	\$ 62,127	\$ 62,912	\$ 6,779	\$ 2,177,389
Receipts:						
Taxes	-	362,501	-	-	-	5,203,264
Licenses and permits	-	-	-	-	-	-
Intergovernmental	32,024	-	-	-	-	-
Charges for services	-	-	21,000	8,071	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	7,305	208,141
Total receipts	<u>32,024</u>	<u>362,501</u>	<u>21,000</u>	<u>8,071</u>	<u>7,305</u>	<u>5,411,405</u>
Disbursements:						
Personal services	-	-	-	8,021	3,676	-
Supplies	-	-	-	-	197	-
Other services and charges	719	226,918	-	5,000	2,237	196,350
Debt service - principal and interest	-	-	-	-	-	561,013
Capital outlay	-	32,121	-	-	-	285,036
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	1,563,200
Total disbursements	<u>719</u>	<u>259,039</u>	<u>-</u>	<u>13,021</u>	<u>6,110</u>	<u>2,605,599</u>
Excess (deficiency) of receipts over disbursements	<u>31,305</u>	<u>103,462</u>	<u>21,000</u>	<u>(4,950)</u>	<u>1,195</u>	<u>2,805,806</u>
Cash and investments - ending	<u>\$ 204,544</u>	<u>\$ 495,096</u>	<u>\$ 83,127</u>	<u>\$ 57,962</u>	<u>\$ 7,974</u>	<u>\$ 4,983,195</u>

TOWN OF SCHERERVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Scherville Newspaper Fund	Donation Fund	U.S. Postage Stamp Fund	Central Purchasing Fund	Deposits Non-Reverting Escrow Fund	Clerk's Perpetuation Fund
Cash and investments - beginning	\$ 2,640	\$ 68,366	\$ 470	\$ 8,765	\$ 670	\$ 4,742
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	5,894
Utility fees	-	-	-	-	-	-
Other receipts	3,420	29,519	3,590	-	950	-
Total receipts	<u>3,420</u>	<u>29,519</u>	<u>3,590</u>	<u>-</u>	<u>950</u>	<u>5,894</u>
Disbursements:						
Personal services	-	-	-	-	-	2,274
Supplies	-	-	-	190	-	-
Other services and charges	3,660	-	3,608	-	875	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	27,409	-	-	-	-
Total disbursements	<u>3,660</u>	<u>27,409</u>	<u>3,608</u>	<u>190</u>	<u>875</u>	<u>2,274</u>
Excess (deficiency) of receipts over disbursements	<u>(240)</u>	<u>2,110</u>	<u>(18)</u>	<u>(190)</u>	<u>75</u>	<u>3,620</u>
Cash and investments - ending	<u>\$ 2,400</u>	<u>\$ 70,476</u>	<u>\$ 452</u>	<u>\$ 8,575</u>	<u>\$ 745</u>	<u>\$ 8,362</u>

TOWN OF SCHERERVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Spec. Deferral Program Fund	Adult Probation Service Fund	Public Defender Fund	Cable TV	Stormwater Permit Fee Non-Reverting	Ambulance Service
Cash and investments - beginning	\$ 20,129	\$ 18,657	\$ 8,982	\$ 419,907	\$ 39,336	\$ 29,117
Receipts:						
Taxes	-	-	-	4,725	-	192,097
Licenses and permits	-	-	-	-	13,862	-
Intergovernmental	-	-	-	-	-	57,616
Charges for services	-	-	-	358,227	-	402,797
Fines and forfeits	58,488	58,250	8,238	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	407	-	175,307
Total receipts	<u>58,488</u>	<u>58,250</u>	<u>8,238</u>	<u>363,359</u>	<u>13,862</u>	<u>827,817</u>
Disbursements:						
Personal services	74,612	57,128	8,721	-	-	710,798
Supplies	-	-	-	-	-	36,542
Other services and charges	705	400	-	209,118	-	67,835
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	40,531	-	496
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	11,800
Total disbursements	<u>75,317</u>	<u>57,528</u>	<u>8,721</u>	<u>249,649</u>	<u>-</u>	<u>827,471</u>
Excess (deficiency) of receipts over disbursements	<u>(16,829)</u>	<u>722</u>	<u>(483)</u>	<u>113,710</u>	<u>13,862</u>	<u>346</u>
Cash and investments - ending	<u>\$ 3,300</u>	<u>\$ 19,379</u>	<u>\$ 8,499</u>	<u>\$ 533,617</u>	<u>\$ 53,198</u>	<u>\$ 29,463</u>

TOWN OF SCHERERVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Special Ambulance Equipment Non-Reverting	Fire Equipment Fund	EMT Fund	Police Equipment Fund	Asset Forfeiture Federal	Asset Seizure
Cash and investments - beginning	\$ 32,546	\$ 18,894	\$ 527	\$ 47,986	\$ 45,123	\$ 365
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	2,888	-	-	-	57,997	-
Charges for services	-	2,825	190	12,595	-	-
Fines and forfeits	-	-	-	14,490	-	-
Utility fees	-	-	-	-	-	-
Other receipts	14,805	5,294	-	10,851	25	1
Total receipts	<u>17,693</u>	<u>8,119</u>	<u>190</u>	<u>37,936</u>	<u>58,022</u>	<u>1</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	51,000	-	-
Other services and charges	205	4,569	-	-	52,492	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	18,904	14,993	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>19,109</u>	<u>19,562</u>	<u>-</u>	<u>51,000</u>	<u>52,492</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(1,416)</u>	<u>(11,443)</u>	<u>190</u>	<u>(13,064)</u>	<u>5,530</u>	<u>1</u>
Cash and investments - ending	<u>\$ 31,130</u>	<u>\$ 7,451</u>	<u>\$ 717</u>	<u>\$ 34,922</u>	<u>\$ 50,653</u>	<u>\$ 366</u>

TOWN OF SCHERERVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Asset Forfeiture State	Police Training Fund	Park Impact Fee Fund	Park Non-Reverting Fund	Park Dist Bonds Of 2004	Drainage Fund
Cash and investments - beginning	\$ 3,086	\$ 32,860	\$ 50,249	\$ 32,517	\$ 16,941	\$ 38,143
Receipts:						
Taxes	-	-	52,670	-	-	26,804
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	3,994
Charges for services	-	-	-	158,424	-	-
Fines and forfeits	-	4,882	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	1	-	129,606	573	34	1,200
Total receipts	<u>1</u>	<u>4,882</u>	<u>182,276</u>	<u>158,997</u>	<u>34</u>	<u>31,998</u>
Disbursements:						
Personal services	-	-	-	60,129	-	-
Supplies	-	-	-	17,626	-	1,252
Other services and charges	-	4,221	92,072	68,185	-	19,509
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	46,026	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>4,221</u>	<u>138,098</u>	<u>145,940</u>	<u>-</u>	<u>20,761</u>
Excess (deficiency) of receipts over disbursements	<u>1</u>	<u>661</u>	<u>44,178</u>	<u>13,057</u>	<u>34</u>	<u>11,237</u>
Cash and investments - ending	<u>\$ 3,087</u>	<u>\$ 33,521</u>	<u>\$ 94,427</u>	<u>\$ 45,574</u>	<u>\$ 16,975</u>	<u>\$ 49,380</u>

TOWN OF SCHERERVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Police Grants Fund	Schererville Safe Kids Chapter	Video Fund	Impact Fees Fund	Solid Waste Management	Improvement Inspection Fee Non-Reverting
Cash and investments - beginning	\$ 4,040	\$ 1,586	\$ 23,694	\$ 21,789	\$ 658,354	\$ 10,317
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	2,105
Intergovernmental	356,211	-	-	-	159,872	-
Charges for services	-	-	2,751	-	1,695,059	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	317	3,190	-	-	161	-
Total receipts	<u>356,528</u>	<u>3,190</u>	<u>2,751</u>	<u>-</u>	<u>1,855,092</u>	<u>2,105</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	25,038	-
Other services and charges	-	3,516	364	-	1,699,764	5,733
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	356,050	-	1,799	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>356,050</u>	<u>3,516</u>	<u>2,163</u>	<u>-</u>	<u>1,724,802</u>	<u>5,733</u>
Excess (deficiency) of receipts over disbursements	<u>478</u>	<u>(326)</u>	<u>588</u>	<u>-</u>	<u>130,290</u>	<u>(3,628)</u>
Cash and investments - ending	<u>\$ 4,518</u>	<u>\$ 1,260</u>	<u>\$ 24,282</u>	<u>\$ 21,789</u>	<u>\$ 788,644</u>	<u>\$ 6,689</u>

TOWN OF SCHERERVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Subdivision Revenue Prof. Fee Non-Reverting	Park Grant Fund Non-Reverting	2010 Levy Excess	Schererville 2010 Park Bond	Waterworks Bond Debt Service	Park District Bond Debt Service
Cash and investments - beginning	\$ 1,942	\$ 7,137	\$ -	\$ -	\$ 27,144	\$ 30,375
Receipts:						
Taxes	-	-	25,590	-	-	120,619
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	315,815	-	-	-	10,411
Charges for services	11,889	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	1,947,865	-	98,100
Total receipts	11,889	315,815	25,590	1,947,865	-	229,130
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	271	-	-
Other services and charges	13,589	5,874	-	158,009	-	400
Debt service - principal and interest	-	-	-	-	-	141,588
Capital outlay	-	171,117	-	82,570	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	129,741	-	-	-	10,400
Total disbursements	13,589	306,732	-	240,850	-	152,388
Excess (deficiency) of receipts over disbursements	(1,700)	9,083	25,590	1,707,015	-	76,742
Cash and investments - ending	\$ 242	\$ 16,220	\$ 25,590	\$ 1,707,015	\$ 27,144	\$ 107,117

TOWN OF SCHERERVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	General Obligation Bond/Bridge Debt Service	Redevelopment District Bond Debt Service	Building Corporation Lease	Storm Sewer Bond Debt Service	Park District Bond 2010 Debt Service	Cumulative Capital Improvement Cigarette Tax
Cash and investments - beginning	\$ 106,838	\$ 58,126	\$ 7,937	\$ 68,544	\$ -	\$ 317,475
Receipts:						
Taxes	184,651	211,455	792,212	131,043	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	15,688	23,245	76,296	1,284	-	111,492
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	125,600	703,078	724,300	22,000	138,900	-
Total receipts	<u>325,939</u>	<u>937,778</u>	<u>1,592,808</u>	<u>154,327</u>	<u>138,900</u>	<u>111,492</u>
Disbursements:						
Personal services	-	-	-	-	-	38,249
Supplies	-	-	-	-	-	-
Other services and charges	400	1,500	-	-	-	19,313
Debt service - principal and interest	212,188	694,423	1,021,500	162,360	-	-
Capital outlay	-	-	-	-	-	31,757
Utility operating expenses	-	-	-	-	-	-
Other disbursements	116,302	65,000	68,200	22,000	-	-
Total disbursements	<u>328,890</u>	<u>760,923</u>	<u>1,089,700</u>	<u>184,360</u>	<u>-</u>	<u>89,319</u>
Excess (deficiency) of receipts over disbursements	<u>(2,951)</u>	<u>176,855</u>	<u>503,108</u>	<u>(30,033)</u>	<u>138,900</u>	<u>22,173</u>
Cash and investments - ending	<u>\$ 103,887</u>	<u>\$ 234,981</u>	<u>\$ 511,045</u>	<u>\$ 38,511</u>	<u>\$ 138,900</u>	<u>\$ 339,648</u>

TOWN OF SCHERERVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Cumulative Capital Development	Employee Benefit Fund	Health Claims Account	Police Pension	Payroll	Payroll Withholding Federal
Cash and investments - beginning	\$ 651,355	\$ 2,018,918	\$ -	\$ 32,876	\$ 1,325	\$ 6,285
Receipts:						
Taxes	595,648	-	-	60,200	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	57,043	-	-	173,433	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	10,526	1,718,986	600,272	-	9,218,593	1,020,973
Total receipts	663,217	1,718,986	600,272	233,633	9,218,593	1,020,973
Disbursements:						
Personal services	-	-	-	175,140	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	62,586	-	-
Debt service - principal and interest	530,996	-	-	-	-	-
Capital outlay	167,966	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	2,342,735	597,296	-	9,217,404	1,019,933
Total disbursements	698,962	2,342,735	597,296	237,726	9,217,404	1,019,933
Excess (deficiency) of receipts over disbursements	(35,745)	(623,749)	2,976	(4,093)	1,189	1,040
Cash and investments - ending	\$ 615,610	\$ 1,395,169	\$ 2,976	\$ 28,783	\$ 2,514	\$ 7,325

TOWN OF SCHERERVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Payroll Withholding State	Payroll Withholding Insurance	Payroll Withholding U.S. Bonds	Payroll Withholdings Union Dues	Payroll Withholding Uniforms	Payroll Withholding Police Pension
Cash and investments - beginning	\$ 5,360	\$ 361	\$ -	\$ -	\$ 1,191	\$ 4,286
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	<u>290,423</u>	<u>122,149</u>	<u>6,077</u>	<u>6,055</u>	<u>749</u>	<u>-</u>
Total receipts	<u>290,423</u>	<u>122,149</u>	<u>6,077</u>	<u>6,055</u>	<u>749</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	<u>276,410</u>	<u>122,078</u>	<u>6,077</u>	<u>6,055</u>	<u>1,592</u>	<u>-</u>
Total disbursements	<u>276,410</u>	<u>122,078</u>	<u>6,077</u>	<u>6,055</u>	<u>1,592</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>14,013</u>	<u>71</u>	<u>-</u>	<u>-</u>	<u>(843)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 19,373</u>	<u>\$ 432</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 348</u>	<u>\$ 4,286</u>

TOWN OF SCHERERVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Payroll Withholding Fica/Medicare	Payroll Withholding P.E.R.F.	Payroll Withholding I.S.P.P.	Payroll Withholding I.S.F.P.	Payroll Withholding C.U. Employee	Payroll Withholding Garnishee
Cash and investments - beginning	\$ 11,852	\$ 37,893	\$ 37,898	\$ 10,920	\$ -	\$ 35
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	830,203	128,931	147,912	48,711	1,300	109,151
Total receipts	830,203	128,931	147,912	48,711	1,300	109,151
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	831,241	130,194	156,378	34,926	1,300	108,969
Total disbursements	831,241	130,194	156,378	34,926	1,300	108,969
Excess (deficiency) of receipts over disbursements	(1,038)	(1,263)	(8,466)	13,785	-	182
Cash and investments - ending	\$ 10,814	\$ 36,630	\$ 29,432	\$ 24,705	\$ -	\$ 217

TOWN OF SCHERERVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Payroll Withholding Deferred Savings	Payroll Withholding C.A.G.I.T.	Payroll Withholding A.F.L.A.C.	Scherville Town Court	Wastewater Operating And Maintenance	Wastewater Bond And Interest
Cash and investments - beginning	\$ 1,120	\$ 162	\$ 8,654	\$ 342,741	\$ 139,148	\$ 957
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	<u>138,416</u>	<u>4,682</u>	<u>87,257</u>	<u>858,474</u>	<u>3,279,158</u>	<u>116,593</u>
Total receipts	<u>138,416</u>	<u>4,682</u>	<u>87,257</u>	<u>858,474</u>	<u>3,279,158</u>	<u>116,593</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	58,901	-
Utility operating expenses	-	-	-	-	3,009,134	-
Other disbursements	<u>138,416</u>	<u>4,600</u>	<u>87,261</u>	<u>891,045</u>	<u>333,840</u>	<u>83,442</u>
Total disbursements	<u>138,416</u>	<u>4,600</u>	<u>87,261</u>	<u>891,045</u>	<u>3,401,875</u>	<u>83,442</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>82</u>	<u>(4)</u>	<u>(32,571)</u>	<u>(122,717)</u>	<u>33,151</u>
Cash and investments - ending	<u>\$ 1,120</u>	<u>\$ 244</u>	<u>\$ 8,650</u>	<u>\$ 310,170</u>	<u>\$ 16,431</u>	<u>\$ 34,108</u>

TOWN OF SCHERERVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Wastewater Deposits	Wastewater Improvement	Wastewater Bond And Interest Reserve	Wastewater Operating And Maintenance Reserve	Southeast Sewer Interceptor Ban	S.R.F. Debt Service Reserve
Cash and investments - beginning	\$ 14,775	\$ 1,224,641	\$ 3,585	\$ 819,621	\$ 264,215	\$ 178,243
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	450	113,789	-	3,158,682	7,262,827	103,890
Total receipts	450	113,789	-	3,158,682	7,262,827	103,890
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	6,730,208	-
Capital outlay	-	71,185	-	-	333,700	-
Utility operating expenses	325	136,952	-	-	96,116	-
Other disbursements	-	-	-	832,573	33,015	-
Total disbursements	325	208,137	-	832,573	7,193,039	-
Excess (deficiency) of receipts over disbursements	125	(94,348)	-	2,326,109	69,788	103,890
Cash and investments - ending	\$ 14,900	\$ 1,130,293	\$ 3,585	\$ 3,145,730	\$ 334,003	\$ 282,133

TOWN OF SCHERERVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	S.R.F. Bond And Interest	Wastewater Revenue	Schererville S.R.F. Fund	S.R.F. Schererville Const. Fund	Water Works Operating And Maintenance	Water Bond And Interest
Cash and investments - beginning	\$ 519,875	\$ -	\$ 7,737,882	\$ 4,144,994	\$ 299,329	\$ 298,754
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	4,760,340	-	-	-	-
Other receipts	607,560	73,841	-	26	4,615,355	348,816
Total receipts	607,560	4,834,181	-	26	4,615,355	348,816
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	554,315	-	-	-	-	259,485
Capital outlay	-	-	7,737,882	1,898,349	67,899	-
Utility operating expenses	-	2,487	-	-	4,113,667	-
Other disbursements	-	4,831,694	-	-	470,565	63,007
Total disbursements	554,315	4,834,181	7,737,882	1,898,349	4,652,131	322,492
Excess (deficiency) of receipts over disbursements	53,245	-	(7,737,882)	(1,898,323)	(36,776)	26,324
Cash and investments - ending	\$ 573,120	\$ -	\$ -	\$ 2,246,671	\$ 262,553	\$ 325,078

TOWN OF SCHERERVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Water Meter Deposit	Water Improvement	Water Debt Service Reserve	Water Revenue	Totals
Cash and investments - beginning	\$ 412,537	\$ 2,955,550	\$ 110,530	\$ -	\$ 28,833,554
Receipts:					
Taxes	-	-	-	-	13,698,616
Licenses and permits	-	-	-	-	494,651
Intergovernmental	-	-	-	-	3,117,615
Charges for services	-	-	-	-	3,083,061
Fines and forfeits	-	-	-	-	306,618
Utility fees	-	-	-	5,110,211	9,870,551
Other receipts	37,425	1,030,036	-	54,280	44,367,125
Total receipts	<u>37,425</u>	<u>1,030,036</u>	<u>-</u>	<u>5,164,491</u>	<u>74,938,237</u>
Disbursements:					
Personal services	-	-	-	-	8,607,766
Supplies	-	-	-	-	552,102
Other services and charges	-	-	-	-	4,361,574
Debt service - principal and interest	-	2,218,100	-	-	14,329,320
Capital outlay	-	-	-	-	11,436,121
Utility operating expenses	56,636	9,355	-	51	7,424,723
Other disbursements	-	519,660	-	5,164,440	32,358,198
Total disbursements	<u>56,636</u>	<u>2,747,115</u>	<u>-</u>	<u>5,164,491</u>	<u>79,069,804</u>
Excess (deficiency) of receipts over disbursements	<u>(19,211)</u>	<u>(1,717,079)</u>	<u>-</u>	<u>-</u>	<u>(4,131,567)</u>
Cash and investments - ending	<u>\$ 393,326</u>	<u>\$ 1,238,471</u>	<u>\$ 110,530</u>	<u>\$ -</u>	<u>\$ 24,701,987</u>

TOWN OF SCHERERVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2010

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.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 3,576,010
Infrastructure	51,022,089
Buildings	11,037,680
Improvements other than buildings	15,061,432
Machinery and equipment	10,719,116
Construction in progress	<u>6,696,028</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 98,112,355</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 272,887
Construction in progress	20,581,898
Buildings	3,793,058
Improvements other than buildings	5,999,451
Machinery and equipment	869,525
Infrastructure	<u>2,814,828</u>
Total Water Utility capital assets	<u>34,331,647</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	96,398
Construction in progress	19,017,700
Buildings	7,473,444
Improvements other than buildings	3,323,491
Machinery and equipment	2,632,058
Infrastructure	10,548,855
Treatment Plant	<u>18,001,463</u>
Total Wastewater Utility capital assets	<u>61,093,409</u>
Total business-type activities capital assets	<u>\$ 95,425,056</u>

TOWN OF SCHERERVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 DECEMBER 31, 2010

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
2002 Town Hall/Police Station	\$ 8,727,500	\$ 1,021,500
2009 HELP Lease/Vehicles & Equipment	698,641	216,922
2009 Fire Truck	602,969	166,538
2010 HELP Lease/Vehicles	795,807	106,110
Bonds payable:		
General obligation bonds:		
2003 Redevelopment Bond/Roads	1,575,000	260,955
2004 Park District Bond/Purchase Land	1,645,000	138,788
2004 77th Avenue Bridge Bond	1,050,000	206,238
2005 TIF District Redevelopment Bond	6,060,000	559,769
2010 Park District Bond/Projects	<u>1,995,000</u>	<u>282,254</u>
Total governmental activities debt	<u>\$ 23,149,917</u>	<u>\$ 2,959,074</u>
Business-type Activities:		
Water Utility:		
Revenue bonds:		
Waterworks District Refunding Bond 2010	<u>\$ 1,855,000</u>	<u>\$ 251,779</u>
Wastewater Utility:		
Notes and Loans Payable:		
Schererville Sewer SRF Loan 2001-2004	1,375,000	141,871
SRF Waste Water Scenario E	6,345,000	476,005
Revenue bonds:		
Sewage Works Revenue Bond, Series 2010	<u>6,500,000</u>	<u>434,298</u>
Total Wastewater Utility	<u>14,220,000</u>	<u>1,052,174</u>
Total business-type activities debt	<u>\$ 16,075,000</u>	<u>\$ 1,303,953</u>

TOWN OF SCHERERVILLE
AUDIT RESULT(S) AND COMMENT(S)

PROMOTION OF BUSINESS

The Town makes disbursements from the Cable TV Fund for promotion of business. Per the enabling ordinance for the Cable TV Fund, this is an allowable use of the fund. However, the Town does not have an enabling Home Rule ordinance authorizing promotion of business disbursements by Town officials.

Indiana Code 36-7-2-7 allows cities and towns to promote economic development and tourism. Such statute replaced a prior law which authorized cities and towns to budget and appropriate funds from the general fund to pay the expense of, or to reimburse city or town officials as the case may be, for expenses incurred in promoting the best interest of the city or town. Accordingly, a Home Rule ordinance needs to be adopted in accordance with Indiana Code 36-1-3 in order to enable a city or town to pay for such expenses. Additionally, an appropriation for such expenses must also be obtained.

In an effort to assist cities and towns that have not passed an enabling ordinance but who wish to establish the promotion of business ordinance, we are repeating wording contained in the old statute. Many municipalities have used similar wording in their enabling ordinance.

"City and town councils are authorized to budget and appropriate funds from the general fund of the city, or town, to pay the expense of or to reimburse city officials or town officials, as the case may be, for expenses incurred in promoting the best interest of the city or town. Such expenses may include, but not necessarily be limited to, rental of meeting places, meals, decorations, memorabilia, awards, expenses incurred in promoting industrial, commercial, and residential development, expenses incurred in developing relations with other units of government and any other expenses of a civic or governmental nature deemed by the mayor or the town council to be in the interest of the city or town."

This is furnished only for your information. Each city and town should establish, by ordinance, the parameters for such appropriations and expenditures. Such ordinance should list the specific types of promotional expenses which can be paid from moneys appropriated for such purpose. Please note that excessive amounts expended for employee meals, awards, gifts and similar expenses could be considered an audit result and comment item in an audit. (Cities and Towns Bulletin and Uniform Compliance Guidelines, December 2005)

BANK ACCOUNT RECONCILIATIONS - COURT

Reconciliation of the Town Court Fund balance to the court bank account balance did not agree at December 31, 2010. The Court Fund balance exceeded the bank by \$2,790. The reconciliation has not been in agreement since the Courtview system was initiated. The variance has been declining, as errors are detected and corrected. A similar comment has appeared in prior reports.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF SCHERERVILLE
AUDIT RESULT(S) AND COMMENT(S)
(Continued)

CASH BOND BALANCES - COURT

The bond control balance per the Town Court's Account Balance Listing (ABL) did not reconcile to the Cash Bonds detail per Open Items Listing report balance at December 31, 2010. The cash bond balance of the ABL at December 31, 2010, was \$250,325; however, the balance for Cash Bonds per Open Items Listing was \$251,675 for a difference of \$1,350. The difference was unchanged from 2009. A similar comment has appeared in prior reports.

The total of all unpaid items as shown by the trust fund register must agree with the balance in trust as shown by the court cash book. (Accounting and Uniform Compliance Guidelines for City and Town Courts, Chapter 1)

BOND FORFEITURE - COURT

The Town Court has been holding bond deposits since 2000. Indiana Code requires the court to forfeit bonds when a defendant fails to appear in court and transfer the amount to the state common school fund. A similar comment has appeared in prior reports.

Indiana Code (IC) 35-33-8-7 states that if a defendant:

1. was admitted to bail under IC 35-33-8-3.2(a)(2); and
2. has failed to appear before the court as ordered; the court shall issue a warrant for the defendant's arrest.

In a criminal case, if the court having jurisdiction over the criminal case receives written notice of a pending civil action or unsatisfied judgment against the criminal defendant arising out of the same transaction or occurrence forming the basis of the criminal case, funds deposited with the clerk of the court under IC 35-33-8-3.2(a)(2) may not be declared forfeited by the court, and the court shall order the deposited funds to be held by the clerk. If there is any entry of final judgment in favor of the plaintiff in the civil action, and if the deposit and the bond are subject to forfeiture, the criminal court shall order payment of all or any part of the deposit to the plaintiff in the action, as is necessary to satisfy the judgment. The court shall then order the remainder of the deposit, if any, and the bond forfeited.

Any proceeding concerning the bond, or its forfeiture, judgment, or execution of judgment, shall be held in the court that admitted the defendant to bail.

After a bond has been forfeited, the clerk shall mail notice of forfeiture to the defendant. In addition, unless the court finds that there was a justification for the defendant's failure to appear, the court shall immediately enter judgment, without pleadings and without change of judge or change of venue, against the defendant for the amount of the bail bond, and the clerk shall record the judgment.

If a bond is forfeited and the court has entered a judgment, the clerk shall transfer to the state common school fund:

1. any amount remaining on deposit with the court (less the fees retained by the clerk); and
2. any amount collected in satisfaction of the judgment.

The amount transferred to the State Common School Fund shall be sent to the county auditor on a monthly basis as Bond Forfeitures. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 3)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the Town of Schererville (Town) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2010. The Town's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there is no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2010-1 to be material weaknesses.

The Town's response to the findings identified in our audit is described in the accompanying Official Response and Corrective Action Plan. We did not audit the Town's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the Town's management, the Town Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

April 13, 2011

TOWN OF SCHERERVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct grant			
Economic Development Initiative - Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251	B-08-SP-IN-0403	\$ 182,150
<u>U.S. DEPARTMENT OF THE INTERIOR</u>			
Pass-through Indiana Department of Natural Resources			
Outdoor Recreation Acquisition, Development and Planning Land and Water Conservation Fund Grants	15.916	18-00555	123,028
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct grant			
Public Safety Partnership and Community Policing Grants Technology Program Grant	16.710	2009CKWX0222	355,796
Bulletproof Vest Partnership Program	16.607		415
Total for federal grantor agency			356,211
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-through Indiana Criminal Justice Institute			
Highway Safety Cluster			
State and Community Highway Safety Big City/Big County Enforcement	20.600	PT-11-04-04-29 PT-10-04-04-30	3,000 15,000
Total for program			18,000
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-through Indiana Finance Authority			
ARRA - Capitalization Grants for Clean Water State Revolving Funds	66.458	2W-00E73001-0	1,546,753
Capitalization Grants for Clean Water State Revolving Funds		2W-00E73001-0	2,296,356
Total for program			3,843,109
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct grant			
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2008-FF-01177	79,007
Total federal awards expended			\$ 4,601,505

The accompanying note(s) are an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF SCHERERVILLE
NOTE(S) TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Schererville (Town) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

TOWN OF SCHERERVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unqualified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
16.710	Public Safety Partnership and Community Policing Grants
66.458	ARRA – Capitalization Grants for Clean Water State Revolving Funds
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

TOWN OF SCHERERVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2010 – 1, SUSPENDED AND DEBARRED - CONTROLS AND COMPLIANCE

Federal Agency: U.S. Department of Justice
Federal Program: Public Safety Partnership and Community Policing Grants
CFDA Number: 16.710
Award Number: 2009CKWX0222

The Town does not have a system in place for determining whether or not a vendor has been excluded from doing business with the Federal Government. Currently, this determination is not being performed by either the Clerk-Treasurer's office or the Police Department staff. Inquiry of staff determined that they were not aware of the requirements regarding suspended or debarred parties.

28CFR 66.35 states: "Grantees and subgrantees must not make any award or permit any award (subgrant or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, 'Debarment and Suspension.'"

This lack of control allows for the potential of a debarred or suspended vendor to do business with the Town and be paid from federal funds. If a suspended or debarred vendor were to be paid from federal funds received by the Town, this could result in the Town being ineligible to receive future federal awards.

We recommended that officials design and implement controls to prevent the potential of a debarred or suspended vendor from being paid from federal funds.

TOWN OF SCHERERVILLE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



TOWN OF SCHERERVILLE

Phone: (219) 322-2211
Fax: (219) 865-5572

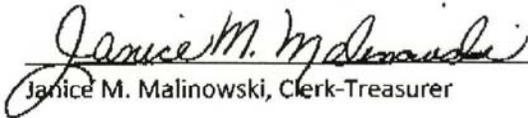
10 E. Joliet St. • Schererville, IN 46375
Janice M. Malinowski, Clerk-Treasurer

Corrective Action Plan

Finding Number 2010-1

Auditee Contact Person	<u>Janice M. Malinowski</u>
Title of Contact Person	<u>Clerk-Treasurer</u>
Phone Number	<u>219-322-2211, ext. 318</u>

It is our intention to amend our purchasing policy to include the requirement that prior to any purchase for which Federal assistance funding is being utilized, a check for debarment and suspension be performed using the EPLS System. The Town department that is responsible for coordinating the expending of Federal assistance funds will be required to conduct the EPLS System search on all vendors they intend to conduct business with and provide hardcopy proof of each EPLS search which will be maintained in the Clerk-Treasurer's Office. No business shall be conducted with any firm or individual who has been shown to be debarred or suspended.



Janice M. Malinowski, Clerk-Treasurer

3-22-11

Date

TOWN OF SCHERERVILLE
EXIT CONFERENCE

The contents of this report were discussed on April 13, 2011, with Hal Slager, President of the Town Council, and Janice M. Malinowski, Clerk-Treasurer. The official response has been made a part of this report and may be found on pages 49 and 50.



TOWN OF SCHERERVILLE

Phone: (219) 322-2211
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10 E. Joliet St. • Schererville, IN 46375
Janice M. Malinowski, Clerk-Treasurer

April 19, 2011

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

OFFICIAL RESPONSE

Attn: Mr. Bruce Hartman, State Examiner

Dear Mr. Hartman:

Per our Audit Exit Conference for the Town of Schererville which was held on Wednesday, April 13, 2011 for Year 2010, I am issuing an **OFFICIAL RESPONSE** to the following comments:

PROMOTION OF BUSINESS

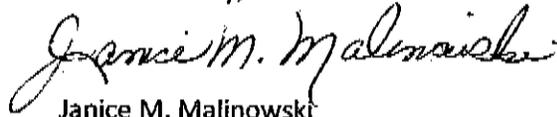
I am currently working with our Town Attorney to establish a "Home Rule Ordinance" authorizing promotion of business disbursements by Town Officials. The ordinance will establish the parameters for such appropriations and expenditures. It will list the specific types of promotional expenses which can be paid from moneys appropriated for such purpose.

FINDING 2010-1, SUSPENDED AND DEBARRED – CONTROLS AND COMPLIANCE

It is our intention to amend our purchasing policy to include the requirement that prior to any purchase for which Federal assistance funding is being utilized, a check for debarment and suspension be performed using the EPLS System. The Town department that is responsible for coordinating the expending of Federal assistance funds will be required to conduct the EPLS System search on all vendors they intend to conduct business with and provide hardcopy proof of each EPLS search which will be maintained in the Clerk-Treasurer's Office. No business shall be conducted with any firm or individual who has been shown to be debarred or suspended.

If you have any further concerns or questions regarding the above responses, please do not hesitate to contact me at your earliest convenience at the above number, extension 318. Also, if any of the audit comments are removed, please remove the responses along with them. Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Janice M. Malinowski".

Janice M. Malinowski

Clerk-Treasurer

TOWN OF SCHERERVILLE

JMM:jmm