

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

TOWN OF SCHERERVILLE
LAKE COUNTY, INDIANA

January 1, 2011 to December 31, 2011



FILED
06/04/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Janice Malinowski	01-01-08 to 12-31-15
President of the Town Council	Hal Slager Thomas Schmitt	01-01-11 to 12-31-11 01-01-12 to 12-31-12
Town Manager	Robert Volkman	01-01-11 to 12-31-12
Town Judge	Kenneth Anderson	01-01-08 to 12-31-15



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statement of the Town of Schererville (Town), for the year ended December 31, 2011. The financial statement is the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statement 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 is 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. 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.

As discussed in Note 1, the Town prepares its financial statement 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.

In our opinion, the financial statement 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, 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated April 17, 2012, 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
(Continued)

Our audit was conducted for the purpose of forming an opinion on the Town's financial statement. 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

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

The Town's response to the Audit Results and Comments 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, 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 17, 2012



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

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

We have audited the financial statement of the Town of Schererville (Town), for the year ended December 31, 2011, and have issued our report thereon dated April 17, 2012. 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 opinion on the financial statement, 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 statement 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statement is 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.

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, 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 17, 2012

FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the Town. The financial statement and notes are presented as intended by the Town.

TOWN OF SCHERERVILLE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 190,168	\$ 13,498,479	\$ 12,636,667	\$ 1,051,980
Motor Vehicle Highway	150,057	1,428,494	1,355,829	222,722
Local Road And Street	264,967	287,175	301,653	250,489
Law Enforcement Continuing Ed	70,889	42,313	57,292	55,910
Parks And Recreation	192,165	955,807	1,000,151	147,821
Major Moves Construction	187,962	-	-	187,962
Excess Welfare Distribution	204,544	-	76,631	127,913
Cumulative Capl Imprv Cigarette Tax	339,648	71,366	151,185	259,829
Cumulative Capital Development	615,610	1,256,438	523,370	1,348,678
Town Promotion Fund N/R	-	15,314	15,314	-
Lake County Gaming Tax	495,096	296,643	360,076	431,663
Penny/Greenwy Bike Trail	83,127	32,271	17,203	98,195
Hidta Revenue N/R Fund	57,962	6,223	36,149	28,036
Farmers' Market N/R Fund	7,974	6,845	10,586	4,233
Kennedy Tif Dist. Debt Serv.	4,983,195	7,278,031	1,548,266	10,712,960
Schererville Newspaper Fund	2,400	120	2,520	-
Donation Fund	70,476	48,803	36,221	83,058
U.S. Postage Stamp Fund	452	4,110	4,180	382
Central Purchasing Fund	8,575	-	145	8,430
Deposits N/R Escrow Fund	745	1,245	1,020	970
Clerk's Perpetuation Fund	8,362	5,496	3,666	10,192
Spec Deferral Prog. Fund	3,300	53,953	42,880	14,373
Adult Probation Serv. Fund	19,379	69,161	67,869	20,671
Public Defender Fund	8,499	10,166	8,000	10,665
Cable Tv	533,617	400,188	377,549	556,256
Stormwater Permit Fee N/R	53,198	14,315	164	67,349
Ambulance Service	29,463	1,064,760	1,045,261	48,962
Spec. Amb. Equip. N/R	31,130	4,760	2,586	33,304
Fire Equip Fund	7,451	14,829	5,953	16,327
Emt Fund	717	413	-	1,130
Police Equipment Fund	34,922	38,734	32,977	40,679
Asset Forfeiture - Federal	50,653	49,326	24,685	75,294
Asset Seizure	366	-	-	366
Asset Forfeiture - State	3,087	1	-	3,088
Police Training Fund	33,521	4,124	6,262	31,383
Park Impact Fee Fund	94,427	29,194	29,212	94,409
Park Non-Reverting Fund	45,574	177,143	164,347	58,370
Park Dist Bonds Of 2004	16,975	25	-	17,000
Drainage Fund	49,380	75,044	24,605	99,819
Police Grants Fund	4,518	100,306	95,732	9,092
Schererville Safe Kids Chapter	1,260	2,836	2,938	1,158
Video Fund	24,282	3,025	1,776	25,531
Impact Fees Fund	21,789	-	-	21,789
Solid Waste Management	788,644	1,862,078	1,670,931	979,791
Improvement Inspection Fee N/R	6,689	5,773	10,676	1,786
Subdv. Revenue Prof. Fee N/R	242	88,568	47,887	40,923
Park Grant Fund N/R	16,220	-	2,668	13,552
2010 Levy Excess	25,590	-	25,590	-

The notes to the financial statement 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, 2011
(Continued)

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Scherer. 2010 Park Bond	1,707,015	97,902	489,481	1,315,436
Wtrworks Bond Debt Serv.	27,144	-	-	27,144
Park Dist Bond Debt Serv	107,117	228,807	232,171	103,753
G.O. Bond/Bridge Debt Serv	103,887	339,412	337,379	105,920
Redev District Bond Debt Serv	234,981	921,176	910,993	245,164
Building Corporation Lease	511,045	1,710,892	1,688,090	533,847
Storm Sewer Bond Debt Serv	38,511	290	-	38,801
Park Dist. Bond 2010 Debt Service	138,900	566,835	560,484	145,251
Employee Benefit Fund	1,395,169	1,781,096	2,265,565	910,700
Health Claims Account	2,976	2,561,732	2,564,708	-
Police Pension #2	28,783	234,229	242,948	20,064
Payroll	2,514	9,013,836	9,013,183	3,167
Payroll Withholding - Federal	7,325	1,070,832	1,068,808	9,349
Payroll Withholding - State	19,373	277,323	290,477	6,219
Payroll Withholding - Insurance	432	124,166	124,154	444
Payroll Withholdings - Union Dues	-	6,572	6,313	259
Payroll Withholding - Uniforms	348	690	900	138
Payroll Withholding - Police Pension	4,286	6,000	10,286	-
Payroll Withholding - Fica/Medicare	10,814	690,728	690,258	11,284
Payroll Withholding - Perf	36,630	125,162	128,691	33,101
Payroll Withholding - I S P P	29,432	199,084	150,238	78,278
Payroll Withholding - I S F P	24,705	50,748	50,748	24,705
Payroll Withholding - C.U.#2-Employee	-	1,300	1,300	-
Payroll Withholding - Garnishee	217	125,623	125,621	219
Payroll Withholding - Deferred Sav	1,120	150,033	150,136	1,017
Payroll Withholding - Cagit	244	3,019	3,123	140
Payroll Withholding - Aflac	8,650	87,933	94,368	2,215
Schererville Town Court	310,170	837,197	857,067	290,300
Wastewater O&M	15,075	3,372,037	3,372,404	14,708
Wastewater Bond & Interest	34,108	639,979	434,811	239,276
Wastewater Deposits	14,900	500	300	15,100
Wastewater Improvement	1,130,293	395,353	508,629	1,017,017
Wastewater B& I Reserve	3,585	-	-	3,585
Wastewater O&M Reserve	3,145,730	923,887	532,782	3,536,835
Southeast Sewer Intercep. Ban	334,003	199	297,686	36,516
Srf Debt Service Reserve #2	282,133	191,593	-	473,726
Srf B&I	573,120	607,855	618,036	562,939
Wastewater Revenue	-	4,891,709	4,891,709	-
Srf - Schererville Const. Fund	2,246,671	5	2,103,700	142,976
Water Works O&M	262,553	5,054,691	5,003,233	314,011
Water Bond & Interest	325,078	310,674	404,380	231,372
Water Meter Deposit	393,326	34,050	38,925	388,451
Water Improvement	1,238,472	2,942,104	694,567	3,486,009
Water Debt Service Reserve	110,530	159,871	-	270,401
Water Revenue	-	5,581,116	5,581,116	-
Totals	\$ 24,700,632	\$ 75,622,135	\$ 68,368,440	\$ 31,954,327

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

TOWN OF SCHERERVILLE
NOTES TO FINANCIAL STATEMENT

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, storm water, trash, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the Town.

B. Basis of Accounting

The financial statement is 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 statement. The aggregate receipts include 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.

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,

TOWN OF SCHERERVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

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 statement. The aggregate disbursements include 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, over-time 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.

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

TOWN OF SCHERERVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

TOWN OF SCHERERVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

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 statement. 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 any replacement items purchased.

Note 6. Pension Plans

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 Indiana Public Retirement System (INPRS) 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.

INPRS 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:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

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

TOWN OF SCHERERVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

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 Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

C. 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 Retirement System (INPRS) 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.

INPRS 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:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

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

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the Town which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the Town. It is presented as intended by the Town.

TOWN OF SCHERERVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	General	Motor Vehicle Highway	Local Road And Street	Law Enforcement Continuing Ed	Parks And Recreation	Major Moves Construction	Excess Welfare Distribution	Cumulative Capl Imprv Cigarette Tax
Cash and investments - beginning	\$ 190,168	\$ 150,057	\$ 264,967	\$ 70,889	\$ 192,165	\$ 187,962	\$ 204,544	\$ 339,648
Receipts:								
Taxes	9,725,404	734,373	-	-	845,437	-	-	-
Licenses and permits	493,003	-	-	9,530	-	-	-	-
Intergovernmental	879,828	690,540	287,175	-	40,821	-	-	71,366
Charges for services	130,870	-	-	20,022	65,859	-	-	-
Fines and forfeits	148,658	-	-	10,111	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	2,120,716	3,581	-	2,650	3,690	-	-	-
Total receipts	<u>13,498,479</u>	<u>1,428,494</u>	<u>287,175</u>	<u>42,313</u>	<u>955,807</u>	<u>-</u>	<u>-</u>	<u>71,366</u>
Disbursements:								
Personal services	6,483,009	671,182	-	-	439,206	-	-	42,747
Supplies	252,233	135,679	27,980	-	34,975	-	8,536	-
Other services and charges	829,317	313,040	273,673	47,292	125,813	-	40,544	59,435
Debt service - principal and interest	3,474,694	-	-	-	-	-	-	-
Capital outlay	5,882	1,128	-	-	157	-	27,551	49,003
Other disbursements	1,591,532	234,800	-	10,000	400,000	-	-	-
Total disbursements	<u>12,636,667</u>	<u>1,355,829</u>	<u>301,653</u>	<u>57,292</u>	<u>1,000,151</u>	<u>-</u>	<u>76,631</u>	<u>151,185</u>
Excess (deficiency) of receipts over disbursements	<u>861,812</u>	<u>72,665</u>	<u>(14,478)</u>	<u>(14,979)</u>	<u>(44,344)</u>	<u>-</u>	<u>(76,631)</u>	<u>(79,819)</u>
Cash and investments - ending	<u>\$ 1,051,980</u>	<u>\$ 222,722</u>	<u>\$ 250,489</u>	<u>\$ 55,910</u>	<u>\$ 147,821</u>	<u>\$ 187,962</u>	<u>\$ 127,913</u>	<u>\$ 259,829</u>

TOWN OF SCHERERVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Cumulative Capital Development	Town Promotion Fund N/R	Lake County Gaming Tax	Pennsy/Greenwy Bike Trail	Hidta Revenue N/R Fund	Farmers' Market N/R Fund	Kennedy Tif Dist. Debt Serv.	Schererville Newspaper Fund
Cash and investments - beginning	\$ 615,610	\$ -	\$ 495,096	\$ 83,127	\$ 57,962	\$ 7,974	\$ 4,983,195	\$ 2,400
Receipts:								
Taxes	1,168,961	-	-	-	-	-	5,281,508	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	55,919	-	296,643	-	-	-	-	-
Charges for services	-	-	-	21,000	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	31,558	15,314	-	11,271	6,223	6,845	1,996,523	120
Total receipts	1,256,438	15,314	296,643	32,271	6,223	6,845	7,278,031	120
Disbursements:								
Personal services	-	-	-	-	7,504	4,954	-	-
Supplies	-	461	-	-	-	370	-	-
Other services and charges	9,379	14,853	359,076	17,203	21,107	5,262	199,776	2,520
Debt service - principal and interest	489,570	-	-	-	-	-	559,769	-
Capital outlay	24,421	-	1,000	-	7,538	-	366,122	-
Other disbursements	-	-	-	-	-	-	422,599	-
Total disbursements	523,370	15,314	360,076	17,203	36,149	10,586	1,548,266	2,520
Excess (deficiency) of receipts over disbursements	733,068	-	(63,433)	15,068	(29,926)	(3,741)	5,729,765	(2,400)
Cash and investments - ending	\$ 1,348,678	\$ -	\$ 431,663	\$ 98,195	\$ 28,036	\$ 4,233	\$ 10,712,960	\$ -

TOWN OF SCHERERVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Donation Fund	U.S. Postage Stamp Fund	Central Purchasing Fund	Deposits N/R Escrow Fund	Clerk's Perpetuation Fund	Spec Deferral Prog. Fund	Adult Probation Serv. Fund	Public Defender Fund
Cash and investments - beginning	\$ 70,476	\$ 452	\$ 8,575	\$ 745	\$ 8,362	\$ 3,300	\$ 19,379	\$ 8,499
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	5,496	53,953	56,279	10,166
Utility fees	-	-	-	-	-	-	-	-
Other receipts	48,803	4,110	-	1,245	-	-	12,882	-
Total receipts	48,803	4,110	-	1,245	5,496	53,953	69,161	10,166
Disbursements:								
Personal services	-	-	-	-	1,607	42,880	67,869	-
Supplies	36,221	-	145	-	2,059	-	-	-
Other services and charges	-	4,180	-	-	-	-	-	8,000
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	1,020	-	-	-	-
Total disbursements	36,221	4,180	145	1,020	3,666	42,880	67,869	8,000
Excess (deficiency) of receipts over disbursements	12,582	(70)	(145)	225	1,830	11,073	1,292	2,166
Cash and investments - ending	\$ 83,058	\$ 382	\$ 8,430	\$ 970	\$ 10,192	\$ 14,373	\$ 20,671	\$ 10,665

TOWN OF SCHERERVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Cable Tv	Stormwater Permit Fee N/R	Ambulance Service	Spec. Amb. Equip. N/R	Fire Equip Fund	Emt Fund	Police Equipment Fund	Asset Forfeiture - Federal
Cash and investments - beginning	\$ 533,617	\$ 53,198	\$ 29,463	\$ 31,130	\$ 7,451	\$ 717	\$ 34,922	\$ 50,653
Receipts:								
Taxes	-	-	375,026	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	19,965	-
Intergovernmental	-	-	56,214	-	-	-	-	49,297
Charges for services	-	14,315	448,452	4,760	4,003	275	-	-
Fines and forfeits	-	-	-	-	-	-	16,775	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	400,188	-	185,068	-	10,826	138	1,994	29
Total receipts	400,188	14,315	1,064,760	4,760	14,829	413	38,734	49,326
Disbursements:								
Personal services	-	-	599,842	-	-	-	-	-
Supplies	-	-	28,099	-	-	-	32,977	-
Other services and charges	363,235	164	51,584	-	1,015	-	-	24,685
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	1,976	2,586	4,938	-	-	-
Other disbursements	14,314	-	363,760	-	-	-	-	-
Total disbursements	377,549	164	1,045,261	2,586	5,953	-	32,977	24,685
Excess (deficiency) of receipts over disbursements	22,639	14,151	19,499	2,174	8,876	413	5,757	24,641
Cash and investments - ending	\$ 556,256	\$ 67,349	\$ 48,962	\$ 33,304	\$ 16,327	\$ 1,130	\$ 40,679	\$ 75,294

TOWN OF SCHERERVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Asset Seizure	Asset Forfeiture - State	Police Training Fund	Park Impact Fee Fund	Park Non-Reverting Fund	Park Dist Bonds Of 2004	Drainage Fund	Police Grants Fund
Cash and investments - beginning	\$ 366	\$ 3,087	\$ 33,521	\$ 94,427	\$ 45,574	\$ 16,975	\$ 49,380	\$ 4,518
Receipts:								
Taxes	-	-	-	-	-	-	71,134	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	2,516	100,306
Charges for services	-	-	-	-	176,171	-	-	-
Fines and forfeits	-	-	4,124	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	1	-	29,194	972	25	1,394	-
Total receipts	-	1	4,124	29,194	177,143	25	75,044	100,306
Disbursements:								
Personal services	-	-	-	-	35,884	-	-	-
Supplies	-	-	-	-	20,036	-	463	-
Other services and charges	-	-	6,262	6,168	106,564	-	19,333	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	23,044	1,863	-	4,809	95,732
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	-	-	6,262	29,212	164,347	-	24,605	95,732
Excess (deficiency) of receipts over disbursements	-	1	(2,138)	(18)	12,796	25	50,439	4,574
Cash and investments - ending	<u>\$ 366</u>	<u>\$ 3,088</u>	<u>\$ 31,383</u>	<u>\$ 94,409</u>	<u>\$ 58,370</u>	<u>\$ 17,000</u>	<u>\$ 99,819</u>	<u>\$ 9,092</u>

TOWN OF SCHERERVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Schererville Safe Kids Chapter	Video Fund	Impact Fees Fund	Solid Waste Management	Improvement Inspection Fee N/R	Subdv. Revenue Prof. Fee N/R	Park Grant Fund N/R	2010 Levy Excess
Cash and investments - beginning	\$ 1,260	\$ 24,282	\$ 21,789	\$ 788,644	\$ 6,689	\$ 242	\$ 16,220	\$ 25,590
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	3,025	-	-	-	-	-	-
Intergovernmental	-	-	-	165,295	-	-	-	-
Charges for services	-	-	-	1,696,783	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	2,836	-	-	-	5,773	88,568	-	-
Total receipts	2,836	3,025	-	1,862,078	5,773	88,568	-	-
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	2,938	-	-	41,958	-	-	-	-
Other services and charges	-	278	-	1,627,042	10,676	47,887	2,668	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	1,498	-	1,931	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	25,590
Total disbursements	2,938	1,776	-	1,670,931	10,676	47,887	2,668	25,590
Excess (deficiency) of receipts over disbursements	(102)	1,249	-	191,147	(4,903)	40,681	(2,668)	(25,590)
Cash and investments - ending	\$ 1,158	\$ 25,531	\$ 21,789	\$ 979,791	\$ 1,786	\$ 40,923	\$ 13,552	\$ -

TOWN OF SCHERERVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Scherer. 2010 Park Bond	Wtrworks Bond Debt Serv	Park Dist Bond Debt Serv	G.O. Bond/Bridge Debt Serv	Redev District Bond Debt Serv	Building Corporation Lease	Storm Sewer Bond Debt Serv	Park Dist. Bond 2010 Debt Service
Cash and investments - beginning	\$ 1,707,015	\$ 27,144	\$ 107,117	\$ 103,887	\$ 234,981	\$ 511,045	\$ 38,511	\$ 138,900
Receipts:								
Taxes	-	-	211,439	317,274	464,347	1,593,374	-	395,421
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	10,485	15,797	20,690	77,028	-	31,734
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	97,902	-	6,883	6,341	436,139	40,490	290	139,680
Total receipts	97,902	-	228,807	339,412	921,176	1,710,892	290	566,835
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	21	-	-	-	-	-	-	-
Other services and charges	368,670	-	400	400	1,500	-	-	450
Debt service - principal and interest	-	-	138,788	206,238	691,289	1,009,500	-	282,254
Capital outlay	120,790	-	-	-	-	-	-	-
Other disbursements	-	-	92,983	130,741	218,204	678,590	-	277,780
Total disbursements	489,481	-	232,171	337,379	910,993	1,688,090	-	560,484
Excess (deficiency) of receipts over disbursements	(391,579)	-	(3,364)	2,033	10,183	22,802	290	6,351
Cash and investments - ending	\$ 1,315,436	\$ 27,144	\$ 103,753	\$ 105,920	\$ 245,164	\$ 533,847	\$ 38,801	\$ 145,251

TOWN OF SCHERERVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Employee Benefit Fund	Health Claims Account	Police Pension #2	Payroll	Payroll Withholding - Federal	Payroll Withholding - State	Payroll Withholding - Insurance	Payroll Withholdings - Union Dues
Cash and investments - beginning	\$ 1,395,169	\$ 2,976	\$ 28,783	\$ 2,514	\$ 7,325	\$ 19,373	\$ 432	\$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	173,229	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	1,781,096	2,561,732	61,000	9,013,836	1,070,832	277,323	124,166	6,572
Total receipts	1,781,096	2,561,732	234,229	9,013,836	1,070,832	277,323	124,166	6,572
Disbursements:								
Personal services	-	-	170,513	-	-	-	-	-
Supplies	225	-	581	-	-	-	-	-
Other services and charges	2,265,340	-	4,854	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	-	2,564,708	67,000	9,013,183	1,068,808	290,477	124,154	6,313
Total disbursements	2,265,565	2,564,708	242,948	9,013,183	1,068,808	290,477	124,154	6,313
Excess (deficiency) of receipts over disbursements	(484,469)	(2,976)	(8,719)	653	2,024	(13,154)	12	259
Cash and investments - ending	\$ 910,700	\$ -	\$ 20,064	\$ 3,167	\$ 9,349	\$ 6,219	\$ 444	\$ 259

TOWN OF SCHERERVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Payroll Withholding - Uniforms	Payroll Withholding - Police Pension	Payroll Withholding - Fica/Medicare	Payroll Withholding - Perf	Payroll Withholding - I S P P	Payroll Withholding - I S F P	Payroll Withholding - C.U.#2-Employee	Payroll Withholding - Garnishee
Cash and investments - beginning	\$ 348	\$ 4,286	\$ 10,814	\$ 36,630	\$ 29,432	\$ 24,705	\$ -	\$ 217
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	690	6,000	690,728	125,162	199,084	50,748	1,300	125,623
Total receipts	690	6,000	690,728	125,162	199,084	50,748	1,300	125,623
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	900	10,286	690,258	128,691	150,238	50,748	1,300	125,621
Total disbursements	900	10,286	690,258	128,691	150,238	50,748	1,300	125,621
Excess (deficiency) of receipts over disbursements	(210)	(4,286)	470	(3,529)	48,846	-	-	2
Cash and investments - ending	\$ 138	\$ -	\$ 11,284	\$ 33,101	\$ 78,278	\$ 24,705	\$ -	\$ 219

TOWN OF SCHERERVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Payroll Withholding - Deferred Sav	Payroll Withholding - Cagit	Payroll Withholding - Aflac	Schererville Town Court	Wastewater O&M	Wastewater Bond & Interest	Wastewater Deposits	Wastewater Improvement
Cash and investments - beginning	\$ 1,120	\$ 244	\$ 8,650	\$ 310,170	\$ 15,075	\$ 34,108	\$ 14,900	\$ 1,130,293
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	245,000
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	141,419
Other receipts	150,033	3,019	87,933	837,197	3,372,037	639,979	500	8,934
Total receipts	150,033	3,019	87,933	837,197	3,372,037	639,979	500	395,353
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	434,298	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	150,136	3,123	94,368	857,067	3,372,404	513	300	508,629
Total disbursements	150,136	3,123	94,368	857,067	3,372,404	434,811	300	508,629
Excess (deficiency) of receipts over disbursements	(103)	(104)	(6,435)	(19,870)	(367)	205,168	200	(113,276)
Cash and investments - ending	\$ 1,017	\$ 140	\$ 2,215	\$ 290,300	\$ 14,708	\$ 239,276	\$ 15,100	\$ 1,017,017

TOWN OF SCHERERVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Wastewater B & I Reserve	Wastewater O&M Reserve	Southeast Sewer Intercep. Ban	Srf Debt Service Reserve #2	Srf B&I	Wastewater Revenue	Srf - Scherville Const. Fund
Cash and investments - beginning	\$ 3,585	\$ 3,145,730	\$ 334,003	\$ 282,133	\$ 573,120	\$ -	\$ 2,246,671
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	4,871,895	-
Other receipts	-	923,887	199	191,593	607,855	19,814	5
Total receipts	-	923,887	199	191,593	607,855	4,891,709	5
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	618,036	-	-
Capital outlay	-	-	-	-	-	-	2,103,700
Other disbursements	-	532,782	297,686	-	-	4,891,709	-
Total disbursements	-	532,782	297,686	-	618,036	4,891,709	2,103,700
Excess (deficiency) of receipts over disbursements	-	391,105	(297,487)	191,593	(10,181)	-	(2,103,695)
Cash and investments - ending	\$ 3,585	\$ 3,536,835	\$ 36,516	\$ 473,726	\$ 562,939	\$ -	\$ 142,976

TOWN OF SCHERERVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Water Works O&M	Water Bond & Interest	Water Meter Deposit	Water Improvement	Water Debt Service Reserve	Water Revenue	Totals
Cash and investments - beginning	\$ 262,553	\$ 325,078	\$ 393,326	\$ 1,238,472	\$ 110,530	\$ -	\$ 24,700,632
Receipts:							
Taxes	-	-	-	-	-	-	21,183,698
Licenses and permits	-	-	-	-	-	-	525,523
Intergovernmental	-	-	-	-	-	-	3,269,883
Charges for services	-	-	-	-	-	-	2,582,510
Fines and forfeits	-	-	-	-	-	-	305,562
Utility fees	-	-	-	50,725	-	5,569,539	10,633,578
Other receipts	5,054,691	310,674	34,050	2,891,379	159,871	11,577	37,121,381
Total receipts	<u>5,054,691</u>	<u>310,674</u>	<u>34,050</u>	<u>2,942,104</u>	<u>159,871</u>	<u>5,581,116</u>	<u>75,622,135</u>
Disbursements:							
Personal services	-	-	-	-	-	-	8,567,197
Supplies	-	-	-	-	-	-	625,957
Other services and charges	-	-	-	-	-	-	7,239,645
Debt service - principal and interest	-	296,370	-	-	-	-	8,200,806
Capital outlay	-	-	-	-	-	-	2,845,669
Other disbursements	5,003,233	108,010	38,925	694,567	-	5,581,116	40,889,166
Total disbursements	<u>5,003,233</u>	<u>404,380</u>	<u>38,925</u>	<u>694,567</u>	<u>-</u>	<u>5,581,116</u>	<u>68,368,440</u>
Excess (deficiency) of receipts over disbursements	<u>51,458</u>	<u>(93,706)</u>	<u>(4,875)</u>	<u>2,247,537</u>	<u>159,871</u>	<u>-</u>	<u>7,253,695</u>
Cash and investments - ending	<u>\$ 314,011</u>	<u>\$ 231,372</u>	<u>\$ 388,451</u>	<u>\$ 3,486,009</u>	<u>\$ 270,401</u>	<u>\$ -</u>	<u>\$ 31,954,327</u>

TOWN OF SCHERERVILLE
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2011

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ 1,331,150	\$ 27,554
Wastewater	381,413	104,216
Water	<u>306,011</u>	<u>51,852</u>
Totals	<u>\$ 2,018,574</u>	<u>\$ 183,622</u>

TOWN OF SCHERERVILLE
SCHEDULE OF LEASES AND DEBT
December 31, 2011

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Schererville Building Corporation	Town Hall and Police Station	\$ 982,000	08-01-11	02-01-22
Oshkosh Capital	Fire Truck Lease/Purchase	165,538	11-05-10	11-05-14
PNC Equipment Finance	HELP Lease 2010	212,220	09-22-11	03-22-15
Regions Bank	HELP Lease 2008	<u>216,922</u>	03-02-09	03-02-14
Total governmental activities		<u>1,576,680</u>		
Total of annual lease payments		<u>\$ 1,576,680</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Bridge Construction	\$ 880,000	\$ 210,200
General obligation bonds	Park District Bond of 2004	1,575,000	135,988
General obligation bonds	Park District Bond of 2010	1,770,000	291,179
General obligation bonds	Redevelopment Commission Bond	1,370,000	262,975
General obligation bonds	Kennedy Ave TIF/Redevelopment District	<u>5,765,000</u>	<u>557,769</u>
Total governmental activities		<u>11,360,000</u>	<u>1,458,111</u>
Wastewater:			
Revenue bonds	Combined Wastewater SRF	7,395,000	615,076
Revenue bonds	Sewage Works Revenue Bonds Series 2010	<u>6,235,000</u>	<u>430,169</u>
Total Wastewater		<u>13,630,000</u>	<u>1,045,245</u>
Water:			
Revenue bonds	Waterworks District Refunding Bonds Series 2010	<u>1,855,000</u>	<u>262,200</u>
Totals		<u>\$ 26,845,000</u>	<u>\$ 2,765,556</u>

TOWN OF SCHERERVILLE
SCHEDULE OF CAPITAL ASSETS
December 31, 2011

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.

	Ending Balance
Governmental activities:	
Land	\$ 3,576,010
Infrastructure	51,734,547
Buildings	11,069,824
Improvements other than buildings	15,285,447
Machinery, equipment and vehicles	11,099,053
Construction in progress	7,329,799
Total governmental activities	100,094,680
Wastewater:	
Land	96,398
Infrastructure	31,236,784
Buildings	7,437,744
Improvements other than buildings	3,185,000
Machinery, equipment and vehicles	3,261,748
Construction in progress	18,517,785
Total Wastewater	63,735,459
Water:	
Land	272,887
Infrastructure	2,850,528
Buildings	3,793,058
Improvements other than buildings	5,999,451
Machinery, equipment and vehicles	889,957
Construction in progress	20,581,898
Total Water	34,387,779
Total capital assets	\$ 198,217,918

TOWN OF SCHERERVILLE
AUDIT RESULTS AND COMMENTS

BANK RECONCILEMENT

Monthly reconciliements shall be prepared to verify the existence/occurrence and completeness of the Town's accounting records. Management should review the monthly bank reconciliements to ensure the reconciled bank balances agree to the ledger balances and that reconciling items are appropriate and supportable. Reconciling items noted should be timely posted to the ledgers within the following month to ensure informed management decisions. Monthly reconciliements should be expected to be completed within the following month after month end.

The December 31, 2011, bank reconciliation for the Town contained a net \$33,138.65 adjustment amount that included items that have not been resolved or posted to the records dating back to 2007. The Town's reconciliation does not include a date the variance was first realized; however, our review of the bank reconciliements has tracked the year of the adjustments. A breakdown of the net adjustments is as follows:

	<u>Amounts</u>
Non-sufficient funds (NSF) checks	\$ 5,126.89
2007	26,676.84
2008	(1,200.61)
2009	8,185.49
2010	(999.08)
2011	<u>(4,650.88)</u>
 Total Adjustments	 <u>\$ 33,138.65</u>

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)

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)

INTERNAL CONTROLS OVER WITHHOLDING FUNDS

The withholding funds are used to account for the employers' federal share of taxes and the employees' tax withholdings along with any other deductions designated by the employee. These amounts are subsequently disbursed to the proper government agency or designee by the employee. As of December 31, 2011, the withholding funds had a balance of \$170,536. In January 2012, the Town remitted \$87,854 to government agencies and insurance companies for deductions recorded to the withholding funds prior to December 31, 2011. In February 2011, a \$50,500 receipt posting error occurred in one of the withholding funds, was carried on the bank reconciliation for the remainder of the year and corrected in March 2012. The remaining \$32,182 balance could not be traced and identified to a subsequent payment the following month.

TOWN OF SCHERERVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

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)

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

DISTRIBUTION OF SALARIES

Per the 2011 salary ordinance, Town Council members' salaries are to be paid from the General Fund and the Utility Board members' salaries should be paid from the utility funds. The Town Council appoints themselves as the utility board members. Additionally, the Clerk-Treasurer has a specific amount paid from the General Fund and a specific amount paid from utility funds.

A review of the 2011 total annual salaries paid to each of the Town Council/Utility Board members and Clerk-Treasurer agreed to the salary ordinance. The distribution of the payment of salaries from the Town funds however did not agree. It was determined that the Utility Funds disbursed \$13,964 more for the Town Council/Utility Board and Clerk-Treasurer salaries than what was approved in the 2011 salary ordinance.

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)

INTEREST CHARGED

In October 2011, the Town paid interest totaling \$419.65 to the Indiana Department of Revenue for the underpayment of the 2010 state taxes.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

REDEVELOPMENT TAX INCREMENT FINANCING (TIF) FUND

The Redevelopment Commission declared a portion of the Town an economic development area to be developed under Indiana Code 36-7-14 and 36-7-25 and prepared an economic development plan for the selected economic development area known as the Kennedy TIF District. Subsequent to the original economic development area, the Redevelopment Commission declared a portion of the Kennedy TIF District area a separate allocation area known as Shops on Main.

TOWN OF SCHERERVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

The additional taxes collected, once an economic development area has been established, are remitted to the Commission from the County as Tax Increment Financing (TIF) allocation. The commission received \$5,179,347.43 and \$102,160.88 of TIF allocations in 2011, for the Kennedy TIF District and the Shops on Main area, respectively. Both of the TIF allocations were recorded to the Kennedy TIF Dist. Debt Srv. Fund 139. Per Indiana Code 36-7-14-39(b) (2), the allocations are to be recorded to separate allocation funds for the established economic development areas.

Indiana Code 36-7-14-39(b) (2) states in part:

"Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid into an allocation fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following: . . ."

Effective January 1, 2012, Indiana Code 36-7-14-39(b)(3) states in part:

"Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivisions (1) and (2) shall be allocated to the redevelopment district and, when collected, paid into an allocation fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following: . . ."

BANK ACCOUNT RECONCILIATIONS - COURT

Monthly reconcilements shall be prepared to verify the existence/occurrence and completeness of the Town Courts accounting records. Management should review the monthly bank reconcilements to ensure the reconciled bank balances agree to the ledger balances and that reconciling items are appropriate and supportable. Reconciling items noted should be timely posted to the ledgers within the following month to ensure informed management decisions. Monthly reconcilements should be expected to be completed within the following month after month end. Similar comments were reported in other Town reports.

The following concerns were noted:

A. Bank reconcilements were not completed on a monthly basis for 2011. When we requested the bank statements and reconcilements, only the bank statements were provided. The Town Court personnel did not attempt to reconcile the bank balance to the ledger balance at the end of each month.

B. An outstanding check list as of December 31, 2011, was not initially provided. Upon second request, an outstanding check list was generated from the court's software program (Court View) as of December 31, 2011, with the assistance of the distributor of the software program. Our review of the December 31, 2011, outstanding check list determined that the list could not be relied upon due to the following:

1. Two checks totaling \$25,337.99 cleared the bank in December 2011; however, these checks were included in the outstanding check list as of December 31, 2011.
2. Prior to March 2011, the outstanding check list was manually computed. In March 2011, the court clerk was trained on how to denote in Court View that a check had cleared the bank. We compared the December 31, 2010 and December 31, 2011, outstanding check list and noted the following:

TOWN OF SCHERERVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

- a. Some checks were listed on both outstanding check lists with the same check number but the amounts listed were different.
 - b. Not all checks were determined to be included on the December 31, 2011, detail listing since the checks were issued before the installment of Court View in 2009.
 - c. Additional checks were included on the December 31, 2011, that were not included on the December 31, 2010, list and should have been.
3. Outstanding checks in excess of two years old were included on the outstanding check list. These are considered stale dated and should have been receipted back to the records.
 4. The outstanding check list included a check in the amount of \$6,440 made payable to the Indiana Attorney General dated April 13, 2011. We asked for supporting documentation for this item and the actual check was still attached to the paperwork and never sent to the Indiana Attorney General.

Financial records of a city or town court shall be reconciled with the balance statements provided by the respective depository (or depositories) at least monthly. [IC 5-13-6-1(e)] (Accounting and Uniform Compliance Guidelines Manual for City and Courts, Chapter 4)

At all times, the manual and 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 City and Courts, Chapter 1)

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 City and Courts, Chapter 4)

In order to eliminate old outstanding checks from the records, the Court should perform the following:

1. Issue a formal stop payment order to the bank upon which each check is drawn.
2. Enter the amount of each check as a receipt in the cash book. Post the respective amounts to the trust column of the cash book and enter each amount in the name of the payee in the register of trust funds.
3. Since the checks have never cleared the bank, the amount is still on deposit. Therefore, when all such checks are charged to the records and reinstated in the trust register, the original check number will be eliminated as outstanding in the next reconciliation with the bank.

TOWN OF SCHERERVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

4. If, at the time such checks are restored to the records, the original dates indicate the checks have been outstanding for five or more years, they should be paid over to the Attorney General immediately. The original date should be shown in the register of trust funds. If the checks are not five years old they should be held until the five year period has elapsed.

The entry in the cash book should be:

"Old Outstanding Check No. _____ issued _____ Date _____, to (Name) _____," and extend the amounts to the total and trust fund columns.

Since outstanding checks of the court are not included within the meaning of Indiana Code 5-11-10.5, city and town courts are to follow the preceding steps in handling old outstanding checks.

City and town courts are required to report these items to the Attorney General annually online. For information on reporting online, contact the Attorney General's office at upholder@indianaunclaimed.com or 1-800-447-5598. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 4)

LEDGER BALANCES – COURT

The Town Court collects various court costs and fees depending upon the charges filed. The various court costs and fees collected are then distributed to the Town Fiscal Officer, Auditor of Lake County or Auditor of State. The collections are remitted monthly to the Town Fiscal Officer and Auditor of Lake County. The amounts for the Auditor of State are remitted semiannually, in June and December of each year, for the collections made in the previous six months.

Based upon when the collections are distributed to the Town Fiscal Officer, Auditor of Lake County, and Auditor of State, the December 31, 2011 expected cash balances in each court costs and fee accounts should agree to the December 2011 collections. However, the Town Court's ending cash balances in the court costs and fee accounts were determined to be \$4,311 greater than the December 2011 collections. An analysis of the January 1, 2011 court costs and fee account balances determined the same variance.

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 City and Town Courts, Chapter 4)

JUDICIAL SALARIES FEE - COURT

In each action in which a person is: (1) convicted of an offense; (2) required to pay a pretrial diversion fee; (3) found to have violated an infraction; or (4) found to have a violated ordinance; the clerk shall collect a judicial salaries fee of eighteen dollars (\$18) until after June 30 where it increased to nineteen dollars (\$19). [IC 33-37-5-26(a)] The judicial salaries fee is to be distributed 75% to the Auditor of State and 25% to the Town Fiscal Officer per IC 33-37-7-8(i). Thus, the state portion of the fee for 2011 would be \$13.50 and after June 30 it would increase to \$14.25. The town portion of the fee for 2011 would be \$4.50 until after June 30 it would have increased to \$4.75.

TOWN OF SCHERERVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

A review of all receipts for eight days in November 2011 determined that out of the 46 times this fee was collected, 39 times the State and Town portion were not distributed properly. For the 39 times, the State portion was receipted as \$14.75 and the Town portion as \$4.25. This resulted in an overpayment to the State and underpayment to the Town by \$19.50. The Court should analyze the amounts receipted to the State and Town's judicial salaries fee accounts for 2011 and thus far in 2012 to determine the full effect of the incorrect distribution of the judicial salaries fee and adjust accordingly.

Indiana Code 33-37-7-8(i) states:

"The clerk of a city or town court shall semiannually distribute to the auditor of state for deposit in the state general fund seventy-five percent (75%) of the judicial salaries fee collected under IC 33-37-5-26. The city or town fiscal officer shall retain twenty-five percent (25%) of the judicial salaries fee collected under IC 33-37-5-26. The funds retained by the city or town shall be prioritized to fund city or town court operations."

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, 2011. The cash bond balance of the ABL at December 31, 2011, was \$245,337; however, the balance for Cash Bonds per Open Items Listing was \$246,687 for a difference of \$1,350. The difference was unchanged from 2009 to 2011. 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.

TOWN OF SCHERERVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

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



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON 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, 2011. 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, 2011.

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 THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

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.

Our consideration of the internal control over compliance 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 compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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, 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 17, 2012

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the Town. The schedule and notes are presented as intended by the Town.

TOWN OF SCHERERVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2011

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 COMMERCE</u>			
Pass-Through Indiana Department of Natural Resources Coastal Zone Management Administration Awards Scherwood Landscape Enhancements Teibel Preserve	11.419	CZ0908 CZ009	\$ 19,427 <u>9,675</u>
Total for federal grantor agency			<u>29,102</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass-Through Indiana Criminal Justice Institute JAG Program Cluster Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-0049	<u>7,575</u>
Direct Grant Equitable Sharing Program	16.922		<u>49,297</u>
Direct Grant Public Safety Partnership and Community Policing Grants Technology Program Grant	16.710	2009CKWX0222	<u>92,731</u>
Total for federal grantor agency			<u>149,603</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction Pennsy Greenway - Phase I Construction Pennsy Greenway - R.O.W. Acquisitions Cline Ave/Rohrman Rd - Traffic Circle	20.205	CE 0711001 PE 0401062 PE 0810294	57,100 28,265 <u>66,532</u>
Total for cluster			<u>151,897</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	<u>14,000</u>
Total for federal grantor agency			<u>165,897</u>
<u>U.S. DEPARTMENT OF ENERGY</u>			
Pass-Through Indiana Office of the Lieutenant Governor, Office of Energy Development ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG) 038-ARRA-EECBGX	81.128	DE-EE-000725	<u>245,000</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct Grant Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2008-FF-01177	<u>76,082</u>
Total federal awards expended			<u>\$ 665,684</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF SCHERERVILLE
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Schererville and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. 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 Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
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?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
16.710	Public Safety Partnership and Community Policing Grants
81.128	ARRA – Energy Efficiency and Conservation Block Grant Program

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.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.



TOWN OF SCHERERVILLE

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

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

March 28, 2012

Finding Number 2010-1

Fiscal Year: 2010
Auditee Contact Person: Janice M. Mallnowski
Title of Contact Person: Clerk-Treasurer
Phone Number: 219-322-2211, Ext. 318

Status of Finding:

I am conducting work in progress with Robert Volkmann, Town Manager, and David M. Austgen, Town Attorney in the development of consistency with department heads to follow the determination whether or not a vendor has been excluded from doing business with the Federal Government. The Police Department is following the EPLS System.

The deadline for complete implementation of controls and compliance regarding suspension and debarment into our Purchasing Policy is June 30, 2012. If you should have further questions regarding this matter, please contact me at the above stated phone number.

Sincerely,

Janice M. Mallnowski

Clerk-Treasurer

TOWN OF SCHERERVILLE

JMM:jmm

Cc: Town Manager
Town Attorney

TOWN OF SCHERERVILLE
EXIT CONFERENCE

The contents of this report were discussed on April 17, 2012, with Janice Malinowski, Clerk-Treasurer; Thomas Schmitt, President of the Town Council; Robert Volkman, Town Manager; and Carol Clark, Chief Deputy Clerk-Treasurer. The Official Response has been made a part of this report and may be found on pages 49 and 50.

The contents of this report that pertains to the Town Court were discussed on April 18, 2012, with Kenneth Anderson, Town Judge; Connie Dedelow, Court Administrator; and Leonne Erwin, Court Records Administrator. The Official Response has been made a part of this report and may be found on 51 and 52.



TOWN OF SCHERERVILLE

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

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

May 1, 2012

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 Tuesday, April 17, 2012 for Year 2011, I am issuing an **OFFICIAL RESPONSE** to the following comments:

BANK RECONCILEMENT

Steps are being taken to expedite the timeliness of the bank reconciliation procedure. Older reconciling items will be addressed and corrective action will be taken as soon as possible. NSF amounts that cannot be recovered will be presented to the Town Council and written-off with their approval as soon as possible.

INTERNAL CONTROLS OVER WITHHOLDING FUNDS

Data entry errors that have occurred in the Town's Payroll Clearing Fund will be corrected. These fund balances will be reviewed quarterly to insure that the clearing accounts reflect a zero ending balance where applicable.

DISTRIBUTION OF SALARIES

The 2012 Annual Salaries paid to the Town Council/Utility Board and Clerk-Treasurer have been corrected in the Payroll System, so the exact percentages equal the 2012 Salary Ordinance stated in dollar amounts.

INTEREST CHARGED

An inexperienced payroll employee during Year 2011 did not thoroughly check the amount owed to the Indiana Department of Revenue for the underpayment of \$419.65 in state taxes. Since that time, a new highly-experienced payroll employee has been hired. She has implemented the proper internal controls, to prevent an underpayment of taxes to occur again.

REDEVELOPMENT TAX INCREMENT FINANCING (TIF) FUND

A separate TIF Fund will be implemented for the particular portion of the Kennedy TIF District known in the past as Shops on Main. However, currently the new name considered is RB Schererville Crossings, LLC. This will be done through an ordinance for the Town of Schererville.

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,



Janice M. Malinowski, IAMC, MMC

Clerk-Treasurer

TOWN OF SCHERERVILLE

JMM:jmm



Judge Kenneth L. Anderson

Schererville Town Court

(219) 865-5579
Facsimile (219) 865-5525

25 East Joliet Street
Schererville, Indiana 46375

April 25, 2012

State Examiner
302 W Washington Street
Room E 418
Indianapolis IN 46204-2765

Dear Bruce Hartman;

In response to the findings presented by the State Board Of Accounts the following discrepancies for the Schererville Town Court have been addressed:

Bank Account Reconciliation

1. At this time thought reconciliation was being done correctly. Will work with Courtview Staff to learn proper procedures.
2. Will correct errors in Outstanding Check Listing, determine which checks are "stale" and receipt back to records on a timely basis.
3. The outstanding checks that were to be reported to the Attorney Generals office and entered into Indiana unclaimed are now completed and sent.

Ledger Balance

1. Will review end of month balances to verify any outstanding balances and will distribute accordingly.
2. Reviewed Receipt Account Listing, found 1139 receipts as of July 1, 2011 where the distribution of Judicial Salary fees were entered incorrectly. Fees corrected as of April 18, 2012. the appropriated adjustments will be made.

Cash Bond Balance

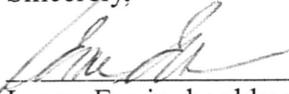
1. The \$1,350 difference remains. This appears to be three (3) five hundred dollar bonds after the removal of bond maintenance fee of \$50.00 that were not properly entered at the time of their release entered prior to 2006 where the \$5.00 death benefit was not collected. I am attempting to determine the cases where the bonds were improperly accounted for to correct the error.

Bond Forfeiture

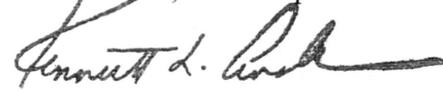
1. Judge Anderson is working on resolving these old cases where the defendant has failed to appear and will be dispersed accordingly.

We do appreciate all the time and effort your staff spent with us explaining our shortcomings and we can assure you that we will do our utmost to correct these issues.

Sincerely,



Leone Erwin, bookkeeper



Kenneth L. Anderson, Judge