

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

TOWN OF BURNS HARBOR

PORTER COUNTY, INDIANA

January 1, 2010 to December 31, 2011



**FILED**  
04/10/2013



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Accountant's Report.....	3
Financial Statements:	
Statements of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	6-7
Notes to Financial Statements .....	8-11
Supplementary Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	14-21
Schedule of Payables and Receivables .....	22
Schedule of Leases and Debt .....	23
Schedule of Capital Assets.....	24
Examination Results and Comments:	
Payments For Financial Advisory Services .....	25
Building Permit Fees .....	25
Uniform Allowance for Police Officers .....	25
Exit Conference.....	26
Official Response .....	27-40

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jane Jordan	01-01-08 to 12-31-15
President of the Town Council	James McGee	01-01-10 to 12-31-13
President of the Sanitary Board	R. Michael Perrine	01-01-10 to 12-31-13



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF BURNS HARBOR, PORTER COUNTY, INDIANA

We have examined the accompanying financial statements of the Town of Burns Harbor (Town), for the period of January 1, 2010 to December 31, 2011. The financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Town prepares its financial statements 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 effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the period of January 1, 2010 to December 31, 2011.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the period of January 1, 2010 to December 31, 2011, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Town's financial statements. The Combining Schedules 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, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

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

STATE BOARD OF ACCOUNTS

February 19, 2013

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## FINANCIAL STATEMENTS

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

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

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
GENERAL FUND	\$ 695,620	\$ 1,530,492	\$ 1,347,986	\$ 878,126
MOTOR VEHICLE HIGHWAY	159,647	109,493	43,061	226,079
LOCAL ROAD & STREET	35,512	12,591	-	48,103
PARK NON-REVERT OPERATION	641	5,710	733	5,618
FIRE NON-REVERT AMBULANCE	-	1,816	553	1,263
LOCAL LAW ENF.CONT.EDUC. PARK	27,307	8,076	-	35,383
	21,633	77,853	75,430	24,056
RAINY DAY FUND	604,764	51,486	121,850	534,400
COUNTY ECN. DEV. INC. TAX	32,282	56,348	63,205	25,425
LEVY EXCESS FUND	-	4,263	-	4,263
CUM CAP CIGARETTE TAX	6,925	2,243	-	9,168
CUM CAP DEVELOPMENT	254,610	30,977	65,700	219,887
PARK NON-REVERT CAPITAL	30,000	500	29,692	808
SEWER REDEV/SINKING BONDS	1,307,193	1,032,118	684,741	1,654,570
CUM CAP IMPROV. SEWER	88,722	12,076	-	100,798
PETTY CASH	75	-	-	75
OPERATION PULL OVER GRANT	-	4,356	4,350	6
CNTY FATAL CRASH GRANT	-	1,625	1,209	416
CNTY MOBILE ENFORCE GRANT	-	4,037	3,806	231
CNTY DUI/CJI FUNDS GRANT	-	2,950	2,269	681
LAKE MI MARINA DEV GRANT	15,000	-	14,484	516
NPS TREASURER GRANT	-	7,844	7,844	-
MISC GRANT	-	15,582	15,576	6
POLICE - DONATIONS	4,084	-	-	4,084
FIRE DEPT. DONATIONS	372	-	-	372
PARK DONATION FUND	911	400	211	1,100
PAYROLL	2,155	663,805	659,550	6,410
TRAFFIC LIGHT ESCROW	96,011	29	-	96,040
STATE SALES TAX PAYABLE	96	89	98	87
SPECIAL REV. HARBOR TRAIL	-	10,000	-	10,000
WASTEWATER UTILITY OPER	675,338	319,298	252,560	742,076
<b>TOTALS</b>	<b>\$ 4,058,898</b>	<b>\$ 3,966,057</b>	<b>\$ 3,394,908</b>	<b>\$ 4,630,047</b>

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

TOWN OF BURNS HARBOR  
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 FUND	\$ 878,126	\$ 1,456,280	\$ 1,308,763	\$ 1,025,643
MOTOR VEHICLE HIGHWAY	226,079	115,688	56,664	285,103
LOCAL ROAD & STREET	48,103	12,968	-	61,071
PARK NON-REVERT OPERATION	5,618	5,276	430	10,464
FIRE NON-REVERT AMBULANCE	1,263	1,391	1,356	1,298
LOCAL LAW ENF.CONT.EDUC.	35,383	4,001	-	39,384
PARK	24,056	83,766	71,092	36,730
RAINY DAY FUND	534,400	-	-	534,400
COUNTY ECN. DEV. INC. TAX	25,425	45,033	56,858	13,600
LEVY EXCESS FUND	4,263	-	-	4,263
CUM CAP CIGARETTE TAX	9,168	2,200	-	11,368
CUM CAP DEVELOPMENT	219,887	31,885	13,604	238,168
PARK NON-REVERT CAPITAL	808	-	-	808
SEWER REDEV/SINKING BONDS	1,654,570	573,286	681,780	1,546,076
CUM CAP IMPROV. SEWER	100,798	12,430	-	113,228
PETTY CASH	75	-	-	75
OPERATION PULL OVER GRANT	6	1,311	1,298	19
CNTY FATAL CRASH GRANT	416	1,425	1,202	639
CNTY MOBILE ENFORCE GRANT	231	-	-	231
CNTY DUI/CJI FUNDS GRANT	681	2,000	1,468	1,213
LAKE MI MARINA DEV GRANT	516	-	-	516
MISC GRANT	6	-	-	6
POLICE - DONATIONS	4,084	-	-	4,084
FIRE DEPT. DONATIONS	372	-	-	372
PARK DONATION FUND	1,100	990	537	1,553
PAYROLL	6,410	641,624	645,946	2,088
TRAFFIC LIGHT ESCROW	96,040	29	-	96,069
STATE SALES TAX PAYABLE	87	75	155	7
SPECIAL REV. HARBOR TRAIL	10,000	-	-	10,000
WASTEWATER UTILITY OPER	742,076	332,483	253,021	821,538
TOTALS	<u>\$ 4,630,047</u>	<u>\$ 3,324,141</u>	<u>\$ 3,094,174</u>	<u>\$ 4,860,014</u>

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

TOWN OF BURNS HARBOR  
NOTES TO FINANCIAL STATEMENTS

**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, culture and recreation, public improvements, planning and zoning, general administrative services, wastewater treatment services.

The accompanying financial statements present the financial information for the Town.

*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 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 BURNS HARBOR  
NOTES TO FINANCIAL STATEMENTS  
(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. include fees received for late payments.

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 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, 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.

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.

TOWN OF BURNS HARBOR  
NOTES TO FINANCIAL STATEMENTS  
(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 BURNS HARBOR  
NOTES TO FINANCIAL STATEMENTS  
(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 statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

**Note 6. Pension Plan**

*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.

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## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

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

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

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

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

	GENERAL FUND	MOTOR VEHICLE HIGHWAY	LOCAL ROAD & STREET	PARK NON-REVERT OPERATION	FIRE NON-REVERT AMBULANCE	LOCAL LAW ENF.CONT.EDUC.	PARK	RAINY DAY FUND
Cash and investments - beginning	\$ 695,620	\$ 159,647	\$ 35,512	\$ 641	\$ -	\$ 27,307	\$ 21,633	\$ 604,764
Receipts:								
Taxes	1,274,475	86,001	-	-	-	-	76,676	-
Licenses and permits	53,070	-	-	-	-	730	-	-
Intergovernmental	25,007	22,939	12,591	-	-	-	1,024	29,636
Charges for services	1,146	-	-	5,551	1,816	307	-	-
Fines and forfeits	700	-	-	-	-	7,039	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	176,094	553	-	159	-	-	153	21,850
Total receipts	<u>1,530,492</u>	<u>109,493</u>	<u>12,591</u>	<u>5,710</u>	<u>1,816</u>	<u>8,076</u>	<u>77,853</u>	<u>51,486</u>
Disbursements:								
Personal services	796,801	3,694	-	-	-	-	46,911	-
Supplies	76,497	23,372	-	503	430	-	7,022	-
Other services and charges	424,487	15,851	-	-	123	-	20,272	21,850
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	42,549	144	-	230	-	-	1,185	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	7,652	-	-	-	-	-	40	100,000
Total disbursements	<u>1,347,986</u>	<u>43,061</u>	<u>-</u>	<u>733</u>	<u>553</u>	<u>-</u>	<u>75,430</u>	<u>121,850</u>
Excess (deficiency) of receipts over disbursements	<u>182,506</u>	<u>66,432</u>	<u>12,591</u>	<u>4,977</u>	<u>1,263</u>	<u>8,076</u>	<u>2,423</u>	<u>(70,364)</u>
Cash and investments - ending	<u>\$ 878,126</u>	<u>\$ 226,079</u>	<u>\$ 48,103</u>	<u>\$ 5,618</u>	<u>\$ 1,263</u>	<u>\$ 35,383</u>	<u>\$ 24,056</u>	<u>\$ 534,400</u>

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

	COUNTY ECN. DEV. INC. TAX	LEVY EXCESS FUND	CUM CAP CIGARETTE TAX	CUM CAP DEVELOPMENT	PARK NON-REVERT CAPITAL	SEWER REDEV/SINKING BONDS	CUM CAP IMPROV. SEWER	PETTY CASH
Cash and investments - beginning	\$ 32,282	\$ -	\$ 6,925	\$ 254,610	\$ 30,000	\$ 1,307,193	\$ 88,722	\$ 75
Receipts:								
Taxes	-	-	-	30,567	-	1,026,182	11,916	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	56,348	-	2,243	410	-	5,527	160	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	4,263	-	-	500	409	-	-
Total receipts	56,348	4,263	2,243	30,977	500	1,032,118	12,076	-
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	4,630	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	684,741	-	-
Capital outlay	58,575	-	-	65,700	29,692	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	63,205	-	-	65,700	29,692	684,741	-	-
Excess (deficiency) of receipts over disbursements	(6,857)	4,263	2,243	(34,723)	(29,192)	347,377	12,076	-
Cash and investments - ending	\$ 25,425	\$ 4,263	\$ 9,168	\$ 219,887	\$ 808	\$ 1,654,570	\$ 100,798	\$ 75

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

	OPERATION PULL OVER GRANT	CNTY FATAL CRASH GRANT	CNTY MOBILE ENFORCE GRANT	CNTY DUI/CJI FUNDS GRANT	LAKE MI MARINA DEV GRANT	NPS TREASURER GRANT	MISC GRANT	POLICE - DONATIONS
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 15,000	\$ -	\$ -	\$ 4,084
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	4,356	1,625	4,037	2,950	-	7,844	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	15,582	-
Total receipts	4,356	1,625	4,037	2,950	-	7,844	15,582	-
Disbursements:								
Personal services	4,350	1,209	3,806	1,571	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	2,361	-	997	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	12,123	7,844	14,579	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	698	-	-	-	-
Total disbursements	4,350	1,209	3,806	2,269	14,484	7,844	15,576	-
Excess (deficiency) of receipts over disbursements	6	416	231	681	(14,484)	-	6	-
Cash and investments - ending	\$ 6	\$ 416	\$ 231	\$ 681	\$ 516	\$ -	\$ 6	\$ 4,084

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

	FIRE DEPT. DONATIONS	PARK DONATION FUND	PAYROLL	TRAFFIC LIGHT ESCROW	STATE SALES TAX PAYABLE	SPECIAL REV. HARBOR TRAIL	WASTEWATER UTILITY OPER	TOTALS
Cash and investments - beginning	\$ 372	\$ 911	\$ 2,155	\$ 96,011	\$ 96	\$ -	\$ 675,338	\$ 4,058,898
Receipts:								
Taxes	-	-	-	-	-	-	-	2,505,817
Licenses and permits	-	-	-	-	-	-	-	53,800
Intergovernmental	-	-	-	-	-	-	-	176,697
Charges for services	-	-	-	-	-	-	-	8,820
Fines and forfeits	-	-	-	-	-	-	-	7,739
Utility fees	-	-	-	-	-	-	319,298	319,298
Other receipts	-	400	663,805	29	89	10,000	-	893,886
Total receipts	-	400	663,805	29	89	10,000	319,298	3,966,057
Disbursements:								
Personal services	-	-	-	-	-	-	-	858,342
Supplies	-	-	-	-	-	-	-	107,824
Other services and charges	-	-	-	-	-	-	-	490,571
Debt service - principal and interest	-	-	-	-	-	-	-	684,741
Capital outlay	-	-	-	-	-	-	-	232,621
Utility operating expenses	-	-	-	-	-	-	252,560	252,560
Other disbursements	-	211	659,550	-	98	-	-	768,249
Total disbursements	-	211	659,550	-	98	-	252,560	3,394,908
Excess (deficiency) of receipts over disbursements	-	189	4,255	29	(9)	10,000	66,738	571,149
Cash and investments - ending	\$ 372	\$ 1,100	\$ 6,410	\$ 96,040	\$ 87	\$ 10,000	\$ 742,076	\$ 4,630,047

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

	GENERAL FUND	MOTOR VEHICLE HIGHWAY	LOCAL ROAD & STREET	PARK NON-REVERT OPERATION	FIRE NON-REVERT AMBULANCE	LOCAL LAW ENF.CONT.EDUC.	PARK	RAINY DAY FUND
Cash and investments - beginning	\$ 878,126	\$ 226,079	\$ 48,103	\$ 5,618	\$ 1,263	\$ 35,383	\$ 24,056	\$ 534,400
Receipts:								
Taxes	1,341,145	91,757	-	-	-	-	82,688	-
Licenses and permits	43,363	-	-	-	-	1,030	-	-
Intergovernmental	25,458	23,473	12,968	-	-	-	1,078	-
Charges for services	69	-	-	5,276	1,391	193	-	-
Fines and forfeits	14,813	-	-	-	-	2,778	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	31,432	458	-	-	-	-	-	-
Total receipts	1,456,280	115,688	12,968	5,276	1,391	4,001	83,766	-
Disbursements:								
Personal services	763,323	815	-	-	-	-	47,515	-
Supplies	66,877	27,991	-	400	1,119	-	8,341	-
Other services and charges	470,496	27,858	-	-	237	-	14,657	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	6,565	-	-	-	-	-	539	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	1,502	-	-	30	-	-	40	-
Total disbursements	1,308,763	56,664	-	430	1,356	-	71,092	-
Excess (deficiency) of receipts over disbursements	147,517	59,024	12,968	4,846	35	4,001	12,674	-
Cash and investments - ending	\$ 1,025,643	\$ 285,103	\$ 61,071	\$ 10,464	\$ 1,298	\$ 39,384	\$ 36,730	\$ 534,400

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

	COUNTY ECN. DEV. INC. TAX	LEVY EXCESS FUND	CUM CAP CIGARETTE TAX	CUM CAP DEVELOPMENT	PARK NON-REVERT CAPITAL	SEWER REDEV/SINKING BONDS	CUM CAP IMPROV. SEWER	PETTY CASH
Cash and investments - beginning	\$ 25,425	\$ 4,263	\$ 9,168	\$ 219,887	\$ 808	\$ 1,654,570	\$ 100,798	\$ 75
Receipts:								
Taxes	-	-	-	31,475	-	573,286	12,270	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	45,033	-	2,200	410	-	-	160	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	45,033	-	2,200	31,885	-	573,286	12,430	-
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	3,800	-	-	3,751	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	681,780	-	-
Capital outlay	53,058	-	-	9,853	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	56,858	-	-	13,604	-	681,780	-	-
Excess (deficiency) of receipts over disbursements	(11,825)	-	2,200	18,281	-	(108,494)	12,430	-
Cash and investments - ending	\$ 13,600	\$ 4,263	\$ 11,368	\$ 238,168	\$ 808	\$ 1,546,076	\$ 113,228	\$ 75

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

	OPERATION PULL OVER GRANT	CNTY FATAL CRASH GRANT	CNTY MOBILE ENFORCE GRANT	CNTY DUI/CJI FUNDS GRANT	LAKE MI MARINA DEV GRANT	MISC GRANT	POLICE - DONATIONS	FIRE DEPT. DONATIONS
Cash and investments - beginning	\$ 6	\$ 416	\$ 231	\$ 681	\$ 516	\$ 6	\$ 4,084	\$ 372
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	1,311	1,425	-	2,000	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	1,311	1,425	-	2,000	-	-	-	-
Disbursements:								
Personal services	1,298	1,202	-	1,468	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	1,298	1,202	-	1,468	-	-	-	-
Excess (deficiency) of receipts over disbursements	13	223	-	532	-	-	-	-
Cash and investments - ending	\$ 19	\$ 639	\$ 231	\$ 1,213	\$ 516	\$ 6	\$ 4,084	\$ 372

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

	PARK DONATION FUND	PAYROLL	TRAFFIC LIGHT ESCROW	STATE SALES TAX PAYABLE	SPECIAL REV. HARBOR TRAIL	WASTEWATER UTILITY OPER	TOTALS
Cash and investments - beginning	\$ 1,100	\$ 6,410	\$ 96,040	\$ 87	\$ 10,000	\$ 742,076	\$ 4,630,047
Receipts:							
Taxes	-	-	-	-	-	-	2,132,621
Licenses and permits	-	-	-	-	-	-	44,393
Intergovernmental	-	-	-	-	-	-	115,516
Charges for services	-	-	-	-	-	-	6,929
Fines and forfeits	-	-	-	-	-	-	17,591
Utility fees	-	-	-	-	-	332,025	332,025
Other receipts	990	641,624	29	75	-	458	675,066
Total receipts	990	641,624	29	75	-	332,483	3,324,141
Disbursements:							
Personal services	-	-	-	-	-	-	815,621
Supplies	-	-	-	-	-	-	104,728
Other services and charges	-	-	-	-	-	-	520,799
Debt service - principal and interest	-	-	-	-	-	-	681,780
Capital outlay	-	-	-	-	-	2,212	72,227
Utility operating expenses	-	-	-	-	-	250,809	250,809
Other disbursements	537	645,946	-	155	-	-	648,210
Total disbursements	537	645,946	-	155	-	253,021	3,094,174
Excess (deficiency) of receipts over disbursements	453	(4,322)	29	(80)	-	79,462	229,967
Cash and investments - ending	\$ 1,553	\$ 2,088	\$ 96,069	\$ 7	\$ 10,000	\$ 821,538	\$ 4,860,014

TOWN OF BURNS HARBOR  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2011

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	\$ -	\$ -
Wastewater	-	1,868
Totals	\$ -	\$ 1,868

TOWN OF BURNS HARBOR  
SCHEDULE OF LEASES AND DEBT  
December 31, 2011

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: E-One Inc	Fire Truck lease beginning January 2008	\$ 46,209	02-15-08	01-15-23
Total of annual lease payments		<u>\$ 46,209</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities: General obligation bonds	2005 Redevelopment Bonds for Sewer Project	\$ 2,575,000	\$ 680,374
Totals		<u>\$ 2,575,000</u>	<u>\$ 680,374</u>

TOWN OF BURNS HARBOR  
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	\$ 170,365
Buildings	418,589
Improvements other than buildings	186,491
Machinery, equipment and vehicles	1,695,247
Total governmental activities	2,470,692
Wastewater:	
Land	315,000
Infrastructure	6,978,350
Buildings	1,247,000
Machinery, equipment and vehicles	79,478
Total Wastewater	8,619,828
Total capital assets	\$ 11,090,520

TOWN OF BURNS HARBOR  
EXAMINATION RESULTS AND COMMENTS

***PAYMENTS FOR FINANCIAL ADVISORY SERVICES***

On September 8, 2010, the Town Council had entered into an agreement with Cender and Company for professional financial advisory services. In the Town Council minutes dated September 8, 2010, the Council approved that if and when they were to use the services of Cender and Company it would be at the direction of the Town Council at a public meeting. During the examination period, several invoices were paid to Cender and Company for services that were performed at the request of one or two Council members, but not by the Council as a whole or a majority, in a public meeting.

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)

***BUILDING PERMIT FEES***

According to the Town's Zoning Ordinance a "Certificate of Occupancy" fee, the definition of which states, in part: ". . . nor shall any new Building be occupied, until a Certificate of Occupancy has been issued by the Building Commissioner who prior to the issuance of said Certificate shall determine that the new occupancy or improvements comply with all provisions of the Town Code." The fee for the Certificate of Occupancy is \$35.00. In reviewing several building permits for the new construction of multi-unit buildings, the customers were consistently charged the \$35.00 fee for the Certificate of Occupancy based on the number of units within the building and not a single \$35.00 occupancy fee for the building as a whole. According to the Town's Code and the fee schedule, when it comes to the new construction of multi-unit buildings it does not clearly define if the charge should be per unit or per building.

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)

***UNIFORM ALLOWANCE FOR POLICE OFFICERS***

The Town has not adopted a Home Rule Ordinance addressing a uniform allowance for police officers.

Per the minutes of August 8, 2012, the following was stated, ". . . to adopt a uniform allowance for full-time police officers in the amount of seven hundred and fifty dollars paid twice annually on the first pay check in June and December with taxes withheld any interim replacements or repairs is at the discretion of the department head beginning December 2012."

Since that time, claims were presented and paid for uniforms for new police officers. It is unclear on whether the police officers will receive the uniform allowance, as this is not addressed in the minutes of the Town Council.

Based upon what was approved in the minutes, we find no authority for payment of both.

No specific statutory authority exists for payment of an allowance for clothing, uniforms, arms or equipment to a town marshal or a deputy town marshal. Since no statute prohibits such payments, if town officials wish to provide such benefits, a Home Rule ordinance must be enacted providing such authority subject to prior written approval by the town attorney before such benefits are extended. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF BURNS HARBOR  
EXIT CONFERENCE

The contents of this report were discussed on February 19, 2013, with Jane Jordan, Clerk-Treasurer; and James McGee, President of the Town Council. The Official Response has been made a part of this report and may be found on pages 27 through 40.



MICHAEL C. HARRIS  
ROBERT A. WELSH  
L. CHARLES LUKMANN, III  
CHARLES E.G. PARKINSON  
MORRIS A. SUNKEL  
JULIE A. PAULSON

107 BROADWAY  
CHESTERTON, INDIANA 46304  
TELEPHONE FAX  
(219) 926-2114 (219) 926-1503  
www.hwllaw.com  
E-MAIL: hwl@hwllaw.com

March 1, 2013

**Via email to: [bhartman@sboa.in.gov](mailto:bhartman@sboa.in.gov)**

Bruce Hartman, CPA  
State Examiner  
Indiana State Board of Accounts  
302 W. Washington St., Room E-418  
Indianapolis, IN 462-4-2765

Re: Town of Burns Harbor, Porter County, Indiana  
2010-2011 Audit

Dear Mr. Hartman:

This law firm represents the Town of Burns Harbor. I write this letter in response to the State Board of Accounts' Audit of the Town of Burns Harbor for the period of January 1, 2010 to December 31, 2011. Specifically, I write to respond to the comments contained in the Examination Results and Comments ("Examination") concerning three issues: (1) Payments for Financial Advisory Services; (2) Building Permit Fees; and (3) Uniform Allowance for Police Officers.

Payment for Financial Advisory Services

The Examination states that the Town Council entered into an agreement with Cender and Company for professional financial advisory services on September 8, 2010. Referencing the minutes of the Town Council meeting from that date, the Examination states that Cender's services would only be used "at the direction of the Council at a public meeting." The Examination then states that during the Audit period "several invoices were paid to Cender and Company for services performed that were not approved by the Town Council at a public meeting but were performed at the request of one or two Council members and not by the Council as a whole or majority."

First, I believe the Examination mis-characterizes the Council's action taken on September 8, 2010. The subject of engaging Cender and Company was discussed at length during that meeting. The relevant excerpt from the meeting minutes is attached. Although Council Member Perrine initially discussed placing a limit on the use of Cender, saying that if "requests for [Cender] to do something have to come as a majority vote of the Redevelopment Commission in an open meeting I wouldn't have a problem with trying to find the money for it" (see page 2), his was just one Council member's opinion regarding the engagement. Much later in the discussion, Cender representative Dan Botich explained the proposal to the Council, saying, "We normally work on an hourly basis not to exceed

Bruce Hartman, CPA/State Examiner  
Indiana State Board of Accounts  
March 1, 2013  
Page 2

amount.” The proposal at issue involved a study of the tax impact of a proposed allocation (TIF) area and a second study related to possible payments by the Burns Harbor Sanitary Board to the Town’s general fund in lieu of taxes (PILT). Regarding this proposal, Botich represented to the Council that the work should not exceed seventeen hundred dollars (\$1,700). The actual motion passed by the Council, as the minutes reflect, stated: “The motion is to engage Cender & Company per the proposal they prepared recognizing its hourly [rate] and you [Cender] are authorized up to seventeen hundred dollars for those two matters and have them on the twenty first.” (See page 8) Limiting work to matters previously approved by the Council, as the Examination contends, was not the agreement approved by the Town Council on September 8, 2010.

Second, the Examination does not identify the date or subject matter of the invoices alleged to be improperly paid. Without being able to determine the nature of the services reflected by the invoices, the Town cannot precisely respond to the Examination. I have reviewed each of the invoices submitted by Cender to the Town since the September 8, 2010, meeting. All of the invoices directed by Cender to the Town’s Redevelopment Commission since that date reference the September 8, 2010 engagement. One invoice to the Town Council, dated October 19, 2010, also references the September 8, 2010, engagement. These invoices appear to be properly payable in accordance with a correct understanding of the action taken by the Council on September 8, 2010.

The remaining invoices to the Town Council since October 9, 2010 (including the latest invoice dated November 30, 2012), do not reference the September 8, 2010, engagement. However, the majority, if not all, of the time entries can be related to the filing of an application for an extension of tax abatement by ArcelorMittal in June, 2011. The Council addressed this matter at its June 27, 2011 meeting, where the Council approved engaging Cender to study the implications of the application. The relevant excerpt from the meeting minutes is attached. The motion is found on page 3 and the unanimous vote is found on page 5. The Council considered the abatement application, and various other scenarios related to increasing revenues, throughout 2011 and on into 2012, when three new members were sworn into office. It is my opinion that most, if not all of the matters on the Cender invoices to the Town since June, 2011, are related to or arise out of the filing of the tax abatement application by ArcelorMittal and were therefore authorized by the Council’s action on June 27, 2011.

Finally, to the extent that all of Cender’s invoices have been approved by the Town Council at public meetings *prior to payment*, there have been no services performed that were not approved by the Council at a public meeting. Whenever the Council has approved claims for services performed by Cender, at an open meeting, it has essentially ratified the request for the services, regardless of whether the services were initially requested by one of the Council members. The Examination correctly notes that a governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. Equally important is the fact that the Town’s legislative body has the power to reconsider and override the policies it has previously adopted. Since the Council did

Bruce Hartman, CPA/State Examiner  
Indiana State Board of Accounts  
March 1, 2013  
Page 3

not direct payment of any invoice that did not receive approval by a majority of its members at a public meeting, there has been no violation of the policy as it has been expressed in the Examination.

### Building Permit Fees

The Examination claims that the Town's building permit fees, in particular, the occupancy permit fee, are not clearly defined with respect to multiple-unit structures. For the following reasons, I disagree that the Town has not complied with its ordinances, in particular the ordinance regarding occupancy fees.

Section 15-3-9 of the Burns Harbor Town Code, which addresses certificates of occupancy, states:

No change in the use or occupancy of land, **nor any change in the use or occupancy in an existing Building**, shall be made, nor shall any new Building be occupied, until a Certificate of Occupancy has been issued by the Building Commissioner who prior to the issuance of said Certificate shall determine that the new occupancy or improvements comply with all provisions of the Town Code. The Certificate of Occupancy shall be applied for coincidentally with the application for any required Improvement Location Permits but shall not be issued until any erection, reconstruction, or Structural Alterations or other improvements of the land have been completed. Records of all Certificates of Occupancy issued shall be kept on file in the office of the Building Commissioner and copies shall be furnished upon request to any interested Person having a proprietary or tenancy interest in the Building or land affected.

I emphasize the first sentence because I believe it allows for separate inspection fees for each unit in a multi-unit building. In a multi-unit building, there may be certain units of the building permitted for occupancy while others are not. For example, Unit A may be ready for occupancy, while Units B-D are not. The Town's Building Commissioner informs me that each of the units in the only multiple unit structures in Town are separately metered for water and electric. For this reason, each unit will require separate plumbing and electrical inspections. Therefore, while some units may be ready for an occupancy inspection, others may not. When the additional units become ready for occupancy, there occurs a "change in the use or occupancy in an existing Building" which requires an additional occupancy inspection and permit pursuant to Section 15-3-9. For this reason, it is my opinion that the Town Code supports the imposition of a separate occupancy inspection fee for each unit in a multi-unit building.

The matter is most likely raised in the Examination because of a letter Mr. James Combs, the developer of the Traditions Apartments, sent to Charles Pride. Unfortunately, Mr. Combs did not follow the proper channels for appealing the occupancy permit fees, as provided in Town Code.

Bruce Hartman, CPA/State Examiner  
Indiana State Board of Accounts  
March 1, 2013  
Page 4

Section 15-3-14 provides for a Right of Appeal for individuals who believe that the Building Commissioner has made a particular decision in error:

All Persons aggrieved by a decision of the Building Commissioner may appeal said decision to the Board of Zoning Appeals following the procedures outlined in Section 15-4-4 of the Town Code.

This section permits Mr. Combs, or any other individual to appeal a building permit fee that is believed to be wrongly calculated. The bottom line is that I do not believe the building department charged fees contrary to the fee schedule. However, the Town of Burns Harbor Plan Commission initiated a revision to its occupancy permit fees to clarify any ambiguity. On October 17, 2012, the Town Council adopted Ordinance 249-2012. The amendments adopted by Ordinance 249-2012 clarify the fact that occupancy permits will be charged for each unit in a multiple unit structure. The Ordinance also addresses sewer tap inspection fees, which although raised by Mr. Combs in his letter to Mr. Pride, were not addressed in the Examination.

#### Uniform Allowance for Police Officers

The final matter raised by the Examination concerns the matter of a Uniform Allowance payable to the members of the Town Marshal's Department. The Examination states that the Town "has not adopted a Home Rule Ordinance addressing a uniform allowance for police officers." The Examination points out that the Town Council did pass a Resolution to adopt a uniform allowance effective December, 2012. However, the uniform allowance was not adopted *by ordinance*, and to rectify this failure, the Town Council adopted Ordinance 252-2013 on February 19, 2013, which more formally establishes the uniform allowance, making it retroactive to December 1, 2012, the date of the first payments of the allowance. The ordinance was reviewed by the Town attorney prior to passage and adoption.

If you require additional information regarding this matter, please contact me at your convenience.

Sincerely,

HARRIS WELSH & LUKMANN



Charles F.G. Parkinson  
[cparkinson@hwllaw.com](mailto:cparkinson@hwllaw.com)

cc: Jane Jordan, Town of Burns Harbor Clerk-Treasurer  
James McGee, Town Council President

September 8, 2010

**Resolution 2010-09 Fire Department Transfer:**

Councilman Perrine made a motion that the Town adopts **RESOLUTION 2010-09** BE IT HEREBY RESOLVED BY THE TOWN COUNCIL of the TOWN OF BURNS HARBOR, PORTER COUNTY, INDIANA that the following transfer of funds be made within the Fire Department's 2010 budget:

\$ 500.00 from Travel Expense, 4-131  
into Uniforms, 4-244.

Councilman Fleming seconded the motion. Councilman Perrine – Aye, Councilman McGee – Aye, Councilman Fleming – Aye, Councilman Bain – Absent, Councilwoman Biancardi – Absent.  
**Motion passed.**

**Weaver-Boos Phase I Study \$500 Addendum:**

Councilman Fleming stated when we did the Weaver Boos Phase I in the RDC we agreed to pay for the title search of \$500 so it is before us. I move that we pay the additional amount. Councilman Perrine seconded the motion. Councilman Perrine stated is this concerning the property that the bank has contacted us on. Clerk-Treasurer Jordan stated yes. Councilman Perrine stated am I to understand that it is likely that they are going to reimburse us for all the money that we have spent including this money? Can we lien the property for it? Clerk-Treasurer Jordan stated that the property has already been liened for the demolition of the building. They have agreed to pay that cost and they have also agreed to pay the cost the town incurred to file and release that lien. They indicated on the phone when we were discussing that they plan to do a Phase I Study and I had indicated that the Town was already having one completed and that maybe they would negotiate with the Town for the results of that study and reimburse the Town. It sounded like they may be interested in doing that but I do not know if the person I spoke to has that authority to agree to that. I do not have authority on behalf of the Town to agree to anything either. Councilman Perrine stated but we will lien the property for that? Clerk-Treasurer Jordan stated we can not lien the property for the Phase I Study. Councilman Perrine stated I guess we ought to pay the five hundred dollars additional and negotiate with the bank or whoever purchases the property to get our money back. Apparently the bank is anxious to get that property out from under lien free and clear and available. Councilman McGee stated will you work with the bank to see if they wouldn't absorb the Phase I cost. Clerk-Treasurer Jordan stated sure if that is what the Council would like. Councilman Perrine stated there is no sense in halting what we are doing for four or five hundred dollars. Councilman Perrine – Aye, Councilman McGee – Aye, Councilman Fleming – Aye, Councilman Bain – Absent, Councilwoman Biancardi – Absent. **Motion passed.**

**Financial Adviser Proposal:**

Councilman Perrine stated we are supposed to make some kind of motion to fund the agreement. There are a couple of things I would like to discuss before we decide if we are going to look for money or not. It is my understanding that as it stands right now, if we enter into this contract they are going to work specifically on a per hour basis and only on those things that we tell them we want them to do. I guess with that in mind and if requests for them to do something have to come as a majority vote of the Redevelopment Commission in an open meeting I wouldn't have a problem with trying to find the money for it. I believe that if we are going to have a financial advisor then we need to put some strict limitations on what they can and can not do and how they go about making the Town liable for money. I think I would not be comfortable giving the cart blanche but if we specify that they get paid on work we direct them to do at an open meeting and we are not obligating ourselves for anything other than work they are directed to do at this time then I don't see a problem with it. If they are working on an hourly basis and we do not obligate ourselves for the entire contract unless we specifically direct them in a meeting to do the work then I would move that we go ahead and direct Jane (Clerk-Treasurer Jordan) to find the money or have us make an additional appropriation out of something. Half of the fifty thousand is only if we would decide to refinance the bond anyway because that is the most costly part of it. I am not sure that is something we want to or can do. Those are questions we probably can have answered without necessarily spending a lot of money. I am not sure I want to TIF the whole Town either. Councilman McGee stated and that would have to be through the RDC meeting? Councilman Perrine stated right. Councilman Fleming stated I would not mind if we initiate the first phase of what they are doing which is to provide us with information for the September twenty one meeting as it relates to what we're intending for this step one. Councilman Perrine withdrew his motion.

Dan Botich with Cender & Company of Merrillville, Indiana introduced himself and his company.

Councilman Fleming stated we have an RDC meeting scheduled for the twenty first and the idea would be the initial scope of effort is to come back to use with information as it relates to the initial phase of the proposal. I would like to initiate that part of it so we don't wait until the twenty first to make that decision. Do you have any idea what your initial efforts will cost. Mr. Botich stated the initial efforts would be to determine the impact of an allocation area on the Town of Burns Harbor

September 8, 2010

depending on a varying level amount of the captured assessed value in that allocation area. We can do that based upon a one million dollar capture, ten million dollar capture, twenty five, fifty, seventy five and one hundred so you get a good range in what is occurring. Typically what we would do is show a tax rate impact had you had that allocation area created. How many would that lower the tax rate based upon the current tax rate that you have in 2010. Additionally we would show the impact to the cumulative funds for the town as well as the other overlapping taxing units. In addition to that we would show what the impact to an average one hundred thousand net assessed home or in this case it would be non-homestead residentially assessed or other property because you are currently below the circuit breaker so the capture would not impact any residential homestead. Councilman Fleming stated how much would the fees be associated with that and can it be accomplished by the twenty first? Mr. Botich stated sure. I can have it for you tomorrow actually. It should not be more than three or four hours of my time. My time is at one hundred and forty dollars an hour.

Councilman McGee stated does that include answering questions we had? Councilman Perrine stated we do not have any tough questions because we have not decided to take any specific action. We are still looking. I am not in favor of TIFing the entire mill. But I need to have some additional information to make my final decision on that and I don't have all of that information at my disposal. One of the questions I would have would be which, is not part of the proposal but if I explain it to you maybe you could give me an idea on if you could do it and how much time it would take. We have a TIF zone currently and currently we are bring in three hundred and some odd thousand dollars a year with that. That TIF was put in place with RDC bonds. My question would be and the biggest question I've got would be looking at our sewer revenues and looking the bond we currently have outstanding what do you think, and it would require contacting our bond council, would it be possible and based upon our revenue with the sewer bonds would it be possible would it be feasible to take accumulated money that we have currently towards the bond issue now and augment that with some but nowhere near all our current monies that we have that the Sanitary Board set aside could we pay off the current bond issue we have pay it down with the money we have available and then take the remaining amount of money and finance a bond issue with revenue from the sanitary income that we have and do away with those bonds then freeing up the three hundred and some odd thousand dollars a year we are bring in with our current TIF to be used and put the obligation of paying off the remainder of what monies we can't pay off with current funds put that on the sanitary income that we have and take that three hundred thousand dollars and use it for development of the Town. I have already spoken with DLGF about that and they would have no problem if we did that but they said our financial advisor or someone has to take it to our bond council and see if that is a possibility with the way the bond issue was done up. If we could pay off most with what we have got and then finance another bond issue with revenue bonds to pay off the remainder. Mr. Botich stated if I am understanding the question you are asking can you pay off or redeem the bonds that are currently existing from the pledge of tax increment on the economic development revenue bonds first. There is a shortfall currently on the tax increment which is why you have the difference being picked up by the revenue. Councilman Perrine stated actually the revenue bonds were put in place to specifically pay off the sewers. So, it is not sufficient anymore so now we have the tax levy. My question is can we pay it off with money we have available and what ever is left over float a revenue bond issue that the sanitary revenue is then paying for freeing up that money for other uses. And if we could based upon the revenue that we generate we generate would it actually be financially feasible for us to do that. You can get any figures that we have got currently from Jane (Clerk-Treasurer Jordan) and what our revenues are on a yearly bases and what we have got in the bank but that is my first question before we would look at TIFing a bunch of other stuff. Can we possibly do that? Mr. Botich stated that is a number of questions you asked. The answer would be first we need to look at the final official statement relating to that bond issue to make sure or verify that the bonds can be called or redeemed prior to redemption. In some cases bonds can not be. Councilman Fleming stated can you have that by the twenty first. Mr. Botich stated yes I can, as long as I can find out the bond council. You're next question is can you then pay off or redeem those bonds and refinance the balance so that you now free up your tax increment. The next question is what is the impact or is it financially feasible to pay off X for Y amount of savings. Is it financially feasible to refinance the bonds. Just an example is that if you were to refinance five hundred thousand and you would have a savings of fifty thousand dollars but it was going to cost you one hundred and fifty thousand to do that. That is your decision as a Council. Councilman Fleming stated you can have that information for us on the twenty first. Clerk-Treasurer Jordan stated I have some information from Umbaugh. I spoke to them after I spoke to you (Councilman Perrine). It is feasible to refinance the bonds or to pay them off early. If you were to go with a revenue bond based upon our last rate study they would recommend that we have a rate increase. They would not recommend that we refinance the bonds at this time considering the pay off date and the fact that we have money sitting in our funds. They don't feel that refinancing because the average refinance is a hundred thousand dollars that financially it is not a wise move. If you want to refinance for other than cost savings or financial issue but, knowing our history and knowing they did our rate study, they would say yes it can be done but it would probably cause us to have to increase our rates. Mr. Botich stated I can not comment to that because I am not

September 8, 2010

privity to that information. Councilman Perrine stated the idea of refinancing the bonds with revenue bonds is not necessarily to save the Town money. It's to free up money for capital expenditures and things of that type to make money available through the TIF district that is already here. As far as increasing the sanitary rate you would expect them to say that or most financial advisors to say that because we were told during the last rate study that we should not lower the rate in fact we might consider raising the rate when we did the last study. However we have three quarters of a million dollars sitting in the bank at the current rate. Something terrible could happen and we would have to have three quarters of a million dollars to keep the sewers going. I don't think that is the case. My thought is we have excess money in there now. We are no where near spending the money that we are bringing in. If we could take the cost of the sewers off of the Town's back and put it in revenue bonds at the sanitary department that frees up three hundred thousand dollars or more. It could indeed free up even more money because it is possible that we are going to have some more construction in the TIF zone in the net real distant future. Realistically we did not have a sewer system in place so we were not making any money but realistically sanitary development and things of that type are done with revenue bonds from the Sanitary Board anyway. We could not do it initially because we have no money coming in, no sewer in the first place. Ideally, Sanitary Board should be paying those bonds off through their revenue anyhow. I am certainly not in favor of raising the sanitary fee. We would have to sit down and look at that and see if it needed to be done. I for one don't really think we need to raise the fee but I would rather shift that to the Sanitary Board and take some burden off of the tax payers so that we don't have to worry about either raising taxes for a while or creating another TIF zone and capturing any growth to do capital projects instead of operating the Town with it or keeping the budget low. I don't think we would have to raise the sanitary funds to pay it off but it depends on how much we are talking about financing and for how long and what rate we can get. Those are questions we need to know. How much would we need to finance. When would it be most feasible to do that come next year we get a fairly decent chunk of money from the TIF. That is an additional amount of money that can go towards paying the bond off. Maybe we have to wait until we get our entire draw next year before we did it. We have got three quarters of a million dollars sitting in the bank for the Sanitary Board. We have got a goodly amount of money sitting in the bank for the bond issue now. We will have some more the beginning of next year. The bond issue is a little over three million dollars that we need to pay off. I really think it is in our best interest in paying it down as soon as we can with existing monies and maybe having to wait until the draw next year and then taking it over with revenue bonds and freeing the TIF up from that burden and getting that money available for other uses. I would rather do that then to attempt to TIF the rest of the mill and do a bunch of stuff like that.

Councilman Fleming stated is this a Council decision. From a financial standpoint if we are paying five percent on a bond earning a tenth of a percent in the bank, I would want to identify those dollars that could safely be used to prepay that bond and save those costs. I don't know if the Council suggests that or we go through the Sanitary Board or how we want to handle it. But if I have three quarters of a million and you are telling me all I need is two fifty, well that is five hundred thousand I am paying five percent and I am getting a tenth of a percent in the bank I would rather pay off the five percent. If it knocked me short then of course it is another situation I would want to make sure we had an adequate reserve.

Councilman Perrine stated with the Sanitary Board if we spent money to pay the bond issue down and left ourselves reasonable cushion of a quarter of a million dollars or whatever, if something happened some unforeseen calamity happened and we had to raise the sanitary fees, we would have to raise sanitary fees. I don't foresee that happening but I can not see I don't have a crystal ball. I can see that we need to have some money. We need to have some additional money freed up for the Town to get some things done that we are not getting done now. Do we have to go and search for more money, bigger TIF zones and things of that type or do we need to take what is available now and utilize it in a wiser manner. I think if we could free up the current TIF money and be able to afford a revenue bond issue to pay off the remainder of what we are currently obligated to pay off, I think that is the wisest way of going about it. We need some fast figures on that. I am not saying as a way of saving the Town a lot of money. I am looking at it as a way of taking. Right now we are getting a lot of money into the Sanitary Board and it is just building and building and maybe we will need it and maybe we won't but right now it just keeps getting more and more money. On the other side of the coin on the tax side the operations side the capital side of the Town we find ourselves short money. I think the sewer bonds should be shifted to the Sanitary Board. If financially feasible that is what we should do. I am not one hundred percent sure that we need to raise rates looking at our past history you can't foretell the future maybe the plant will blow up I don't know. Maybe half the sewer system in town will fail but the way things are going. We are video cameraing our entire system periodically. We have routine maintenance scheduled on all of our lift stations. The mill has given us no indication that they feel that there is any major expenditures coming up on the horizon at the plant out there. We're basically we're operating the sanitary system at a level that is sufficient. We are doing the maintenance we got to do. We have spare parts on the shelf. We've got at the

September 8, 2010

current time a well functioning system with adequate supply of parts with contracts in place with people to clean the lift stations out and monitor the lines and do all this stuff and we are still piling money up. I think instead of sitting back there, like a dragon on its nest of gold that we need to see if we can spend that money and free up some tax dollars.

Councilman Fleming stated who would purpose that analysis for the Sanitary Board is that an Umbaugh? Clerk-Treasurer Jordan stated in the past Umbaugh has done that. There is a couple of suggestions as well that we have made in the past is that you can move money from the Sanitary Fund to the General Fund in a couple of ways that the Board isn't doing right now. Part of my salary could be paid out of Sanitation and it is not. That would free up money in the General Fund because I do sanitary business and that is very common to see across the State. Also, there is something called in lieu of taxes and since the sanitary plant is owned by the Town and we are tax exempt. But you can actually charge your sanitary plant something called in lieu of taxes so instead of them paying property taxes to the County, you would calculate how much that property is worth and pay the Town in lieu of taxes, that could take money out of sanitation and put it into the General Fund and be spent for other things as well. Those are some options you could do to free up money or pay money out of sanitary into the General Fund that could be used for capital projects. Councilman Perrine stated that is an option too. That is why we need a financial advisor to look into it. If it is not feasible to retire that bond issue then in lieu of taxes we could put in money to pay part of the bond issue or maybe we could put into the General Fund. I believe that money that we are getting from the current sanitary bill are just sitting and stock-piling and it would be better put to use if we could get them into the Town one way or the other. So perhaps, we need to have that question asked and answered. How much is that property worth and how much could we put into the town budget somewhere in lieu of taxes. I don't care how we get it in there. Perhaps in lieu of taxes instead of a bond issue is better because if we fall short we can stop paying in lieu of tax money, instead of raising sanitary fees. But I think the first question or the first answer we need to have is how do we go about getting money from the Sanitary Fund to the Town and take the burden of paying for the sewers off the backs of the tax payers in town and shift it onto the Sanitary Board because that is what they are paying the forty dollars a month for anyway. The forty dollars a month is supposed to take care of the sanitary system and right now it is not. It is paying money for what we are doing as far as our maintenance and stuff but it is no where near what we collect. Some of that money needs to go back into relieving the tax payers because they are paying all of that money to us. If in lieu of tax is better I don't care. We just need to shift some money around in a legal way.

Councilman McGee stated you brought up a quite a few points and so has Jane (Clerk-Treasurer Jordan) but don't take this wrong here but I heard us mention Umbaugh how much does that cost us for those answers. Umbaugh has given us those answers before when we did the rate study. They told those things to the Sanitary Board at the time, so those are numbers that in 2008. So, what do we need them (Cender & Company) for? This is what I am trying to get a balance here. We are looking at monies for the Town and if I have one advisor now and I am look at another one now so I am trying to balance out here and I am a little confused. The existing bond will be paid off in 2016. Why do we need to look at other TIF areas because we want generate but what because we are going to be asked why we want to do things. Why we are doing particular things. So, and here we are looking at money and I am looking at two advisors when I had one study done already. Councilman Perrine stated that study is different than what we are talking about now. Whether it is this company or Umbaugh, when we come up with these additional questions we are paying somebody. We have Umbaugh on a fifteen hundred dollar retainer to monitor the 2005 bond issue. If you look at the fees that we are charged to be honest Umbaugh charges us more than they do. If we ask Umbaugh to do something and they are going to bill us according to the contract that they presented to us for information we asked for their hourly rates higher than their rates are. So, if you ask Umbaugh to do a five hour job or you ask them to do a five hour job you are paying Umbaugh more to do the same job. So, that is one of the reasons why it was decided to go with their company than Umbaugh because their hourly rates were much cheaper.

Councilman McGee stated from all this discussion what are you going to give us on the twenty third and how much? Mr. Botich stated it is a good question as to how much because there are a lot of questions that are accruing here and being asked. The first issue is that you are looking to determine in working with the Town Council and Mrs. Jordan the Clerk-Treasurer to determine how you get money or move money or use funds from the sanitary district in order to pay off your bonds early. As Councilman Fleming stated why should we be paying five percent interest I don't know it could be interest on bonds six, seven years out as apposed to calling them early if in fact you can call them early I will assume what Mrs. Jordan stated is true and they can be called early but I have not seen them. Clerk-Treasurer Jordan stated yes, they can be called early. We are paying less than five percent and we do have money sitting aside. I would have concern paying them now considering the problems we have in the recent past with County not paying timely those funds have helped keep the Town afloat when other communities have had to take out tax anticipation warrants. I am not

September 8, 2010

suggesting that that could happen again but we have not had good history with the County and getting the tax bills out timely and correctly. We are not paying five percent we are paying on an average about four and a half. We are collecting one and a quarter percent interest and yes there is still a difference with the money but I think we have enough money if we continue to go as we are we should be able to pay the bonds off in 2013 or 2014 at the latest even though the last payment is due 2016. Councilman Perrine stated and if paying off the bond issue and refinancing it through revenue bonds is not the best idea that is fine. I am not married to either idea. If we could bring money out of sanitary department into the town by in lieu of tax agreement that is fine too, I just think the Sanitary Fund need to start getting used instead of sitting there and accumulating. I think putting them to something the bond issue or whatever is what we need to do. If that is entering into an agreement to pay money in lieu of taxes that is fine. If the property out there is worth enough but in lieu of taxes, I do not know if you are familiar with that or not, but if you assess the property out there do you pay the full amount that it is assessed at or do you pay what the tax would be? Mr. Botich stated based upon the payment in lieu of taxes or PILT it is based upon the assessed value of the property however the Town Council determines to invoice or the auditor manually bill or the treasurer manually bill for that payment in lieu of taxes based upon a reasonable calculation of what that payment in lieu of taxes would be. You determine what it is going to be. It could be based upon assessed value. It could be based upon based on the gross square footage. It could be based upon the frontage. It could be based upon the liner track if it is a railroad. It could be based on square footage throughout the whole town if it is NISPCO. It is based upon what you determine is a reasonable payment in lieu of taxes.

Councilman Perrine stated if the property were assessed at say a million dollars could you pay that much in if you wanted? Mr. Botich stated charge a million dollars for it? Councilman Perrine stated well what I am getting at is if the property is assessed at one hundred thousand dollars that is not what you would pay in taxes. Is the maximum amount you can pay in lieu of taxes the amount you would pay if you were taxed on it? Mr. Botich stated no, but it has to be reasonable. Councilman Perrine stated it can be several times that amount? Mr. Botich stated if that is considered reasonable, yes. I would highly doubt that that would be reasonable per a hundred thousand you are going to pay one dollar seventy eight cents so seventeen hundred dollars. If the Town comes and requests a payment in lieu of taxes ten thousand dollars that might be a little bit unreasonable. Councilman Perrine stated so in actuality if we go for a payment in lieu of taxes that amount of money that the Sanitary Board would be able to pay would be the taxable about of the value of the property. Mr. Botich stated I did not say that. I said it had to be reasonable. Councilman Perrine stated it wouldn't be two or three times the taxable amount. Mr. Botich stated however you determine that payment in lieu of taxes to be calculated. How you determine that to be reasonable. Councilman Perrine based upon the plant or the entire sewer infrastructure? Mr. Botich stated that is also a question that needs to be answered in the agreement for payment in lieu of taxes. I would assume your sanitary sewer district has lines that go under your right of way. So they physically own property whether it be a pumping station, lift station or actual property where the facility is located. Clerk-Treasurer Jordan stated it is usually something you charge annually and they can either pay annually or they pay it bi-annually similarly to if they were paying taxes. That is how many municipalities handle it.

Councilman McGee stated so what are you going to give us on the twenty first. Mr. Botich stated first of all I am looking at providing an impact of an allocation area based upon several scenarios of captured AV. I can prepare that for you as we discussed earlier based upon captured AV and non-homestead property owner basically two percent or three percent. They are the individual property owners and personal property that would be impacted as well as the Cumulative Fund impact for the amount scenario of captured assessed value. We can also be looking to a brief summary or look at in a quick fashion the official statement and bond transcripts to determine just to insure, I am a person that visually needs to see I can agree that Umbaugh has determined that they can be called and I would trust the Clerk-Treasurer but I need to see that. Councilman Perrine stated I would say on that issue you should not pursue that any further at this time. If Jane contacted Umbaugh and they gave us that there is no sense in getting two. Mr. Botich stated we would still need the bond transcript in order to determine what your refinancing would be how you want to move forward. You have come up with a lot of creative strategies on how you want to prepare or determine your strategy. You are asking me how do I respond. I am having difficulty doing that because you have so many different conditions or factors that are revolving around what you want to do.

Councilman Perrine stated what I am looking at and I do not know about the rest of the Council but what I am looking at now is this payment in lieu of tax would be a better way to go than trying to pay off the bonds and then issue revenue bonds to cover the rest of it because payment in lieu of tax can be cancelled. If something were to happen and Sanitary Board could no longer afford to pay the money then they could stop paying the money the Town might have to increase the taxes to offset the loss of that money but perhaps that is something we should look at before we look at paying off the bond issue and floating new bonds and get a determination upon how much the property at the mill

September 8, 2010

and the town infrastructure. What I am looking at is coming up with something that would allow us to put one or two hundred thousand dollars into the town's budget and I do not have any idea how much the property at the mill is valued at and the infrastructure. If it is based upon taxes owed if it were a taxable piece of property we would have to probably have to include not only the plant which there is not a whole lot of out there except pits and a small pumping station. I am thinking we might have to through the whole infrastructure in to and get an idea of what the plant and the entire infrastructure in town is worth and come up with a figure based upon what we would pay if we were taxed on all of that and see if we could come up with a figure that we enter into an agreement with the Sanitary Board and get a reasonable amount of money put into the town budget to free up the tax dollars. That would probably be a question I would rather see answered before we pursue the retiring the bonds and obligating the Sanitary Board.

Mr. Botich stated there is another issue considering the allocation area. Your current allocation area is not generating enough tax increment to cover the debt service on the bonds. I believe you are short four hundred seventy five. There is a creative strategy where you expand your allocation area and then determine how much assess value that ArcelorMittal would be placing in service whether it be personal property or real property and then based upon what I would provide for you tomorrow, determine how much of that assessed value you would need to capture to expand your allocation area which you can do. You would go before the Indiana Economic Development Commission to do that. However, one of the conditions is that you have a tax increment insufficiency or a shortfall to pay the bond which you meet those criteria. No one in the state has done that yet to my knowledge. However if they were to put in say one hundred million dollars of new assessed value you may not need to capture it all. You just are looking to capture an additional four hundred five hundred thousand dollars which would then become tax increment which would make you sufficient in your debt service payment you then free up sanitary from covering or the town from picking up the difference because that was the back up enhancement incase there was a shortfall.

Clerk-Treasurer Jordan stated the mill has one hundred percent tax abatement. So, you are not going to see any TIF money from them until that starts falling off. Mr. Botich stated when was the assessed value deduction approved? Councilman Perrine stated actually it was done with Bethlehem Steel and it wasn't done to assist the mill with their financial difficulty. But, in turn they paid us nine hundred thousand dollars a year towards the sanitary bond issue. Clerk-Treasurer Jordan stated ISG negotiated that. That was part of a negotiation at the County so that ISG would come in instead of paying their taxes. That was all negotiated with them and that comes off at the end of 2013 but it is a ten year abatement. So, even if they built something in 2013 it is abated and it would fall off over a ten year period. Councilman Perrine stated we are digressing. I don't think the idea behind the increase in TIF was to make up the five hundred thousand dollars that we are shortfall. Hopeful it would be that we have money to spend to do other things with. I believe that was the idea behind it. I would much rather see trying to come up with some money by putting some of the excess Sanitary Board money we have in to play in the town rather than sitting on it. There are a number of difference of opinions on the Council about directions and what ought to be spent and how it ought to be spent and where money ought to be should this be done or that be done. We are not exactly in one hundred percent consensus on everything.

Councilman Floming stated we have a financial advisor that is going to gauge what the Redevelopment Commission expand the TIF. If we want to broaden that engagement I think you brought up a question that needs to be addressed that is what is the cost of our capital in this community? Right now if it is three percent that is twenty one thousand bucks a year at seven hundred bucks it's fifteen thousand. I don't know I am more of a conservative person I want to make sure I have a stash there. So, I would over save but at the end of the day if we have never sat down to do the assessment as it relates to the cost of capital is I think the Sanitary Board we ought to take this effort up. Because this is bring money into the operating that you wanted and it is more appropriately putting dollars being paid from the sources that should be paying it. There is a lot of merit in the things that you said Mike. I don't know that this evening is the place to do it but the Sanitary Board sounds to me as though. Councilman Perrine stated perhaps I loose site of the fact that they are all different Boards because we all sit on them. Ultimately if one Board makes a decision it pretty much carries through the rest of the Boards without a whole lot of discussion.

Councilman McGee stated so basically what do we want him to do before midnight tonight? Councilman Perrine stated I like the idea of a PILT. I would like to find out what the assessed value of the plant and the infrastructure is and how much we could realistically expect to get if we get a PILT between the Sanitary Board and the Town. How much we could realistically expect to pay the Town out of sewer monies, that way if something happens we could just do away with it. That way we could put the money wherever we want. We could put into the bonds. We could put it into the operational part of the budget. But I have a real problem see things going undone in town but then looking at the monthly revenue report and seeing this money just going up and up. And it is not that

September 8, 2010

we are not spending money there. We are spending the money at the time that needs to be spent to operate the system properly. It is not that we are not doing what we are supposed to be doing. We are doing everything that needs to be done at this time. The property is maintained and operating the sewer system but the money is piling up. Let's take some of that money and eliminate some of that tax burden on the town citizens because it is their money too. Even though it is going to the Sanitary Board it is still money that belongs to the.

Councilman McGee stated okay, that is one thing. What else.

Mr. Botich stated the first issue was to provide the taxes impact for any allocation capture in assessment. I will have that for you tomorrow by noon. The next is to look at a potential in lieu of taxes for the town to assess the PILT payment to the sanitary district based on the set of conditions or criteria specific to either the assess value of the facility. Now, we are going to have to look at if it is possible to assess infrastructure because there is no assessment associated with infrastructure underneath the easement. That would be more a cost issue so we will look at it. I should be able to get something back to you on the twenty first.

Burns Harbor resident Myrtle Zehner of Salt Creek Road stated the value of the plant is in the original bond. Councilman Perrine stated the original bond is not current as far as if it went up or not. Councilman Fleming stated can you get the documents to him. Clerk-Treasurer Jordan stated he just needs to tell me what he is looking for. Mr. Botich stated I will send her that in a document. Councilman McGee stated lets go through your list first. Let's get one done. Jane can help you quite a bit documents and everything and expedite things for you. You stay in communications and she will help you.

Councilman Perrine stated I do not know what the assessed value was I think we were supposed to pay them something like seven hundred and forty five thousand dollars.

Councilman McGee stated you have anything else for her. Mr. Botich stated that was the only two major issues that were discussed other than the ancillary or supplemental issue of refinancing which I don't think is an issue at this time. Councilman McGee stated what is the cost on that? Mr. Botich stated the hourly rates for our proposal are in the proposal we submitted. I would think three or four hours to do the quick tax impact for the allocation area. The payment in lieu of taxes should not take more than a day or ten hours. We normally work on an hourly basis not to exceed amount. Typically, it is a specific project we would provide a cost to you before we start however on a lot of other projects with our clients' daily questions as Mrs. Jordan can attest to is that the DLGF, State Board of Accounts will call on a daily basis for a specific reason for which she would need assistance and she would call us for assistance in completing that paperwork or documentation or consultation. However, that type of work is not approved at an open meeting as discussed earlier. She would call or a Council person would call based upon a discussion and have us prepare something for a subsequent meeting whether it be a Town Council meeting, a Redevelopment Commission meeting or a Sanitary Board meeting and then we would just charge at an hourly rate. So it would be a not to exceed amount. I would say it would be not to exceed twelve hundred dollars to do a quick analyses of PILT. We are very sensitive to our clients' financial positions. Councilman McGee stated is that plus the five. Is that for the whole total twelve hundred? Mr. Botich stated I would say eight hours of time whether it be mine or someone else in our firm to prepare the necessary in lieu of taxes scenario or summary report and submit that to Jane for your review. That would be twelve hundred dollars and then the five hundred for the Redevelopment Commission. Councilman Perrine stated so moved. Councilman Fleming seconded the motion. The motion is to engage Cender & Company per the proposal they prepared recognizing its hourly and you are authorized up to seventeen hundred dollars for those two matters and have them on the twenty first. Mr. Botich stated if I may add if it is less than that we are not going to charge you for the seventeen hundred dollars it will be for the hourly rate. . Councilman Perrine – Aye, Councilman McGee – Aye, Councilman Fleming – Aye, Councilman Bain – Absent, Councilwoman Biancardi – Absent. **Motion passed.**

#### **Update on Meeting with Senator Tallian:**

Councilman Perrine stated at the present time she has some questions that can not be answered. She feels it would not be worth pursuing any type of legislation until we know where we stand as far as the tax cap is concerned. How much property of each type that we have in town? Is there sufficient room for us to get more money? Of course as you look at the town's current tax rate it would appear that we have sufficient head room there to request additional tax monies and still be under the cap but we meet with her earlier than we should have. There are other things we need to look at and I think this is one of the things we need to look at too before we worry about legislation or attempting to place an additional tax burden on the community. We need to see how this PILT could work to help free up some money things of that type. We had a lot of questions and very few answers and when we met with Senator Tallian it became apparent we aren't anywhere near the answers that she needed

JUNE 27, 2011

Councilman Fleming stated I would also suggest that if this were the Town of Chesterton when I would petition, I request these kinds of matters of the Town allows me to do that they hire the consultants and I have to pay for it. So, I would think to the extent that we are moving forward, engaging people to help us make this determination that that would be an expense associated with the application itself.

Councilman McGee stated that on the motion or is that we don't have the discussion right now?

Councilman Bain stated unless Mike would like to amend his motion.

Councilman Perrine stated no, I wouldn't like to amend the motion but, I would listen to a second motion that says we try to get them to pay for it. If they won't then we flip the bill.

Councilman McGee stated okay, roll call.

Councilman Perrine – Aye, Councilman McGee – Aye, Councilman Fleming – Aye, Councilman Bain – Aye, Councilwoman Biancardi – Aye. **Motion passed.**

Councilman Perrine stated I would move on completion of this and our final bill from both attorneys govern this specific task that we present the bill to Mittal to see if they will pay it.

Councilman Bain stated second, as an associated expense with the application process.

Councilman McGee stated okay, and if they don't we pay? Any more discussion? Roll call.

Councilman Perrine – Aye, Councilman McGee – Aye, Councilman Fleming – Aye, Councilman Bain – Aye, Councilwoman Biancardi – Aye. **Motion passed.**

Councilman Perrine state I think the time is too short to get any kind of commitment from them to pay one way or the other.

Councilman Fleming stated I would like to make a motion that we engage a financial advisor either a Cender or an Umbaugh to conduct an impact study so, we can find out the ramifications are of doing all of this on our citizens over the next twenty years. Councilman Perrine stated I'll second it for Cender.

Councilman McGee stated we have a motion and a second. I have a question what can they I mean what can they tell us? I mean if we I mean what I mean they can say that it is not good or I mean what can they tell us about this?

Councilman Fleming stated they can tell us what the ramifications of doing it are. You may recall, which Mike has raised many times, several years ago it came time to set the tax rate in the town. We thought we knew what we were doing but apparently we've now hamstrunged ourselves because we probably needed more information. Now that I think about it Mike, I am somewhat concerned about the advise we got back then. But, this is a financial decision that bears on the future of the Town and its ability to collect taxes.

Councilman McGee stated so we really don't basically we really don't know what we don't.

Councilman Perrine stated they have already provided us with information on TIFing. We already got.

Councilman Fleming stated this has to do with tax abatement and there is a lot.

Councilman Perrine stated we are talking about doing the tax abatement not the TIF. They already did the projection on the TIF.

Councilman McGee stated I don't under I don't I just don't I can not comprehend what they can tell us. I mean but but maybe that's why we need them so they can explain it. Any more discussion?

Attorney Welsh stated I've got some discussion. Here is what is going to happen when I contact Cender, they are going to want to know what's the scope of the project, what they are actually supposed to do. And as it stands now, I would be telling them the Council wants you to study the impact of granting tax abatement. Their going to say to me exactly how do we do that because the abatement hasn't begun. We don't know when it is actually going to begin because no project for abatement has been identified and the cost of the project hasn't been identified and we don't know what the tax rate will be when that project comes up to be done and without all that financial knowledge we would not be able to tell you what the tax abatement would be. So, from a stand point of giving any kind of actual impact at that point they are going to say so what

JUNE 27, 2011

do you after they have told me that so what do you actually want me to do with the impact study? And I need to have an answer and I think one way we might be able to structure if this makes any sense to you or if you've got another way that you are thinking of I would be happy to have the guidance on that. One way that we could do it is to have them just take a hypothetical scenario using the tax rate that is present today and if that rate were applied to ten million dollars of abatement that came into play and then if it was the same rate three years from now and there was another ten million. They could tell us for the ten year term what those two staggered abatements might do by using today's tax rate and plugging in a hypothetical figure. If that is what you are looking for I can talk to them about that and I am sure that they can do that. If that is not what you are looking for, you have something else in mind I need to have the clarification so that when that question comes up I am going to be able to answer it and tell these guys just exactly what it is you want so that you don't get something you think is worthless.

Councilman Fleming stated I would like to ask them what they do for other communities. They got proposals up. They do it all the time for other communities when they do this. There obviously is a set of criteria that has been used before. How do I know what the criteria is?

Clerk-Treasurer Jordan stated Bob, keeping in mind that this is on personal property which depreciates. So, you have to throw the depreciation factor in there so what you use is a hypothetical. It's going to be well that is what we pay the accounts so.

Councilman Perrine stated I do not know the tax rate over the next thirteen years and each of those thirteen years we use twenty million dollars as what they put in. I don't know if they will.

Councilman Bain stated you could do a curve from ten to thirty million because that is about what this contract is saying.

Clerk-Treasurer Jordan stated what would you use a depreciation ratio value?

Councilman Bain stated their given per the tax code there is a given depreciation value on that investment that they can use when they claim their taxes. They should know that because that was something that was passed. We say ten on the first and the ten to twenty on the second.

Councilman Perrine stated I think if we just use the twenty million a year for thirteen years each year they spent twenty million and they get tax abatement each year on that twenty million dollar investment and its personal property and the tax rate stays the same that would give us something to look at.

Attorney Welsh stated that and Cliff says there are companies that do this all the time they have a methodology or format for doing it. If that is the case, I'll ask them to do what you do for others, if that's sufficient. If that's not sufficient then I'll do my best to get in to something that will give you some kind of particular detailed analysis, all be it, one that is hypothetical using some information that exists today because we don't know what the information would be at some point in time in the future. As far as cost on this, is there, we have Cender do some work in the past but I don't know what their charges have been. Where they hourly? Do you know what they were Jane?

Clerk-Treasurer Jordan I don't know the rate off the top of my head Bob, I'm sorry.

Attorney Welsh stated and I don't know how long ago it was and I don't know if they have had any rate changes but is that something that would be fairly easy for you to take a look at?

Clerk-Treasurer Jordan stated the rate would be the same. We adopted their contract last year but it would be the same that they charged us before I just don't know what that hourly rate is.

Attorney Welsh stated if that's taken care of then that solves my question because once again I was going to say I need some guidance as far as what I am authorized on behalf of the Board to commit you to. If we have already got a contract with them that has a specified rate then this will be a project under that contract and the rate would be guided by what you've agreed to. Now Cliff do you know if Cender actually does this? Okay, if they do not, there is a financial consultant on municipal finance in Indianapolis by the name of Ted Summors. He is a partner in a firm down there and if Cender & Company does not do this kind of work or would tell me that they don't want to do it or they can't do it, do I have you permission to contact Mr. Summors and see if this would be something that he would be willing to do and could do?

Councilman Perrine stated I don't see why not.

JUNE 27, 2011

Councilman McGee stated I have a question. Okay, what are we going to do with this information that is all speculation? I mean what are they going to tell us that is in stone with all these speculations? And what good is it to me?

Councilman Bain stated what it will do is it will give us an idea of the benefits of this tax abatement outside of what we are just seeing. Maybe there is something missing.

Councilman McGee stated of the benefit?

Councilman Bain stated yes or detriment.

Councilman Perrine stated it's not going to be accurate but what it will do it will tell you how much tax money you would lose over the term of the abatement period. It won't be accurate because we are using twenty million dollars and the current tax rate but it will give you some idea as to whether or not it's a good deal to do it or possibly we are throwing away a whole lot of tax money then we're receiving in return.

Attorney Welsh stated that would be true if the underlying assumption is also true which would be that the improvements would be made at this plant without the abatement as apposed to another plant.

Councilman Fleming stated I think you've already Mittal is obviously our best neighbor here and we also need to look at the impact positive impact to the community if something is built or bought you've got payroll, you've got a whole bunch of things that are positive so I think when they do this analysis it's not just a matter of okay this is a revenue loss, this is the revenue that comes in through additional jobs or retaining jobs. That is why everybody is painting this whole discussion negative. It is not really negative because there can be some wonderful benefits here. I would just like to know what they are so we can make an intelligent and informed decision.

Councilman Bain stated on one of these sheets it was three hundred and some odd jobs out there or employee and it is two hundred forty million dollars in revenue or payroll.

Councilman Fleming stated I think that to me you've got to take everything into having Mittal here we're very blessed. So, we have to make sure that we look at the good side not just the other side.

Councilman McGee stated okay, any more discussion roll call.

Councilman Perrine – Aye, Councilman McGee – Aye, Councilman Fleming – Aye, Councilman Bain – Aye, Councilwoman Biancardi – Aye. **Motion passed.**

Councilman McGee stated any more comments from the list of which will get clarified when he comes back. How are we going to get him the list of all the questions that we have and expedite it quick?

Councilwoman Biancardi stated and he said we were going to adopt this resolution tonight or we set a public hearing for it?

Councilman McGee stated I'll go on all of it when he gets over here I'll ask him that too. I'll just put it in the public right now. The public have any questions?

Councilman Perrine stated I don't think we can adopt it tonight.

Councilwoman Biancardi stated yeah, he said that.

Clerk-Treasurer Jordan stated you give it a preliminary approval tonight but you adopt it for final after the public hearing.

Councilman McGee stated Bob what I wanted to make up is how do we get the questions to you so we can expedite that? Stay on track. What is the easiest way?

Attorney Welsh stated call me, email me what ever is covenant for you. I am going to be in the office tomorrow email is always good for me when I'm in the office. The only time that breaks down well when I'm out of the office the telephone breaks down too. If I am in court I just can't be on the telephone but I am going to be in the office tomorrow so, any specific questions that you have in reference to the impact study or the Local Governmental Finance Board questions on your internal financial stuff tomorrow. And I think I am not going to do it tonight because it is