

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF CHESTERTON

PORTER COUNTY, INDIANA

January 1, 2011 to December 31, 2011



FILED
05/22/2013

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Accountant's Report.....	3
Financial Statement:	
Statement of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	6
Notes to Financial Statement.....	7-12
Supplementary Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	14-20
Schedule of Leases and Debt	21
Schedule of Capital Assets.....	22
Examination Results and Comments:	
Receipts.....	23
Major Moves	23
Exit Conference.....	24

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Gayle Polakowski	01-01-08 to 12-31-15
President of the Town Council	Sharon Darnell Nick Walding Emerson Delaney	01-01-11 to 12-31-11 01-01-12 to 12-31-12 01-01-13 to 12-31-13
President of Utility Service Board	Lawrence Brandt	01-01-11 to 12-31-13
President of Storm Water Management Board	Thomas Kopko	01-01-11 to 12-31-13
Superintendent of Utilities	Robert Lovell	01-01-11 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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF CHESTERTON, PORTER COUNTY, INDIANA

We have examined the accompanying financial statement of the Town of Chesterton (Town), for the year ended December 31, 2011. The financial statement is the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statement based on our 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 statement 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 statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement 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.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does 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 year ended December 31, 2011.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Town for the year ended December 31, 2011, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Town's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of 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 statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

January 28, 2013

(This page intentionally left blank.)

FINANCIAL STATEMENT

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

TOWN OF CHESTERTON
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	\$ 222,518	\$ 5,300,577	\$ 5,196,648	\$ 326,447
Motor Vehicle Highway	108,854	1,012,278	1,004,003	117,129
Local Road And Street	13,715	121,703	126,454	8,964
Park Nonreverting Operating	152,445	91,342	137,724	106,063
Police Continuing Ed	11,810	9,655	16,314	5,151
Riverboat	94,424	65,634	52,686	107,372
Parks And Recreation	139,643	232,402	332,290	39,755
Rainy Day	82,086	-	48,730	33,356
Major Moves Construction	302,038	19,842	202,301	119,579
Cumulative Capital Improvement Cigarette Tax	62,868	18,809	27,583	54,094
Cumulative Capital Development	77,660	12,116	-	89,776
Redevelopment	3,633,599	1,116,886	1,044,402	3,706,083
County Economic Development Income Tax	224,139	628,929	666,441	186,627
Police Pension	358,241	151,426	124,744	384,923
Fire Pension	255,712	68,896	69,523	255,085
Debt Service GO 2002	183,143	-	121,741	61,402
Storm 2000 Debt Service	33,919	66,314	100,083	150
Excess Levy	30,290	-	-	30,290
2011 Storm Debt	-	8,800	-	8,800
Dickinson Road Escrow	-	18,752	-	18,752
Fire Grant	2,966	40,978	41,081	2,863
Park Grant	26,410	-	-	26,410
Tree Gift	4,388	1,050	1,689	3,749
Park Gift	44,048	152,158	15,694	180,512
CCI Sewer	450,001	24,013	77,829	396,185
Fire Gift	29,553	25,227	19,843	34,937
Park Debt	186,958	201,703	261,640	127,021
CIP Grant Downtown Improvement	54,273	26,028	20,425	59,876
Police Gift	17,346	12,363	27,828	1,881
Police (DUI) Grants	3,673	19,377	20,004	3,046
Debt Service Storm Water	311,430	111,186	411,773	10,843
Park Impact Fees	97,193	19,907	-	117,100
Dickinson Rd Operating	862	47	-	909
Debt Reserve SRF	511,500	-	-	511,500
Park Non Reverting Land	60,916	-	-	60,916
KAT Escrow	500	-	-	500
Rd Debt Service	3,563	-	-	3,563
Town Gift	10	-	-	10
Sewer Bond Proceeds	1,112,740	2,116	966,310	148,546
GO 2010 Debt (15th Street)	-	64,146	59,328	4,818
15Th St Bond Proceeds	956,834	19,532	866,636	109,730
Payroll	162,976	5,494,467	5,490,577	166,866
Health Insurance	89,744	1,345,635	1,236,009	199,370
Storm Water Utility - Operating (MS4)	436,069	438,203	371,503	502,769
Wastewater Utility - Operating	1,074,391	3,671,744	3,344,497	1,401,638
Wastewater Utility - Bond And Interest	284,547	603,708	678,716	209,539
Wastewater Utility - Deprec/Improve	450,177	866,606	653,933	662,850
Wastewater Utility - Customer Deposit	97,038	31,240	29,881	98,397
Wastewater Utility - Improvement	119,257	161,634	-	280,891
Totals	\$ 12,576,467	\$ 22,277,429	\$ 23,866,863	\$ 10,987,033

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

TOWN OF CHESTERTON
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, county economic development income tax, boat and trailer excise 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, local road and street distribution received from the state, financial institution tax received

TOWN OF CHESTERTON
NOTES TO FINANCIAL STATEMENT
(Continued)

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, recycling fees, dog pound 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.

Penalties which 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 statement. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, 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 CHESTERTON
NOTES TO FINANCIAL STATEMENT
(Continued)

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

F. Interfund Transfers

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

TOWN OF CHESTERTON
NOTES TO FINANCIAL STATEMENT
(Continued)

State statutes authorize the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

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

Funding Policy and Annual Pension Cost

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

TOWN OF CHESTERTON
NOTES TO FINANCIAL STATEMENT
(Continued)

B. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

C. 1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

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

Plan Description

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

TOWN OF CHESTERTON
NOTES TO FINANCIAL STATEMENT
(Continued)

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

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

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

Funding Policy

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

Note 7. Subsequent Event

In July 2012, the Town issued Redevelopment Bonds totaling \$2,000,000. Principal and interest of \$82,947 is due February 1, 2013.

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/.

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 statement 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 CHESTERTON
 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 And Street	Park Nonreverting Operating	Police Continuing Ed	Riverboat	Parks And Recreation	Rainy Day
Cash and investments - beginning	\$ 222,518	\$ 108,854	\$ 13,715	\$ 152,445	\$ 11,810	\$ 94,424	\$ 139,643	\$ 82,086
Receipts:								
Taxes	3,489,215	657,454	-	-	-	-	210,412	-
Licenses and permits	153,943	-	-	-	-	-	-	-
Intergovernmental	357,640	349,105	121,703	-	-	65,634	18,375	-
Charges for services	1,064,058	1,700	-	91,342	-	-	3,060	-
Fines and forfeits	10,543	-	-	-	3,995	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	225,178	4,019	-	-	5,660	-	555	-
Total receipts	<u>5,300,577</u>	<u>1,012,278</u>	<u>121,703</u>	<u>91,342</u>	<u>9,655</u>	<u>65,634</u>	<u>232,402</u>	<u>-</u>
Disbursements:								
Personal services	3,468,383	727,143	-	-	-	-	246,332	-
Supplies	480,865	179,442	5,959	-	16,314	-	26,887	-
Other services and charges	1,073,171	97,418	-	137,724	-	-	59,071	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	120,495	-	-	-	-	48,730
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	174,229	-	-	-	-	52,686	-	-
Total disbursements	<u>5,196,648</u>	<u>1,004,003</u>	<u>126,454</u>	<u>137,724</u>	<u>16,314</u>	<u>52,686</u>	<u>332,290</u>	<u>48,730</u>
Excess (deficiency) of receipts over disbursements	<u>103,929</u>	<u>8,275</u>	<u>(4,751)</u>	<u>(46,382)</u>	<u>(6,659)</u>	<u>12,948</u>	<u>(99,888)</u>	<u>(48,730)</u>
Cash and investments - ending	<u>\$ 326,447</u>	<u>\$ 117,129</u>	<u>\$ 8,964</u>	<u>\$ 106,063</u>	<u>\$ 5,151</u>	<u>\$ 107,372</u>	<u>\$ 39,755</u>	<u>\$ 33,356</u>

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

	Major Moves Construction	Cumulative Capital Improvement Cigarette Tax	Cumulative Capital Development	Redevelopment	County Economic Development Income Tax	Police Pension	Fire Pension
Cash and investments - beginning	\$ 302,038	\$ 62,868	\$ 77,660	\$ 3,633,599	\$ 224,139	\$ 358,241	\$ 255,712
Receipts:							
Taxes	-	-	11,143	1,112,470	-	-	67,693
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	18,809	973	-	621,450	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	19,842	-	-	4,416	7,479	151,426	1,203
Total receipts	<u>19,842</u>	<u>18,809</u>	<u>12,116</u>	<u>1,116,886</u>	<u>628,929</u>	<u>151,426</u>	<u>68,896</u>
Disbursements:							
Personal services	-	-	-	-	147,682	124,744	69,523
Supplies	-	-	-	-	377,920	-	-
Other services and charges	-	-	-	-	600	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	202,301	27,583	-	1,044,402	140,239	-	-
Total disbursements	<u>202,301</u>	<u>27,583</u>	<u>-</u>	<u>1,044,402</u>	<u>666,441</u>	<u>124,744</u>	<u>69,523</u>
Excess (deficiency) of receipts over disbursements	<u>(182,459)</u>	<u>(8,774)</u>	<u>12,116</u>	<u>72,484</u>	<u>(37,512)</u>	<u>26,682</u>	<u>(627)</u>
Cash and investments - ending	<u>\$ 119,579</u>	<u>\$ 54,094</u>	<u>\$ 89,776</u>	<u>\$ 3,706,083</u>	<u>\$ 186,627</u>	<u>\$ 384,923</u>	<u>\$ 255,085</u>

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

	Debt Service GO 2002	Storm 2000 Debt Service	Excess Levy	2011 Storm Debt	Dickinson Road Escrow	Fire Grant	Park Grant
Cash and investments - beginning	\$ 183,143	\$ 33,919	\$ 30,290	\$ -	\$ -	\$ 2,966	\$ 26,410
Receipts:							
Taxes	-	60,305	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	5,266	-	-	-	-	-
Charges for services	-	-	-	-	18,752	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	743	-	8,800	-	40,978	-
Total receipts	<u>-</u>	<u>66,314</u>	<u>-</u>	<u>8,800</u>	<u>18,752</u>	<u>40,978</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	121,741	100,083	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	41,081	-
Total disbursements	<u>121,741</u>	<u>100,083</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,081</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(121,741)</u>	<u>(33,769)</u>	<u>-</u>	<u>8,800</u>	<u>18,752</u>	<u>(103)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 61,402</u>	<u>\$ 150</u>	<u>\$ 30,290</u>	<u>\$ 8,800</u>	<u>\$ 18,752</u>	<u>\$ 2,863</u>	<u>\$ 26,410</u>

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

	Tree Gift	Park Gift	CCI Sewer	Fire Gift	Park Debt	CIP Grant Downtown Improvement	Police Gift
Cash and investments - beginning	\$ 4,388	\$ 44,048	\$ 450,001	\$ 29,553	\$ 186,958	\$ 54,273	\$ 17,346
Receipts:							
Taxes	-	-	252	-	185,503	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	23,268	-	16,200	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	1,050	152,158	493	25,227	-	26,028	12,363
Total receipts	1,050	152,158	24,013	25,227	201,703	26,028	12,363
Disbursements:							
Personal services	-	15,694	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	261,640	-	-
Capital outlay	1,689	-	77,829	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	19,843	-	20,425	27,828
Total disbursements	1,689	15,694	77,829	19,843	261,640	20,425	27,828
Excess (deficiency) of receipts over disbursements	(639)	136,464	(53,816)	5,384	(59,937)	5,603	(15,465)
Cash and investments - ending	<u>\$ 3,749</u>	<u>\$ 180,512</u>	<u>\$ 396,185</u>	<u>\$ 34,937</u>	<u>\$ 127,021</u>	<u>\$ 59,876</u>	<u>\$ 1,881</u>

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

	Police (DUI) Grants	Debt Service Storm Water	Park Impact Fees	Dickinson Rd Operating	Debt Reserve SRF	Park Non Reverting Land	KAT Escrow
Cash and investments - beginning	\$ 3,673	\$ 311,430	\$ 97,193	\$ 862	\$ 511,500	\$ 60,916	\$ 500
Receipts:							
Taxes	-	102,256	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	8,930	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	19,377	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	19,907	47	-	-	-
Total receipts	19,377	111,186	19,907	47	-	-	-
Disbursements:							
Personal services	20,004	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	411,773	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	20,004	411,773	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	(627)	(300,587)	19,907	47	-	-	-
Cash and investments - ending	<u>\$ 3,046</u>	<u>\$ 10,843</u>	<u>\$ 117,100</u>	<u>\$ 909</u>	<u>\$ 511,500</u>	<u>\$ 60,916</u>	<u>\$ 500</u>

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

	Rd Debt Service	Town Gift	Sewer Bond Proceeds	GO 2010 Debt (15th Street)	15Th St Bond Proceeds	Payroll	Health Insurance
Cash and investments - beginning	\$ 3,563	\$ 10	\$ 1,112,740	\$ -	\$ 956,834	\$ 162,976	\$ 89,744
Receipts:							
Taxes	-	-	-	58,994	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	5,152	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	2,116	-	19,532	5,494,467	1,345,635
Total receipts	-	-	2,116	64,146	19,532	5,494,467	1,345,635
Disbursements:							
Personal services	-	-	-	-	-	4,315,007	1,236,009
Supplies	-	-	-	-	866,636	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	59,328	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	966,310	-	-	1,175,570	-
Total disbursements	-	-	966,310	59,328	866,636	5,490,577	1,236,009
Excess (deficiency) of receipts over disbursements	-	-	(964,194)	4,818	(847,104)	3,890	109,626
Cash and investments - ending	\$ 3,563	\$ 10	\$ 148,546	\$ 4,818	\$ 109,730	\$ 166,866	\$ 199,370

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

	Storm Water Utility -	Wastewater Utility -	Wastewater Utility - Bond And Interest	Wastewater Utility - Deprec/Improve	Wastewater Utility - Customer Deposit	Wastewater Utility - Improvement	Totals
	Operating (MS4)	Operating	Operating	Operating	Operating	Operating	Operating
Cash and investments - beginning	\$ 436,069	\$ 1,074,391	\$ 284,547	\$ 450,177	\$ 97,038	\$ 119,257	\$ 12,576,467
Receipts:							
Taxes	-	-	-	-	-	-	5,955,697
Licenses and permits	-	-	-	-	-	-	153,943
Intergovernmental	-	-	-	-	-	-	1,612,505
Charges for services	-	-	-	-	-	-	1,178,912
Fines and forfeits	-	-	-	-	-	-	33,915
Utility fees	437,488	3,592,108	-	452,606	31,240	161,634	4,675,076
Penalties	-	50,886	-	-	-	-	50,886
Other receipts	715	28,750	603,708	414,000	-	-	8,616,495
Total receipts	<u>438,203</u>	<u>3,671,744</u>	<u>603,708</u>	<u>866,606</u>	<u>31,240</u>	<u>161,634</u>	<u>22,277,429</u>
Disbursements:							
Personal services	-	-	-	-	-	-	10,370,521
Supplies	-	-	-	-	-	-	1,954,023
Other services and charges	-	-	-	-	-	-	1,367,984
Debt service - principal and interest	-	-	678,716	-	-	-	1,633,281
Capital outlay	-	-	-	651,817	-	-	900,560
Utility operating expenses	296,683	2,304,425	-	-	-	-	2,601,108
Other disbursements	74,820	1,040,072	-	2,116	29,881	-	5,039,386
Total disbursements	<u>371,503</u>	<u>3,344,497</u>	<u>678,716</u>	<u>653,933</u>	<u>29,881</u>	<u>-</u>	<u>23,866,863</u>
Excess (deficiency) of receipts over disbursements	<u>66,700</u>	<u>327,247</u>	<u>(75,008)</u>	<u>212,673</u>	<u>1,359</u>	<u>161,634</u>	<u>(1,589,434)</u>
Cash and investments - ending	<u>\$ 502,769</u>	<u>\$ 1,401,638</u>	<u>\$ 209,539</u>	<u>\$ 662,850</u>	<u>\$ 98,397</u>	<u>\$ 280,891</u>	<u>\$ 10,987,033</u>

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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Centier	Vactor Truck	\$ 40,131	11-25-07	05-25-13
LaPorte Savings Bank	Centrifuge	46,789	02-01-11	02-01-13
LaPorte Savings Bank	Fire Truck	61,499	05-01-10	05-01-19
LaPorte Savings Bank	Bucket Truck	19,441	04-01-10	04-01-12
LaPorte Savings Bank	Dump Truck	28,817	08-04-09	08-04-13
LaPorte Savings Bank	Grapple Truck	21,047	04-01-10	04-01-15
Total governmental activities		<u>217,724</u>		
Total of annual lease payments		<u>\$ 217,724</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Refund a portion of the 1992 Storm Water District Bonds and to pay costs of issuance	\$ 770,000	\$ 413,960
General obligation bonds	Street paving and sidewalk construction and paying the costs of issuance	60,000	61,380
General obligation bonds	Park District construction and improvements together with the necessary appurtenances related improvements and equipment and paying the costs of issuance	1,090,000	264,676
General obligation bonds	Construction of a new municipal building at 15th Avenue and paying the costs of issuance	2,000,000	180,598
Revenue bonds	Redevelopment District improvements to Calumet Road fund a debt service reserve repay 2008 BAN and pay costs of issuance	<u>4,420,000</u>	<u>356,308</u>
Total governmental activities		<u>8,340,000</u>	<u>1,276,922</u>
Wastewater:			
Revenue bonds	Improvements to the Chesterton Wastewater Treatment Plant and replacement of equipment for upgrading the daily average capacity and paying costs of issuance	2,075,000	503,348
Revenue bonds	Purchase of equipment and the construction of certain additions extensions and improvements to the Town's municipal sewage works and paying cost of issuance	<u>2,230,000</u>	<u>96,128</u>
Total Wastewater		<u>4,305,000</u>	<u>599,476</u>
Totals		<u>\$ 12,645,000</u>	<u>\$ 1,876,398</u>

TOWN OF CHESTERTON
SCHEDULE OF CAPITAL ASSETS
December 31, 2011

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance
Governmental activities:	
Land	\$ 3,995,380
Infrastructure	10,979,643
Buildings	4,392,813
Improvements other than buildings	3,107,289
Machinery, equipment and vehicles	4,980,299
Total governmental activities	27,455,424
Storm Water:	
Infrastructure	11,344,166
Wastewater:	
Land	131,493
Buildings	13,167,206
Improvements other than buildings	2,760,156
Machinery, equipment and vehicles	5,136,587
Construction in progress	9,873,284
Total Wastewater	31,068,726
Total capital assets	\$ 69,868,316

TOWN OF CHESTERTON
EXAMINATION RESULTS AND COMMENTS

RECEIPTS

Receipts issued by the Clerk-Treasurer for collections made by the Utility and Building Department did not specify the amount of cash and/or checks received; therefore, we were unable to verify if collections were deposited in the same form they were received.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

MAJOR MOVES

Disbursements from the Major Moves Fund are restricted for construction of highways, economic development, inter-local agreements, and a city's contribution to the Regional Development Authority. In 2011, the Town paid for construction costs associated with its new municipal building from Major Moves Funds. Building costs are not allowable costs from Major Moves Funds according to Indiana Code 8-14-16-5. A similar comment appeared in the prior audit.

Indiana Code 8-14-16 requires cities and towns in counties traversed by the Indiana Toll Road to set up a local major moves construction fund for deposit of a special distribution from the County Auditor on or before September 15, 2006. Money in the fund may be expended only for the following purposes: (1) Construction of highways, roads and bridges. (2) In a county that is a member of the northwest Indiana regional development authority, or in a city or town located in such a county, any purpose for which the regional development authority may make expenditures under IC 36-7.5. (3) Providing funding for economic development projects (as defined in IC 6-3.5-7-13.1(c)(1) or IC 6-3.5-7-13.1(c)(2)(a) through IC 6-3.5-7-13.1(c)(2)(K). (4) Matching federal grants for a purpose described in IC 8-14-16-5. (5) Providing funding for inter-local agreements under IC 36-1-7 for a purpose described in IC 8-14-16-5. (6) Providing the city's contribution to the northwest Indiana regional development authority, in the case of a city described in IC 36-7.5-2-3(e). Such fund must be appropriated as part of the annual budget for the calendar year in accordance with IC 6-1.1-17. (Cities and Towns Bulletin and Uniform Compliance Guidelines, September 2006)

TOWN OF CHESTERTON
EXIT CONFERENCE

The contents of this report were discussed on January 28, 2013, with Gayle Polakowski, Clerk-Treasurer; Nick Walding, Council member; and C.B. Doyle, Town Manager. The officials indicated that they would be responding to the report but no officials response was received.