

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF MUNSTER

LAKE COUNTY, INDIANA

January 1, 2011 to December 31, 2011



**FILED**  
07/17/2013



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Accountant's Report.....	3-4
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 Payables and Receivables .....	21
Schedule of Leases and Debt .....	22
Schedule of Capital Assets.....	23
Examination Results and Comments:	
Public Works Project .....	24
TIF Allocation Fund Uses .....	24
Park Board Minutes Missing.....	24
Exit Conference.....	25
Official Response .....	26-27

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	David F. Shafer	01-01-11 to 12-31-15
President of the Town Council	Robert H. Mangus	01-01-11 to 12-31-11
	David B. Nellans	01-01-12 to 12-31-12
	Joseph A. Simonetto	01-01-13 to 12-31-13
Town Manager	Thomas F. DeGiulio	01-01-11 to 12-31-13



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statement of the Town of Munster (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 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 statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

## INDEPENDENT ACCOUNTANT'S REPORT

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.



Bruce Hartman  
State Examiner

May 16, 2013

## 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 MUNSTER  
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	\$ 3,719	\$ 7,952,781	\$ 7,897,016	\$ 59,484
Motor Vehicle Highway	315,392	1,654,694	1,633,224	336,862
Local Road And Street	56,151	264,668	251,231	69,588
Economic Development Operating	178,584	109	145,839	32,854
Law Enforcement Continuing Education	22,524	30,196	38,663	14,057
Parks And Recreation	6,113	4,337,659	3,755,221	588,551
Cumulative Capital Improvement Cigaret	84,131	67,750	121,887	29,994
Cumulative Capital Development	844	283,251	252,748	31,347
Riverboat Capital Project	684,051	281,690	227,321	738,420
Police Pension	604,992	683,210	653,758	634,444
Rental Property Inspect	-	10,305	-	10,305
EDC Bond Proceeds	4,153,777	17,846,573	9,427,945	12,572,405
Donations	26,737	25,479	19,019	33,197
Technology Fund	73,054	493,185	513,149	53,090
Sewer Maintenance	854,163	3,352,768	3,355,297	851,634
Special Asset Forfeiture Non-Reverting	27,027	49,413	18,259	58,181
State Grants	-	1,838	1,838	-
Federal Grants	-	391,141	391,141	-
Municipal Bond B&I Nonexempt	866	3,090,870	3,091,675	61
Redevelopment Bond B&I	32,250	1,137,123	1,126,972	42,401
Park Bond B&I Nonexempt	151	2,936,726	2,936,863	14
Municipal Complex	57	1,489,755	1,429,500	60,312
Redevelopment Reserve Fund	736,555	-	-	736,555
Park Bond B&I Exempt	1,722	905,757	874,419	33,060
Municipal Bond B&I Exempt	218	864,965	722,976	142,207
EDC Bond and Interest Fund	46,061	1,203,362	248,601	1,000,822
EDC Bond Reserve Fund	408,856	1,686,473	-	2,095,329
Corporation Bond (Proceeds)	317,537	3,152,700	1,787,943	1,682,294
Park Bond (Proceeds)	1,352,902	2,720,700	1,703,771	2,369,831
Redevelopment Operating	379,436	598,090	199,070	778,456
Barrett Bond Proceeds	17,610	-	17,610	-
Redevelopment Capital Improvements	525,111	562	-	525,673
Local Major Moves Construction	376,350	121,722	164,149	333,923
Rainy Day Fund	-	100,000	-	100,000
TIF Allocation Fund	2,222,852	7,704,294	4,371,263	5,555,883
Medical/Life Insurance Escrow	89,744	1,579,450	1,503,591	165,603
Liability Insurance Escrow	18,796	990,388	837,125	172,059
Park Donation Non-Reverting	37,404	119,211	109,702	46,913
Park Land Escrow	11,520	-	-	11,520
Payroll	235,131	10,249,459	10,255,214	229,376
Levy Excess Fund	34,388	-	34,388	-
Intergovernmental Collection	256,485	1,881,270	1,958,426	179,329
Insurance Payments	-	1,457,221	1,457,221	-
Cable TV Security	111,105	200	-	111,305
Escrow Fund	184,498	444,947	445,795	183,650
Water Utility-Operating	1,288,903	4,063,316	3,480,211	1,872,008
Water Utility-Customer Deposit	115,257	29,158	49,945	94,470
Solid Waste-Operating	534,386	1,957,629	1,822,257	669,758
<b>Totals</b>	<b>\$ 16,427,410</b>	<b>\$ 88,212,058</b>	<b>\$ 69,332,243</b>	<b>\$ 35,307,225</b>

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

TOWN OF MUNSTER  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

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

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), innkeepers tax, food and beverage 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 MUNSTER  
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, 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.

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.

TOWN OF MUNSTER  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

*F. Interfund Transfers*

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

*G. Fund Accounting*

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

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

TOWN OF MUNSTER  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 4. Deposits and Investments**

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

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

**Note 5. Risk Management**

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

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

TOWN OF MUNSTER  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy and Annual Pension Cost*

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

*B. 1925 Police Officers' Pension Plan*

*Plan Description*

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

*Funding Policy*

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

*On Behalf Payments*

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

*C. 1977 Police Officers' and Firefighters' Pension and Disability Fund*

*Plan Description*

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

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

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

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

TOWN OF MUNSTER  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy*

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

**Note 7. Holding Corporation**

The Town has entered into a capital lease with the Town of Munster Municipal Center Corporation (the lessor). The lessor was organized as a not for profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the Town. The lessor has been determined to be a related party of the Town. Lease payments during the year 2011 totaled \$1,220,000.

**Note 8. Subsequent Event**

The Town is in the process of issuing 2013 Economic Development Revenue Bonds to be repaid by Tax Increment Financing (TIF) revenues. The proposed bonds will be used for a number of different projects within the TIF District.

**Note 9. Other Postemployment Benefits**

The Town provides to eligible retirees and their spouses the following benefits. Employees who retire with 20 or more years of service can opt to remain on the Town's medical and dental insurance plan. Retirees taking this option must pay the COBRA rates for the chosen coverage level. The Town's Self-Funded Medical/Dental/Life Insurance Fund covers the costs of claims. These benefits pose a liability to the Town for this year and in future years. Information regarding the benefits can be obtained by contacting the Town.

## SUPPLEMENTARY INFORMATION – UNAUDITED

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

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the Town which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the 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 MUNSTER  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011

	General	Motor Vehicle Highway	Local Road And Street	Economic Development Operating	Law Enforcement Continuing Education	Parks And Recreation	Cumulative Capital Improvement Cigarette Tax
Cash and investments - beginning	\$ 3,719	\$ 315,392	\$ 56,151	\$ 178,584	\$ 22,524	\$ 6,113	\$ 84,131
Receipts:							
Taxes	5,543,735	441,502	-	-	-	2,600,769	-
Licenses and permits	665,469	-	-	-	-	-	-
Intergovernmental	525,527	667,647	241,616	-	-	140,943	67,750
Charges for services	164,586	433,439	-	-	20,185	1,563,330	-
Fines and forfeits	128,551	-	-	-	10,011	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	924,913	112,106	23,052	109	-	32,617	-
Total receipts	<u>7,952,781</u>	<u>1,654,694</u>	<u>264,668</u>	<u>109</u>	<u>30,196</u>	<u>4,337,659</u>	<u>67,750</u>
Disbursements:							
Personal services	4,492,063	768,481	-	-	-	1,634,937	18,420
Supplies	52,640	183,484	177,305	-	2,917	463,162	90,091
Other services and charges	541,861	675,259	73,926	4,150	35,746	650,472	13,376
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	2,810,452	6,000	-	141,689	-	1,006,650	-
Total disbursements	<u>7,897,016</u>	<u>1,633,224</u>	<u>251,231</u>	<u>145,839</u>	<u>38,663</u>	<u>3,755,221</u>	<u>121,887</u>
Excess (deficiency) of receipts over disbursements	<u>55,765</u>	<u>21,470</u>	<u>13,437</u>	<u>(145,730)</u>	<u>(8,467)</u>	<u>582,438</u>	<u>(54,137)</u>
Cash and investments - ending	<u>\$ 59,484</u>	<u>\$ 336,862</u>	<u>\$ 69,588</u>	<u>\$ 32,854</u>	<u>\$ 14,057</u>	<u>\$ 588,551</u>	<u>\$ 29,994</u>

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

	Cumulative Capital Development	Riverboat Capital Project	Police Pension	Rental Property Inspect	EDC Bond Proceeds	Donations	Technology Fund
Cash and investments - beginning	\$ 844	\$ 684,051	\$ 604,992	\$ -	\$ 4,153,777	\$ 26,737	\$ 73,054
Receipts:							
Taxes	272,617	-	29,124	-	-	-	-
Licenses and permits	-	-	-	80	-	-	-
Intergovernmental	10,634	281,615	654,086	-	-	-	-
Charges for services	-	-	-	-	-	-	491,876
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	75	-	10,225	17,846,573	25,479	1,309
Total receipts	<u>283,251</u>	<u>281,690</u>	<u>683,210</u>	<u>10,305</u>	<u>17,846,573</u>	<u>25,479</u>	<u>493,185</u>
Disbursements:							
Personal services	-	-	646	-	-	-	256,987
Supplies	-	21,148	-	-	-	4,158	33,309
Other services and charges	60,551	96,919	653,112	-	357,073	990	211,576
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	80,197	109,254	-	-	-	-	11,277
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	112,000	-	-	-	9,070,872	13,871	-
Total disbursements	<u>252,748</u>	<u>227,321</u>	<u>653,758</u>	<u>-</u>	<u>9,427,945</u>	<u>19,019</u>	<u>513,149</u>
Excess (deficiency) of receipts over disbursements	<u>30,503</u>	<u>54,369</u>	<u>29,452</u>	<u>10,305</u>	<u>8,418,628</u>	<u>6,460</u>	<u>(19,964)</u>
Cash and investments - ending	<u>\$ 31,347</u>	<u>\$ 738,420</u>	<u>\$ 634,444</u>	<u>\$ 10,305</u>	<u>\$ 12,572,405</u>	<u>\$ 33,197</u>	<u>\$ 53,090</u>

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

	Sewer Maintenance	Special Asset Forfeiture Non-Reverting	State Grants	Federal Grants	Municipal Bond B&I Nonexempt	Redevelopment Bond B&I	Park Bond B&I Nonexempt
Cash and investments - beginning	\$ 854,163	\$ 27,027	\$ -	\$ -	\$ 866	\$ 32,250	\$ 151
Receipts:							
Taxes	-	-	-	-	2,752,006	1,093,612	2,758,480
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	1,009,508	-	1,838	391,141	129,090	42,099	114,096
Charges for services	1,120,262	-	-	-	-	-	-
Fines and forfeits	-	49,297	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	1,222,998	116	-	-	209,774	1,412	64,150
Total receipts	<u>3,352,768</u>	<u>49,413</u>	<u>1,838</u>	<u>391,141</u>	<u>3,090,870</u>	<u>1,137,123</u>	<u>2,936,726</u>
Disbursements:							
Personal services	1,039,347	-	-	-	-	-	-
Supplies	91,917	10,081	-	-	-	-	-
Other services and charges	885,889	8,178	-	-	2,000	4,500	2,000
Debt service - principal and interest	-	-	-	-	1,563,675	735,472	1,598,863
Capital outlay	478,144	-	-	98,531	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	860,000	-	1,838	292,610	1,526,000	387,000	1,336,000
Total disbursements	<u>3,355,297</u>	<u>18,259</u>	<u>1,838</u>	<u>391,141</u>	<u>3,091,675</u>	<u>1,126,972</u>	<u>2,936,863</u>
Excess (deficiency) of receipts over disbursements	<u>(2,529)</u>	<u>31,154</u>	<u>-</u>	<u>-</u>	<u>(805)</u>	<u>10,151</u>	<u>(137)</u>
Cash and investments - ending	<u>\$ 851,634</u>	<u>\$ 58,181</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61</u>	<u>\$ 42,401</u>	<u>\$ 14</u>

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

	Municipal Comlex	Redevelopment Reserve Fund	Park Bond B&I Exempt	Municipal Bond B&I Exempt	EDC Bond and Interest Fund	EDC Bond Reserve Fund	Corporation Bond (Proceeds)
Cash and investments - beginning	\$ 57	\$ 736,555	\$ 1,722	\$ 218	\$ 46,061	\$ 408,856	\$ 317,537
Receipts:							
Taxes	1,411,998	-	899,715	157,868	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	77,139	-	174	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	618	-	5,868	707,097	1,203,362	1,686,473	3,152,700
Total receipts	<u>1,489,755</u>	<u>-</u>	<u>905,757</u>	<u>864,965</u>	<u>1,203,362</u>	<u>1,686,473</u>	<u>3,152,700</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	8,500	-	300	300	-	-	5,320
Debt service - principal and interest	1,220,000	-	514,119	513,176	248,601	-	-
Capital outlay	-	-	-	-	-	-	1,782,623
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	201,000	-	360,000	209,500	-	-	-
Total disbursements	<u>1,429,500</u>	<u>-</u>	<u>874,419</u>	<u>722,976</u>	<u>248,601</u>	<u>-</u>	<u>1,787,943</u>
Excess (deficiency) of receipts over disbursements	<u>60,255</u>	<u>-</u>	<u>31,338</u>	<u>141,989</u>	<u>954,761</u>	<u>1,686,473</u>	<u>1,364,757</u>
Cash and investments - ending	<u>\$ 60,312</u>	<u>\$ 736,555</u>	<u>\$ 33,060</u>	<u>\$ 142,207</u>	<u>\$ 1,000,822</u>	<u>\$ 2,095,329</u>	<u>\$ 1,682,294</u>

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

	Park Bond (Proceeds)	Redevelopment Operating	Barrett Bond Proceeds	Redevelopment Capital Improvements	Local Major Moves Construction	Rainy Day Fund	TIF Allocation Fund
Cash and investments - beginning	\$ 1,352,902	\$ 379,436	\$ 17,610	\$ 525,111	\$ 376,350	\$ -	\$ 2,222,852
Receipts:							
Taxes	-	201,924	-	-	-	-	7,387,724
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	8,716	-	-	-	-	-
Charges for services	-	-	-	-	121,205	-	294,455
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	2,720,700	387,450	-	562	517	100,000	22,115
Total receipts	2,720,700	598,090	-	562	121,722	100,000	7,704,294
Disbursements:							
Personal services	-	85,817	-	-	-	-	8,262
Supplies	-	7,150	-	-	-	-	2,298
Other services and charges	216,389	4,632	-	-	164,149	-	499,170
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	1,423,232	1,471	-	-	-	-	2,658,171
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	64,150	100,000	17,610	-	-	-	1,203,362
Total disbursements	1,703,771	199,070	17,610	-	164,149	-	4,371,263
Excess (deficiency) of receipts over disbursements	1,016,929	399,020	(17,610)	562	(42,427)	100,000	3,333,031
Cash and investments - ending	\$ 2,369,831	\$ 778,456	\$ -	\$ 525,673	\$ 333,923	\$ 100,000	\$ 5,555,883

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

	Medical/Life Insurance Escrow	Liability Insurance Escrow	Park Donation Non-Reverting	Park Land Escrow	Payroll	Levy Excess Fund	Intergovernmental Collection
Cash and investments - beginning	\$ 89,744	\$ 18,796	\$ 37,404	\$ 11,520	\$ 235,131	\$ 34,388	\$ 256,485
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	1,642,196
Fines and forfeits	-	-	-	-	-	-	118,253
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	1,579,450	990,388	119,211	-	10,249,459	-	120,821
Total receipts	<u>1,579,450</u>	<u>990,388</u>	<u>119,211</u>	<u>-</u>	<u>10,249,459</u>	<u>-</u>	<u>1,881,270</u>
Disbursements:							
Personal services	1,486,812	747,184	-	-	-	-	-
Supplies	-	-	26,912	-	-	-	-
Other services and charges	16,779	89,941	82,790	-	-	-	1,895,692
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	10,255,214	34,388	62,734
Total disbursements	<u>1,503,591</u>	<u>837,125</u>	<u>109,702</u>	<u>-</u>	<u>10,255,214</u>	<u>34,388</u>	<u>1,958,426</u>
Excess (deficiency) of receipts over disbursements	<u>75,859</u>	<u>153,263</u>	<u>9,509</u>	<u>-</u>	<u>(5,755)</u>	<u>(34,388)</u>	<u>(77,156)</u>
Cash and investments - ending	<u>\$ 165,603</u>	<u>\$ 172,059</u>	<u>\$ 46,913</u>	<u>\$ 11,520</u>	<u>\$ 229,376</u>	<u>\$ -</u>	<u>\$ 179,329</u>

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

	Insurance Payments	Cable TV Security	Escrow Fund	Water Utility-Operating	Water Utility-Customer Deposit	Solid Waste-Operating	Totals
Cash and investments - beginning	\$ -	\$ 111,105	\$ 184,498	\$ 1,288,903	\$ 115,257	\$ 534,386	\$ 16,427,410
Receipts:							
Taxes	-	-	-	-	-	-	25,551,074
Licenses and permits	-	-	-	-	-	-	665,549
Intergovernmental	-	-	-	-	-	131,710	4,495,329
Charges for services	-	-	-	-	-	1,822,123	7,673,657
Fines and forfeits	-	-	-	-	-	-	306,112
Utility fees	-	-	-	3,597,894	29,158	-	3,627,052
Penalties	-	-	-	135,617	-	-	135,617
Other receipts	1,457,221	200	444,947	329,805	-	3,796	45,757,668
Total receipts	1,457,221	200	444,947	4,063,316	29,158	1,957,629	88,212,058
Disbursements:							
Personal services	-	-	-	-	-	192,275	10,731,231
Supplies	-	-	-	-	-	21,664	1,188,236
Other services and charges	-	-	114,361	-	-	1,604,641	8,980,542
Debt service - principal and interest	-	-	-	-	-	-	6,393,906
Capital outlay	-	-	-	275,230	-	3,677	6,921,807
Utility operating expenses	-	-	-	3,204,881	49,945	-	3,254,826
Other disbursements	1,457,221	-	331,434	100	-	-	31,861,695
Total disbursements	1,457,221	-	445,795	3,480,211	49,945	1,822,257	69,332,243
Excess (deficiency) of receipts over disbursements	-	200	(848)	583,105	(20,787)	135,372	18,879,815
Cash and investments - ending	\$ -	\$ 111,305	\$ 183,650	\$ 1,872,008	\$ 94,470	\$ 669,758	\$ 35,307,225

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

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	\$ 3,205,087	\$ 6,877,875
Solid Waste	172,929	177,720
Water	99,471	393,306
Totals	\$ 3,477,487	\$ 7,448,901

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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
BANCORP	2011 Copiers	\$ 40,732	10-25-11	10-25-16
Munster Municipal Center Corporation	Construction of Centennial Park	1,220,000	01-15-08	07-15-24
Public Finance.com/Old National Bank	2009 Police Cars (M)	25,970	10-15-09	04-15-12
Yamaha Motor Corporation USA	2010 Golf Carts (N)	45,203	05-01-10	10-01-14
Yamaha Motor Corporation USA	2010 Beverage Cart (O)	<u>3,184</u>	07-15-09	07-15-12
Total governmental activities		<u>1,335,089</u>		
Total of annual lease payments		<u>\$ 1,335,089</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	2008 Municipal Bond	\$ 500,000	\$ 512,387
General obligation bonds	2009 Municipal Bond	1,000,000	525,313
General obligation bonds	2010 Municipal Bond	1,500,000	518,606
General obligation bonds	2011 Municipal Bond	1,970,000	492,115
General obligation bonds	2008 Park Bond	500,000	513,951
General obligation bonds	2009 Park Bond	970,000	524,413
General obligation bonds	2010 Park Bond	1,470,000	521,117
General obligation bonds	2011 Park Bond	1,970,000	521,806
General obligation bonds	2007 Redevelopment Bond	7,255,000	734,365
Revenue bonds	2010 Economic Development Bond	5,230,000	401,930
Revenue bonds	2011 Economic Development Bond	<u>19,655,000</u>	<u>799,332</u>
Total governmental activities		<u>42,020,000</u>	<u>6,065,335</u>
Totals		<u>\$ 42,020,000</u>	<u>\$ 6,065,335</u>

TOWN OF MUNSTER  
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	\$ 34,006,215
Infrastructure	161,316,228
Buildings	8,802,678
Improvements other than buildings	8,508,118
Machinery, equipment, and vehicles	8,417,552
Construction in progress	1,799,019
Books and other	828,893
Total governmental activities	223,678,703
Water:	
Land	288,548
Infrastructure	21,399,746
Buildings	3,863,636
Machinery, equipment, and vehicles	1,497,745
Total Water	27,049,675
Total capital assets	\$ 250,728,378

TOWN OF MUNSTER  
EXAMINATION RESULTS AND COMMENTS

***PUBLIC WORKS PROJECT***

The Town, during 2011, contracted with Olthoff, Inc., for modifications of the gas well at the landfill and the construction of the Community Park infrastructure. The original costs of the projects were \$193,700 and \$833,372, respectively. Change orders made during the completion of these projects totaled \$45,997 and \$207,682, or 24 and 25 percent of the original project, respectively.

The Town, during 2012, contracted with Walsh & Kelly, Inc. for the construction of the Community Park roadway and parking. The original cost of the project was \$709,960. Change orders made during the completion of the project totaled \$167,536, or 24 percent of the original project.

Indiana Code 36-1-12-18(d) states, "The total of all change orders issued that increase the scope of the project may not exceed twenty percent (20%) of the amount of the original contract."

***TIF ALLOCATION FUND USES***

The Town disbursed \$91,252 and \$58,567 from the TIF Allocation Fund for 2011 and 2012, respectively, for operating expenses such as travel and Centennial Park maintenance expenses. These disbursements should have been made from either the General or Park Funds as they did not meet the statutory defined uses of TIF funds. The disbursements from the TIF Allocation Fund are restricted to the uses identified in Indiana Code 36-7-14-39(b)(3).

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***PARK BOARD MINUTES MISSING***

The minutes of the meetings of the Park Board were not presented for all meetings. Three scheduled and three actual meetings minutes or cancelation notices for 2011 were not presented for review. In addition, meeting minutes for the December 28, 2012, and January 15, 2013, scheduled meetings were not presented for review.

Indiana Code 5-14-1.5-4(b) states in part:

"(b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes take, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5 or IC 20-12-63-7."

TOWN OF MUNSTER  
EXIT CONFERENCE

The contents of this report were discussed on May 16, 2013, with David F. Shafer, Clerk-Treasurer; Joseph A. Simonetto, President of the Town Council; Thomas F. DeGiulio, Town Manager; Patricia L. Abbott, Accounting Supervisor; Clay Johnson, Assistant Town Manager; and Eugene M. Feingold, Town Attorney. The Official Response has been made a part of this report and may be found on pages 26 and 27.



*At Your Service*

May 24, 2013

Mr. Bruce A. Hartman, CPA, State Examiner  
Indiana State Board of Accounts  
302 West Washington Street, Room E418  
Indianapolis, Indiana 46204

Re: Town of Munster  
Examination for the Year 2011  
OFFICIAL RESPONSE

Dear Mr. Hartman:

Following are our responses to comments resulting from an examination of the Town of Munster for the year ending December 31, 2011.

#### PUBLIC WORKS PROJECT

The State Board of Accounts found that IC 36-1-12-18(d) does not allow the total of change orders to exceed twenty percent (20%) of the original contract amount and that three separate public works projects exceeded this limit.

Response: We concur. The Town will monitor public works projects to ensure compliance with IC 36-1-12-18(d).

#### TIF ALLOCATION FUND USES

The State Board of Accounts found that uses of TIF allocations, as recited in IC 36-7-14-39(b)(3), do not include maintenance and travel expenses and therefore are not permitted.

Response: The Town respectively disagrees with the finding of the State Board of Accounts. This matter has been discussed previously and the Town believes there is

state statute that supports its position. The Town intends to formally petition the State Board of Accounts for an official audit position based on its attorney's opinion.

PARK BOARD MINUTES MISSION

The State Board of Accounts found that minutes of the meetings of the Park Board were not presented for all meetings. In addition, cancellation notices were not presented for meetings that were rescheduled.

Response: We concur.

Thank you for allowing us to comment on the results of the examination.

Sincerely,



David F. Shafer, IAMC, MMC, CMO  
Clerk-Treasurer, Town of Munster

cc:  Ms. Patricia L. Abbott, IAMC, MMC, Accounting Supervisor  
Mr. Thomas F. DeGiulio, Town Mgr. and Director-Parks and Recreation  
Hon. Joseph A. Simonetto, Town Council President  
Mr. Eugene M. Feingold, Town Attorney  
Ms. Mary Jo Small, CPA, State Board of Accounts Field Supervisor