

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF MUNSTER

LAKE COUNTY, INDIANA

January 1, 2021 to December 31, 2022



**FILED**

09/20/2023



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Wendy Mis	01-01-21 to 12-31-23
President of the Town Council	Andy Koultourides	01-01-21 to 12-31-21
	Chuck Gardiner	01-01-22 to 12-31-23
Town Manager	Dustin Anderson	01-01-21 to 12-31-23



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to the audit report of the Town of Munster (Town), for the period from January 1, 2021 to December 31, 2022. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Town. It should be read in conjunction with the Financial Statement Audit Report of the Town, which provides our opinions on the Town's financial statement. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Result and Comment contained herein describes the identified reportable instance of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Result and Comment, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE  
Deputy State Examiner

September 5, 2023

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REDEVELOPMENT COMMISSION  
TOWN OF MUNSTER

REDEVELOPMENT COMMISSION  
TOWN OF MUNSTER  
AUDIT RESULTS AND COMMENT

**TIF ALLOCATION FUND USES**

The same comment also appeared in prior Reports B57155 and B57169.

*Condition and Context*

The establishment of a redevelopment General Fund is authorized by Indiana Code 36-7-14-28(c). A Redevelopment Commission has the duties set forth in Indiana Code 36-7-14-11, which provides for the investigation, selection, acquisition, development, and disposal of property in "areas needing redevelopment." The powers granted to a Redevelopment Commission in Indiana Code 36-7-14-12.2 allow the commission to develop property in the areas needing redevelopment and to carry out other activities "for redevelopment purpose," "Redevelopment" includes activities contained in Indiana Code 36-7-1-18.

The operating expenses of the Redevelopment Commission noted below were disbursed from TIF allocation collection, which were not allowed within the restricted uses authorized in Indiana Code 36-7-14-39(b)(3) (West. 2022):

1. Monthly utility payments for street lighting, a lift station, and a trailhead park, totaling \$8,186 and \$6,034 in 2021 and 2022, respectively.
2. Monthly payments for liability insurance, totaling \$61,900 and \$71,185 in 2021 and 2022, respectively.
3. Legal expenses paid for services provided in relation to collections of delinquent rent for a Town's rental property, totaling \$4,569 and \$3,001 in 2021 and 2022, respectively.

*Criteria*

Indiana Code 36-7-14-39(b)(3) (West. 2022) states in part:

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

(A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds which are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.

(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 27 of this chapter.

(D) Pay the principal of and interest on bonds issued by the unit to pay for local public improvements that are physically located in or physically connected to that allocation area.

(E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.

REDEVELOPMENT COMMISSION  
TOWN OF MUNSTER  
AUDIT RESULTS AND COMMENT  
(Continued)

(F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 25.2 of this chapter.

(G) Reimburse the unit for expenditures made by it for local public improvements (which include buildings, parking facilities, and other items described in section 25.1(a) of this chapter) that are physically located in or physically connected to that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility that is physically located in or physically connected to that allocation area under any lease entered into under [IC 36-1-10](#).

(I) For property taxes first due and payable before January 1, 2009, pay all or a part of a property tax replacement credit to taxpayers in an allocation area as determined by the redevelopment commission. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in [IC 6-1.1-1-20](#)) that contains all or part of the allocation area: . . .

(J) Pay expenses incurred by the redevelopment commission for local public improvements that are in the allocation area or serving the allocation area. Public improvements include buildings, parking facilities, and other items described in section 25.1(a) of this chapter.

(K) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

- (i) in the allocation area; and
- (ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance. . . .

(L) Pay the costs of carrying out an eligible efficiency project (as defined in [IC 36-9-41-1.5](#)) within the unit that established the redevelopment commission. However, property tax proceeds may be used under this clause to pay the costs of carrying out an eligible efficiency project only if those property tax proceeds exceed the amount necessary to do the following: . . .

(M) Expend money and provide financial assistance as authorized in section 12.2(a)(27) of this chapter.

The allocation fund may not be used for operating expenses of the commission."

The uses of TIF funds are restricted to those set forth in the Indiana Code. The power of a redevelopment commission to expend such funds is limited to the express statutory powers as set forth in Indiana Code 36-7-14. The use of TIF funds for ongoing maintenance of redeveloped property is not an expressly or impliedly permitted use, except as provided in Indiana Code 36-7-1-18(7) for repairing and maintaining buildings acquired before redevelopment is complete. (Redevelopment Commission of the Town of Munster, Indiana, v. Indiana State Board of Accounts and Paul D. Joyce, State Examiner of State Board of Accounts, 28 N.E.3d 272 (Ind. App., 2015) trans. denied, 34 N.E.3d 251)



OFFICIAL RESPONSE

September 5, 2023

Indiana State Board of Accounts  
302 West Washington St. Room E418  
Indianapolis, IN 46204-2765

Re: Town of Munster  
Examination for the period of January 1, 2021 to December 31, 2022.  
OFFICIAL RESPONSE

Dear Indiana State Board of Accounts:

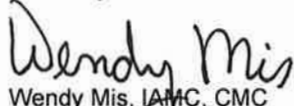
TIF ALLOCATION FUND USES

Condition and Context: The establishment of a Redevelopment General Fund is authorized by Indiana Code 36-7-14-28(c). A Redevelopment Commission has the duties set forth in Indiana Code 36-7-14-11, which provides for the investigation, selection, acquisition, development, and disposal of property in "areas needing redevelopment." The powers granted to a Redevelopment Commission in Indiana Code 36-7-14-12.2 allow the commission to develop property in the areas needing redevelopment and to carry out other activities "for redevelopment purposes." "Redevelopment" includes activities contained in Indiana Code 36-7-1-18. Operating expenses of the Redevelopment Commission, consisting of monthly NIPSCO invoices, liability insurance and attorney fees for collection of rent, were disbursed from TIF allocation collections, which were not allowed within the restricted uses authorized in Indiana Code 36-7-14-39(b)(3).

Criteria: The uses of TIF funds are restricted to those set forth in the Indiana Code 36-7-14-39(b)(3). The power of a redevelopment commission to expend such funds is limited to the express statutory powers as set forth in Indiana Code 36-7-14. The use of TIF funds for ongoing maintenance of redeveloped property is not an expressly or impliedly permitted use, except as provided in Indiana Code 36-7-1-18(7) for repairing and maintaining buildings acquired before redevelopment is complete. (Redevelopment Commission of the Town of Munster, Indiana, v. Indiana State Board of Accounts and Paul D. Joyce, State Examiner of State Board of Accounts, 28 N.E.3d 272 (Ind. App., 2015) trans. denied, 34 N.E.3d 251)

Response: We concur. The Town has reviewed the budget for the TIF Allocation Fund and removed operating expense line items. The Town will continue to monitor usage of TIF funds to ensure compliance with IC 36-7-14-39(b)(3).

Sincerely,

  
Wendy Mis, IAMC, CMC  
Clerk-Treasurer, Town of Munster

cc: Ms. Patricia L. Abbott, IAMC, MMC, Controller  
Mr. Dustin Anderson, Town Manager  
Mr. Chuck Gardiner, Town Council President  
Mr. Dave Westland, Town Attorney  
Ms. Biljana Loskoski, Field Examiner

REDEVELOPMENT COMMISSION  
TOWN OF MUNSTER  
EXIT CONFERENCE

The contents of this report were discussed on September 5, 2023, with Wendy Mis, Clerk-Treasurer; Patricia Abbott, Controller; Chuck Gardiner, President of the Town Council; Ken Schoon, Town Council member; and Dustin Anderson, Town Manager.