

**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, 2019 to December 31, 2019



**FILED**

08/18/2021



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	David F. Shafer Wendy Mis	01-01-19 to 12-31-19 01-01-20 to 12-31-21
President of the Town Council	Andy Koultourides Lee Ann Mellon Andy Koultourides	01-01-19 to 12-31-19 01-01-20 to 12-31-20 01-01-21 to 12-31-21
Town Manager	Dustin Anderson	01-01-19 to 12-31-21



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

This report is supplemental to our audit report of the Town of Munster (Town), for the period from January 1, 2019 to December 31, 2019. 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 our 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 Results and Comments contained herein describe the identified reportable instances 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 Results and Comments, incorporated within this report, was not verified for accuracy.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

August 9, 2021

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CLERK-TREASURER  
TOWN OF MUNSTER

CLERK-TREASURER  
TOWN OF MUNSTER  
AUDIT RESULT AND COMMENT

***MOTOR VEHICLE HIGHWAY (MVH) RESTRICTED EXPENDITURES***

*Condition and Context*

The Town created a Motor Vehicle Highway (MVH) Restricted sub-fund within the MVH fund and posted 50 percent of the State Motor Vehicle Highway distributions to the sub-fund as required. However, the Town disbursed \$82,297 for the paving of three parking lots and \$820 for equipment-related expenses out of the Motor Vehicle Hwy-Restricted fund. These disbursements were not for construction, reconstruction, and preservation of the Town's highways as required by statute.

*Criteria*

Indiana Code 8-14-1-5(c) states: "For funds distributed to a city or town from the motor vehicle highway account, the city or town shall use at least fifty percent (50%) of the money for the construction, reconstruction, and preservation of the city's or town's highways."



## OFFICIAL RESPONSE

August 16, 2021

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

Re: Town of Munster  
Examination for the Year ended 12/31/2019  
OFFICIAL RESPONSE

Dear Indiana State Board of Accounts:

### MOTOR VEHICLE HIGHWAY(MVH) RESTRICTED EXPENDITURES

Condition and Context: The Town created a Motor Vehicle Highway (MVH) Restricted sub-fund within the MVH fund and posted 50 percent of the State Motor Vehicle Highway distributions to the sub-fund as required. However, the Town disbursed \$82,297 for the paving of three parking lots and \$820 for equipment part related expenses out of the MVH Restricted fund. These disbursements were not for construction, reconstruction, and preservation of the Town's roadways as required by statute.

Criteria: Indiana Code 8-14-1-5(c) states: "For funds distributed to a city or town from the motor vehicle highway account, the city or town shall use at least fifty percent (50%) of the money for the construction, reconstruction, and preservation of the city's or town's highways."

Response: We concur. The Town will monitor MVH projects to ensure compliance with IC 8-14-1-5(c).

### 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 attorney retainer fees for lobbying purposes, 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 will monitor usage of TIF funds and will adjust funding disbursements to ensure compliance with IC 36-7-14-39(b)(3).

Sincerely,

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

cc: Ms. Patricia L. Abbott, IAMC, MMC, CPFIM Controller  
Mr. Dustin Anderson, Town Manager  
Dr. Andy Koultourides, Town Council President  
Mr. Dave Westland, Town Attorney  
Ms. Mary Kovacich, Field Examiner

CLERK-TREASURER  
TOWN OF MUNSTER  
EXIT CONFERENCE

The contents of this report were discussed on August 9, 2021, with Wendy Mis, Clerk-Treasurer; Patricia Abbott, Controller; Dustin Anderson, Town Manager; Andy Koulourides, President of the Town Council; and Chuck Gardiner, Town Council member.

The contents of this report were sent on August 9, 2021, to David F. Shafer, former Clerk-Treasurer.

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REDEVELOPMENT COMMISSION  
TOWN OF MUNSTER

REDEVELOPMENT COMMISSION  
TOWN OF MUNSTER  
AUDIT RESULT AND COMMENT

**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 attorney retainer fees for lobbying purposes, 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*

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

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

(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.

(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.

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

(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 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)



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Indianapolis, IN 46204-2765

Re: Town of Munster  
Examination for the Year ended 12/31/2019  
OFFICIAL RESPONSE

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Response: We concur. The Town will monitor MVH projects to ensure compliance with IC 8-14-1-5(c).

### 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 attorney retainer fees for lobbying purposes, 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 will monitor usage of TIF funds and will adjust funding disbursements to ensure compliance with IC 36-7-14-39(b)(3).

Sincerely,

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

cc: Ms. Patricia L. Abbott, IAMC, MMC, CPFIM Controller  
Mr. Dustin Anderson, Town Manager  
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REDEVELOPMENT COMMISSION  
TOWN OF MUNSTER  
EXIT CONFERENCE

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