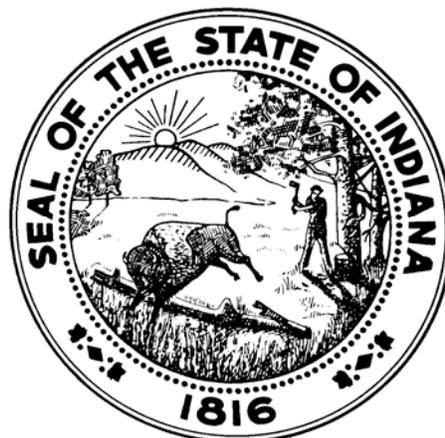


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
TOWN OF BEVERLY SHORES
PORTER COUNTY, INDIANA
January 1, 2002 to December 31, 2003



FILED
08/09/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Gail Saum	01-01-00 to 12-31-07
President of the Town Council	Kathy Devault	01-01-02 to 12-31-02
	William Kollanda	01-01-03 to 12-31-03
	Joan Bliss	01-01-04 to 12-31-05
	Grant Ireland	01-01-06 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF BEVERLY SHORES, PORTER COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Beverly Shores (Town), for the period of January 1, 2002 to December 31, 2003. The Town's management is responsible for the schedules. Our responsibility is to express an opinion 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 schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2002 and 2003, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

July 10, 2006

TOWN OF BEVERLY SHORES
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2002 And 2003

	Cash and Investments 01-01-02	Receipts	Disbursements	Cash and Investments 12-31-02
Governmental Funds:				
General	\$ 15,234	\$ 546,775	\$ 456,911	\$ 105,098
Motor Vehicle Highway	45,789	23,785	66,022	3,552
Local Road and Street	5,758	32,205	31,880	6,083
Law Enforcement Continuing Education	654	117	42	729
National Park	2,844	-	2,844	-
Build Indiana - Preliminary Engineering Water Report	(13,738)	12,500	7,662	(8,900)
Rainy Day Fund	-	40,000	-	40,000
Police Donation	327	114	105	336
Park Plaza Gift	919	-	-	919
Cumulative Capital Improvement	1,532	3,272	1,531	3,273
Cumulative Capital Development	10,708	14,454	16,243	8,919
Fiduciary Fund:				
Payroll	-	243,867	243,867	-
Totals	<u>\$ 70,027</u>	<u>\$ 917,089</u>	<u>\$ 827,107</u>	<u>\$ 160,009</u>

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Funds:				
General	\$ 105,098	\$ 350,273	\$ 412,249	\$ 43,122
Motor Vehicle Highway	3,552	32,037	60,903	(25,314)
Local Road and Street	6,083	39,249	25,793	19,539
Law Enforcement Continuing Education	729	99	-	828
Build Indiana - Preliminary Engineering Water Report	(8,900)	21,400	12,500	-
Rainy Day Fund	40,000	-	-	40,000
Police Donation	336	100	242	194
Park Plaza Gift	919	-	-	919
Water Tap-In	-	993,546	400,723	592,823
Cumulative Capital Improvement	3,273	2,559	4,467	1,365
Cumulative Capital Development	8,919	22,898	3,251	28,566
Fiduciary Fund:				
Payroll	-	250,410	250,410	-
Totals	<u>\$ 160,009</u>	<u>\$ 1,712,571</u>	<u>\$ 1,170,538</u>	<u>\$ 702,042</u>

The accompanying notes are an integral part of the schedules.

TOWN OF BEVERLY SHORES
NOTES TO SCHEDULES

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. 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% 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 become delinquent if not paid by May 10 and November 10, respectively.

TOWN OF BEVERLY SHORES
NOTES TO SCHEDULES
(Continued)

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes 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 6. Long-Term Debt

The Town has entered into a shared loan with the Beverly Shores Volunteer Fire Department. The loan proceeds were directly distributed to the vendor. The Beverly Shores Volunteer Fire Department is responsible for one of the semiannual payments and the Town of Beverly Shores is responsible for the other semiannual payment. The outstanding principal at December 31, 2003, was \$65,300.

Note 7. Subsequent Event

The Town entered into an agreement with a holding corporation to install water lines in 2004. The holding corporation obtained financing through the State Revolving Loan Fund Program. The holding corporation will purchase the town hall and lease it back to the Town in the sum of \$5,410,000. It is estimated that the total project will cost \$6,325,000.

TOWN OF BEVERLY SHORES
EXAMINATION RESULTS AND COMMENTS

ORDINANCES AND RESOLUTIONS

The Town has an ordinance which addresses various parking violations. The police officers issue a number of tickets addressing such violations. The back of the ticket states: "You may admit the violation of the ordinance of the Town of Beverly Shores and pay the fine. If you admit it and pay the fine, within 30 days, no further action will be taken against you. You have the right to a trial for your offense. If you want a trial, you must appear before the Clerk-Treasurer and deny the violation or send a written denial to the Clerk-Treasurer within 30 days. If you deny a violation or if you fail to deny or admit the violation, then the Clerk-Treasurer will initiate further legal proceedings for the alleged violation, at which point the Porter County Superior Court will issue a summons for you to appear in court. Failure to appear may result in the suspension of your driver's license and/or motor vehicle registration." The Ordinance calls for a violation fee if paid within 30 days. The fee doubles when paid after the 30 days.

Some tickets issued were voided: 1) without a reason being noted; 2) based upon letters written by the person receiving the citation; or 3) because the citation was written in error. The Town Council did not authorize the voids. Additionally, if a person does not pay the ticket, a couple of letters are sent requesting payment; however, no further action is taken. Some tickets could not be located, so it is not known if the tickets were issued or not. Finally, the doubled violation fee is not always enforced if paying after the 30 day grace period.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

The governing body of a governmental unit should have a written policy concerning a procedure for the writing off of bad debts, uncollectible accounts receivable, or any adjustments to record balances.

Documentation should exist for all efforts made by the governmental unit to collect amounts owed prior to any write-offs.

Officials or employees authorizing, directing or executing write-offs or adjustments to records which are not documented or warranted may be held personally responsible. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CAPITAL ASSET RECORDS

The capital asset record maintained by the Town does not include values for donated property.

The records included items owned by the volunteer fire department, as well as some items which were either sold under lease, or removed. Adjustments have been made to the capital asset records to record and report these known items, but adjustments were not made for the donated property.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF BEVERLY SHORES
EXAMINATION RESULTS AND COMMENTS
(Continued)

The records of each governmental unit should reflect land owned, its location, its acquisition date and the cost (purchase price). If the purchase price is not available, appraised value may be used. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PAYROLL

Employee service records are only maintained for the two full-time police officers. All other employees of the Town are part-time. Employee service records are not maintained on part time employees.

Also, some employees work in more than one capacity for the Town and are being paid from more than one department or fund. Time records maintained do not indicate the breakdown of hours among the departments.

Indiana Code 5-11-9-4 states in part: "(b) The state board of accounts shall require that records be maintained showing which hours were worked each day by officers and employees:

- (1) covered by section 1 or 2 of this chapter; and
- (2) employed by more than one (1) public agency or in more than one (1) position by the same public agency."

BUILDING PERMITS

1. Building permit fees are based upon estimated values or costs of projects, yet not all permits show the estimated value or cost.
2. Many of the applications for building permits do not indicate the fee to be charged.
3. Many of the applications do not indicate the type of work to be performed.
4. It was indicated that the building inspector may upon inspection find that changes have been made to a project that increase the estimated value. When he finds this, he assesses additional fees, a procedure which is not addressed in the building permit ordinance.
5. When a project is estimated to cost over a certain dollar amount, a nonrefundable deposit is required prior to approving the project. Instances were found in which a deposit was required, but not paid.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF BEVERLY SHORES
EXAMINATION RESULTS AND COMMENTS
(Continued)

APPROVAL OF CLAIMS

Accounts payable vouchers (claims) or invoices attached did not always include evidence of the receipt of goods or services. Also, the Town uses an accounts payable voucher register to indicate that the Clerk-Treasurer has audited the claims and that the council has approved the claims. The form used to certify this information is a xerox copy of the board members signatures; the council members are not signing their approval each month.

Indiana Code 5-11-10-2(a) states: "Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid. If the claim is against a governmental entity (as defined in section 1.6 of this chapter), the claim must be certified by the fiscal officer."

CHECKS WRITTEN OUT OF SEQUENCE

Checks were noted as being written out of numerical sequence.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF BEVERLY SHORES
EXIT CONFERENCE

The contents of this report were discussed on July 10, 2006, with Gail Saum, Clerk-Treasurer; Grant Ireland, President of the Town Council; and Joan Bliss, Town Council Member.