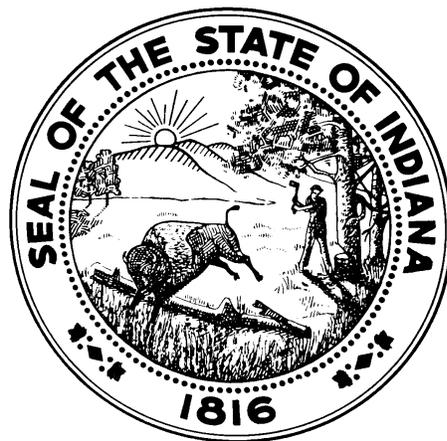


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
TOWN OF BEVERLY SHORES
PORTER COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
04/06/2009

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Gail Saum

01-01-04 to 12-31-11

President of the
Town Council

Grant Ireland
Geof M. Benson

01-01-06 to 12-31-07
01-01-08 to 12-31-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
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Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Town of Beverly Shores (Town), for the period of January 1, 2006 to December 31, 2007. The Town's management is responsible for the financial information presented herein. 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 financial information presented herein 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 financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

February 9, 2009

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, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 3,921	\$ 403,022	\$ 439,127	\$ (32,184)
Motor Vehicle Highway	12,065	82,222	38,663	55,624
Local Road and Street	738	45,717	436	46,019
Park Plaza Donation	919	-	-	919
Park Donation Nonreverting	2,515	-	-	2,515
Law Enforcement Continuing Education	331	122	395	58
Police Donation	74	150	15	209
Rainy Day	54,000	-	-	54,000
Donation Nonreverting	-	20,646	20,646	-
Donations - Storm Clean-up	-	9,175	9,175	-
Debt Service	177,076	650,313	677,193	150,196
County Economic Development Income Tax	47,621	61,067	73,624	35,064
Cumulative Capital Improvement	-	2,529	2,529	-
Cumulative Capital Development	27,952	11,811	19,269	20,494
Major Moves	-	88,049	-	88,049
Water System Tap-ins	1,034,084	392,370	341,587	1,084,867
Fiduciary Funds:				
Escrow	1,760	-	1,760	-
Payroll	-	286,932	286,932	-
Totals	<u>\$ 1,363,056</u>	<u>\$ 2,054,125</u>	<u>\$ 1,911,351</u>	<u>\$ 1,505,830</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ (32,184)	\$ 289,065	\$ 462,714	\$ (205,833)
Motor Vehicle Highway	55,624	51,146	80,000	26,770
Local Road and Street	46,019	58,476	57,623	46,872
Park Plaza Donation	919	-	-	919
Park Donation Nonreverting	2,515	6,355	6,620	2,250
Law Enforcement Continuing Education	58	222	58	222
Police Donation	209	61	-	270
Rainy Day	54,000	91,775	-	145,775
Debt Service	150,196	132,305	56,103	226,398
County Economic Development Income Tax	35,064	46,915	46,216	35,763
Cumulative Capital Improvement	-	2,487	2,487	-
Cumulative Capital Development	20,494	4,147	14,491	10,150
Major Moves	88,049	-	68,961	19,088
Water System Tap-ins	1,084,867	578,791	1,633,787	29,871
Fiduciary Fund:				
Payroll	-	277,987	277,987	-
Totals	<u>\$ 1,505,830</u>	<u>\$ 1,539,732</u>	<u>\$ 2,707,047</u>	<u>\$ 338,515</u>

The accompanying notes are an integral part of the financial information.

TOWN OF BEVERLY SHORES
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, 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 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. Due to significant delays in establishing property tax rates and levies, the Town did not receive 2006 property taxes until 2007, and 2007 property taxes until 2008.

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.

TOWN OF BEVERLY SHORES
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2007

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.

General infrastructure assets completed in prior years have been reported.

	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 108,200
Infrastructure	6,325,000
Buildings	6,377,030
Improvements other than buildings	108,374
Machinery and equipment	<u>496,634</u>
 Total governmental activities, capital assets not being depreciated	 \$ <u><u>13,415,238</u></u>

TOWN OF BEVERLY SHORES
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The Town has entered into the following debt:

Description of Asset	Present Value of Net Minimum Lease Payments	Principal and Interest Due Within One Year
CAPITAL LEASE:		
Town Hall	\$ 5,518,000	\$ 449,000
LOAN:		
	Ending Principal Balance	Principal and Interest Due Within One Year
1999 Ford Fire Truck*	\$ 27,734	\$ 13,061

* The loan agreement states that the Town will pay one semi-annual payment each year and the Beverly Shores Volunteer Fire Department will pay one semi-annual payment each year also. Each semi-annual payment is \$6,530.55.

TOWN OF BEVERLY SHORES
EXAMINATION RESULTS AND COMMENTS

RECEIPTS NOT DEPOSITED

Town officials noted that cash payments for some parking permits that were issued could not be traced to official receipts or bank deposits. Officials requested and received reimbursement from the employee responsible for collecting and receipting those payments. Inadequate internal controls over the sale of parking permits made it very difficult to determine if all parking permits were properly accounted for because parking permits are not issued in numerical order. Proper internal controls over pre-numbered accountable items such as the parking permits require that they be issued in numerical order.

Tickets, goods for sale, billings, and other collections are considered accountable items for which a corresponding deposit must be made in the bank accounts of the governmental unit. The deposit ticket or attached documentation must provide a detailed listing of the deposit, which includes at a minimum, check numbers and corresponding names of the payors. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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)

PARKING TICKETS

A log or other record of parking tickets issued is not maintained. Receipts or other documentation that the tickets remained unpaid or were voided were not presented for 61 of 530 tickets issued in 2007. The potential lost revenue for the tickets that were not accounted for was \$3,050. Also, of the 92 tickets presented for 2007 that were noted as unpaid, 61 of these did not have evidence that a delinquency notice had been issued. This could have resulted in additional lost revenue of \$3,050. Also, tickets were issued which were later voided with no reason noted and without Town Council authorization. The Town does not have a formal approved policy concerning procedures for voiding or otherwise forgiving parking tickets.

The Town's Violations Bureau Ordinance 94-06 calls for a \$50 parking violation fee if paid within 30 days. The fee doubles to \$100 if paid after 30 days; however, the increased fee is not always enforced for tickets paid after the 30 day grace period. In addition, if a ticket remains unpaid, the procedure is to issue delinquent notices requesting payment. However, not all persons with unpaid tickets were notified of the delinquency and if the ticket is still not paid after notices are issued, no further action is taken. The Town does not have a formal approved policy for collection of unpaid parking tickets.

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)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (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

TOWN OF BEVERLY SHORES
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

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)

GUN PERMIT FEES

The Town did not collect the correct local gun application fee for lifetime personal protection licenses until September of 2007. The Town collected \$10 instead of the State mandated amounts.

IC 35-47-2-3 states in part: "(b) The law enforcement agency which accepts an application for a handgun license shall collect the following application fees: (1) From a person applying for a four (4) year handgun license, a ten dollar (\$10) application fee, five dollars (\$5) of which shall be refunded if the license is not issued. (2) From a person applying for a lifetime handgun license who does not currently possess a valid Indiana handgun license, a fifty dollar (\$50) application fee, thirty dollars (\$30) of which shall be refunded if the license is not issued. (3) From a person applying for a lifetime handgun license who currently possesses a valid Indiana handgun license, a forty dollar (\$40) application fee, thirty dollars (\$30) of which shall be refunded if the license is not issued."

INTERNAL CONTROL DEFICIENCIES OVER DISBURSEMENTS

Controls over disbursements were insufficient for the following reasons:

1. Checks were written out of numerical sequence.
2. Checks were not posted to the records when they were prepared. Some checks written in December 2007, were not posted until February and March 2008.
3. Checks were not issued when they were prepared. Some checks were held for up to three months before being issued to the vendor.
4. Based on the Accounts Payable Registers presented, it is not clearly evident whether or not all disbursements were included on the approved registers.

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. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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
EXAMINATION RESULTS AND COMMENTS
(Continued)

ERRORS ON CLAIMS

The following deficiencies were noted on claims during:

- (1) Not all claims had Board approval. Eleven of twenty-four Accounts Payable Registers presented for 2006 and 2007 were not approved by the Town Council. In addition, the certification page of the registers did not include the number of pages reviewed or the dollar amount of the disbursements approved. Fifteen of the twenty-four registers presented for the two-year period contained accounts payable registers with a print date after the Board meeting approval and check dates. We were unable to determine whether all claims were presented to the Board for approval or whether those that were presented were presented before payment of the claim.
- (2) Claims or invoices did not have evidence to support receipt of goods or services.

IC 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services."

"(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (2) the invoice or bill is approved by the officer or person receiving the goods and services; . . .
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

TEMPORARY TRANSFER OF FUNDS

A temporary transfer (loan) of \$2,000 was made in 2007 from the County Economic Development Income Tax (CEDIT) Fund to the Water Tap In Fund and not repaid by December 31, 2007. A warrant for repayment was issued that was dated December 31, 2007; however, the warrant was written out of numerical sequence, after two warrants that were written and cleared in January 2008. The warrant for repayment was carried as an outstanding check from the Water Tap In Fund and as a deposit in transit for the bank account which includes the CEDIT Fund until it was deposited on March 14, 2008.

IC 36-1-8-4 concerning temporary transfer states in part:

"(a) . . . (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs. (4) The amount transferred must be returned to the other fund at the end of the prescribed period. . . ."

"(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following: (1) Passes an ordinance or

TOWN OF BEVERLY SHORES
EXAMINATION RESULTS AND COMMENTS
(Continued)

a resolution that contains the following: (A) A statement that the fiscal body has determined that an emergency exists. (B) A brief description of the grounds for the emergency. (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs. (2) Immediately forwards the ordinance or resolution to the state board of accounts and the department of local government finance."

INVESTMENTS IN CERTIFICATES OF DEPOSIT

No record of quotes for interest rates and terms from various designated depositories taken for investment in certificates of deposit was available for examination. In addition, interest earned on some of the certificates of deposit was automatically added to the principal and not recorded in the records in some instances. This led to difficulty in accurately accounting for and reporting of investment details and balances.

IC 5-13-9-4(b) states: "The investing officer making a deposit in a certificate of deposit shall obtain quotes of the specific rates of interest for the term of that certificate of deposit that each designated depository will pay on the certificate of deposit. Quotes may be solicited and taken by telephone. A memorandum of all quotes solicited and taken shall be retained by the investing officer as a public record of the political subdivision under Indiana Code 5-14-3. A deposit made under this subsection shall be placed in the designated depository quoting the highest rate of interest. If more than one (1) depository submits a quote of the highest interest rate quoted for the investment, the deposit may be placed in any or all of the designated depositories quoting the highest rate in the amount or amounts determined by the investing officer, in the investing officer's discretion."

Interest on investments should not be automatically added into the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TIMELY RECORDKEEPING AND REPORTING

Based on official receipt numbers and their respective dates, we noted instances of up to three months from the time of the original date of the transactions until entry on the records. In addition, it was noted that financial reports necessary for accurate and timely management decisions were not presented to the Town Council on a monthly basis.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with Indiana Code 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

The Accounting and Uniform Compliance Guidelines Manual for Cities and Towns is for use primarily by Clerk-Treasurers in third class cities and all towns in the State of Indiana. Monthly duties include: (1) At the close of the month, post and close all records as promptly as possible and reconcile with depositories . . . Prepare the monthly balance and financial report for the board. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 6)

TOWN OF BEVERLY SHORES
EXAMINATION RESULTS AND COMMENTS
(Continued)

BUDGETARY DEADLINES AND PROCEDURES

The Town incurred additional expenses because they did not comply with budgetary procedures prescribed by state statute. In 2006, the Town's request to establish a Cumulative Capital Development Fund and tax levy for the fund was denied because they did not file the documentation by the statutory deadline. The Town was required to advertise again for additional appropriations once the establishment of the fund was approved.

IC 6-1.1-41-4 states: "A political subdivision that in any year adopts a proposal under this chapter must submit the proposal to the department of local government finance before August 2 of that year."

The 2007 budget was not approved because the Town did not comply with statutory provisions for advertising of the proposed budget. The public hearing for the 2007 budget was held on September 20, 2006; the proposed budget was advertised on September 19 and 26, 2006. The first required advertising of the proposed budget was only one day before the public hearing in which the Town Council approved the budget. Because the 2007 budget was not approved, the Town was forced to advertise again for additional appropriations for the budgeted funds.

IC 6-1.1-17-3 states in part: "(a) The proper officers of a political subdivision shall formulate its estimated budget and its proposed tax rate and tax levy . . . The political subdivision shall give notice by publication to taxpayers . . . In the notice, the political subdivision shall also state the time and place at which a public hearing will be held on these items. The notice shall be published twice in accordance with IC 5-3-1 with the first publication at least ten (10) days before the date fixed for the public hearing . . ."

TOWN COUNCIL MINUTES

Town Council minutes were not available for approval by the Council in a timely fashion. The September 2007 minutes were not presented to the Town Council for approval until December 2007. The January 2009 Town Council meeting agenda included approval of minutes dating back to August 18, 2008.

IC 5-14-1.5-4(c) states in part: "The memoranda are to be available within a reasonable period of time after the meeting for the purpose of informing the public of the governing body's proceedings."

OVERDRAWN FUND BALANCES

The General Fund was overdrawn \$32,184 and \$205,833 as of December 31, 2006 and 2007, respectively.

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

A list of employees was not certified to the County Treasurer for 2006 or 2007.

TOWN OF BEVERLY SHORES
EXAMINATION RESULTS AND COMMENTS
(Continued)

IC 6-1.1-22-14(a) states in part: "On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

OPTICAL IMAGES OF WARRANTS

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks.

IC 5-15-6-3 concerning optical imaging of checks states in part:

"(a) . . . 'original records' . . . includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . . "

Further, IC 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise: and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

TOWN OF BEVERLY SHORES
EXIT CONFERENCE

The contents of this report were discussed on February 9, 2009, with Gail Saum, Clerk-Treasurer; Geof M. Benson, President of the Town Council; Donna Kuschel, Vice President of the Town Council; and James B. Myers, Council Attorney. The official response has been made a part of this report and may be found on pages 15 through 18.

TOWN OF BEVERLY SHORES

PO BOX 38, BEVERLY SHORES, IN 46301 (219) 872-0046. FAX (219) 872-1983

February 11, 2009

Bruce Hartman
Indiana State Board of Accounts
155 Indiana Ave., Suite 310
Valparaiso, IN 46383

Re: Town Of Beverly Shores
Town's Response to Results and Comments

Dear Mr. Hartman:

Thank you for taking the time to go over with Town representatives the Results and Comments part of your audit report. Although the Town agrees the comments and findings are appropriate and that some of the statements made herein may be redundant with what was stated at the exit conference, the town believes it is best that it's position on each of the items be documented.

1. Receipts Not Deposited. As you note, the missing funds were reimbursed by the ex-employee. The Town Marshal has already implemented procedures to insure that there will be an auditable trail for each ticket used in a ticket book, including those that are voided, as to which officer issued or voided a ticket. Of course, the tickets in the ticket books are in numerical order and will be used in order. The protocol for this procedure will be put in writing and adopted as a standard operating procedure enforceable through appropriate disciplinary action if necessary.
2. Parking Tickets. The Clerk-Treasurer has already implemented practices which will result in the tracking of all tickets issued and tickets paid with delinquency letters to be issued for all delinquent tickets, with appropriate written receipts issued for each payment. In addition, tickets not paid will be filed with the County Prosecutor for court enforcement to the extent the Prosecutor will do so. Validly issued tickets will only be voided with the approval of the Council and the Council's approval will be in writing, kept as part of its record along with a legible copy of the voided ticket. The computer record will then be updated to show the ticket voided by the Council and date of Council

vote. The above procedures will be put in writing and will be adopted by the Town Council.

3. Gun Permit Fees. The Town is now collecting gun permit fees as specified in IC 35-47-2-3.
4. Internal Control Deficiencies Over Disbursements. While the Town does not dispute your findings, it notes that there are no missing or unaccounted for Town funds. Furthermore, there were certain extenuating circumstances that no longer exist that caused most of the problems identified by you. One of those circumstances was an ex Clerk-Treasurer's office employee who failed to follow proper protocol and when it was discovered the Clerk-Treasurer took the best available steps to correct the problems resulting from that failure. In addition, there are some apparent problems with the Keystone software and/or the capability of staff to use it and, therefore, the Town has contracted with a consultant to address these problems. In addition, all accounts payable vouchers will be processed properly, either through Keystone or otherwise, so that the identity of all authorized disbursements is clear.
5. Errors On Claims. The Town is taking the necessary steps to insure that the accounts payable registers contain all of the necessary information, are properly dated, identify any payments that were made prior to approval by the Council, and that the approved registers are signed by the Council or Board President below wording that identifies the identification numbers of the claims approved and the gross amount of the approved register. In addition, the Town will continue to make sure that the officer or person receiving the goods or services approves all claims for payment of those goods or services.
6. Temporary Transfer of Funds. The temporary transfers and problems identified by you are primarily the result of the extreme delay in tax distributions to the Town. At times, due to uncertainty regarding Fund balances the transfers were recorded during the year-end close out process. The Town will make every effort to avoid the identified problems in the future by keeping more up-to-date track of Fund balances and by using the statutory process for temporary interfund loans.
7. Investments In Certificates of Deposit. The Town understands the audit problem that results from investments merely being rolled over and will implement the procedure of receipting the funds from an investment liquidation, recording the amounts of the principle and interest portions thereof, recording the interest as miscellaneous revenue to the appropriate fund, and issuing a check for any reinvestment so that the Town has an auditable trail of documents for the transaction. In addition, written quotes will be acquired from state approved financial institutions for all investments and the investment will be made with the institution that provides the greatest return on the investment.

8. Timely Record Keeping and Reporting. The Town is enhancing the capabilities of staff in the use of the Keystone accounting software through the use of a consultant which effort will result in the timely input of all transactions so that monthly financial reports can be timely produced for the Council. Staff turnover was a contributing factor to the continuation of the identified problems.
9. Budgetary deadlines and Procedures. The Town will take the necessary steps to insure compliance with budgeting procedures and deadlines by the Clerk-Treasurer compiling a written schedule of relevant dates prior to the commencement of the annual budgetary cycle and providing a copy to each Council member. In addition, proper arrangements for timely publication of notices will also be made. The Town successfully implemented this procedure for the 2009 Budget.
10. Town Council Minutes. The Council and Clerk-Treasurer have identified addressing this problem as a high priority and the use of a laptop computer to make a record of the activities at all Council meetings will increase the speed with which the Clerk-Treasurer can produce the minutes.
11. Overdrawn Fund Balances. Again, this problem is the result of the excessive delay in the Town receiving its tax distributions, the lack of clarity in the documentation accompanying the distributions as to the identity of the funds to which the distribution is to be credited, and the occasional retroactive change/correction by the County regarding the fund that was to be credited. However, to the extent that the Town is responsible for the problem, that deficiency will be addressed by the timely input of all transactions into the accounting program so that real time fund balances can be observed.
12. List of Employees Not Filed With County Treasurer. This was an inadvertent omission by the Clerk-Treasurer and the list will be timely provided to the County Treasurer.
13. Optical Images of Warrants. The Town has secured the cooperation of its bank to provide the Town with hard copies of the front and back of all warrants.

Respectfully submitted,



Geoff Benson, Council President



Gail Saum, Clerk Treasurer

TOWN OF BEVERLY SHORES
PO BOX 38
BEVERLY SHORES, IN 46301

Mr. Bruce Hartman
Indiana State Board of Accounts

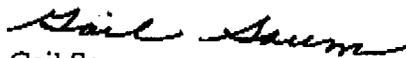
Re: Town of Beverly Shores
Clerk-Treasurer's Responses to Results and Comments

Dear Mr. Hartman:

I recognize and will address shortcomings that are possible to correct.

A major concern is without sufficient staff, some items can not be corrected.

Sincerely,


Gail Saum
Clerk-Treasurer