

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

EXAMINATION REPORT  
OF  
TOWN OF POTTAWATTOMIE PARK  
LAPORTE COUNTY, INDIANA  
January 1, 2007 to December 31, 2009



**FILED**  
12/06/2010



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Kimberly Gondeck	08-04-05 to 12-31-11
President of the Town Council	Susan Tochell	01-01-07 to 12-31-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF POTTAWATTOMIE PARK, LAPORTE COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Pottawattomie Park (Town), for the period of January 1, 2007 to December 31, 2009. 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, 2007, 2008, and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. The schedule has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on the schedule.

STATE BOARD OF ACCOUNTS

September 21, 2010

TOWN OF POTTAWATTOMIE PARK  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
As Of And For The Years Ended December 31, 2007, 2008, And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 49,848	\$ 59,907	\$ 88,057	\$ 21,698
Motor Vehicle Highway	10,446	9,127	3,521	16,052
Local Road and Street	11,686	6,599	7,342	10,943
Riverboat	128,913	15,511	-	144,424
Cumulative Capital Improvement	2,007	-	-	2,007
CEDIT	17,640	9,155	-	26,795
Local Major Moves Construction	63,727	5,271	-	68,998
Fiduciary Fund:				
Levy Excess	<u>4,104</u>	<u>-</u>	<u>-</u>	<u>4,104</u>
Totals	<u>\$ 288,371</u>	<u>\$ 105,570</u>	<u>\$ 98,920</u>	<u>\$ 295,021</u>
	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 21,698	\$ 76,648	\$ 113,874	\$ (15,528)
Motor Vehicle Highway	16,052	9,786	16,285	9,553
Local Road and Street	10,943	3,404	-	14,347
Riverboat	144,424	58,420	-	202,844
Cumulative Capital Improvement	2,007	-	-	2,007
CEDIT	26,795	9,078	-	35,873
Local Major Moves Construction	68,998	715	-	69,713
Fiduciary Fund:				
Levy Excess	<u>4,104</u>	<u>-</u>	<u>-</u>	<u>4,104</u>
Totals	<u>\$ 295,021</u>	<u>\$ 158,051</u>	<u>\$ 130,159</u>	<u>\$ 322,913</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ (15,528)	\$ 61,828	\$ 84,442	\$ (38,142)
Motor Vehicle Highway	9,553	11,495	21,739	(691)
Local Road and Street	14,347	3,201	887	16,661
Riverboat	202,844	46,804	-	249,648
Cumulative Capital Improvement	2,007	-	-	2,007
CEDIT	35,873	8,769	-	44,642
Local Major Moves Construction	69,713	898	-	70,611
Fiduciary Fund:				
Levy Excess	<u>4,104</u>	<u>-</u>	<u>-</u>	<u>4,104</u>
Totals	<u>\$ 322,913</u>	<u>\$ 132,995</u>	<u>\$ 107,068</u>	<u>\$ 348,840</u>

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

TOWN OF POTTAWATTOMIE PARK  
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, 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 POTTAWATTOMIE PARK  
NOTES TO FINANCIAL INFORMATION  
(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. Subsequent Event

County Property Tax Assessment

LaPorte County has not completed and settled an approved property tax cycle since the 2005 payable 2006 property tax year. Each subsequent year the County has sent out various forms of provisional bills with the notice that a reconciliation bill will be provided to taxpayers once assessments are approved and certified and final tax rates are established. These delays and uncertainties have resulted in a lower than budgeted property tax collection rate for the Town. It is undeterminable how much property tax collections the Town will receive once all the reconciliation bills have been distributed and the collections received. Provisional bills for taxes payable in 2009 were due January 29, 2010. The Town received its distribution on February 11, 2010. Provisional bills for taxes payable in 2010, based upon the 2006 pay 2007 tax rates, were mailed in June 2010, and are due in two installments, July 9, 2010 and November 10, 2010.

TOWN OF POTTAWATTOMIE PARK  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2009

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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 5,000
Machinery and equipment	<u>13,200</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 18,200</u>

TOWN OF POTTAWATTOMIE PARK  
EXAMINATION RESULTS AND COMMENTS

RECORDING COUNTY TAX DISTRIBUTIONS

During the examination period, \$10,700.79 of County Property and Excise Tax Distributions were incorrectly recorded in the General Fund rather than the Motor Vehicle Highway Fund.

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)

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
Local Road and Street	2007	\$ 2,834
Motor Vehicle Highway	2009	1,696

The 2007 budget was approved by the Department of Local Government Finance in the course of the normal budget process. Due to assessment delays in LaPorte County the Department of Local Government Finance has been unable to approve any budgets post 2007. The 2008 and 2009 budgets have been established by the Town Council.

IC 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

CONDITION OF RECORDS

The following deficiencies, relating to the recordkeeping that were cited in the prior examination report, were again present during our period of examination:

- (1) The control ledger was not maintained for the Cumulative Capital Improvement and Levy Excess funds.
- (2) The investment interest was not posted to the ledger. To properly account for this interest, adjustments were made in 2010 to the General and Local Major Moves Construction Funds, respectively, as follows: for 2007 \$2,440 and \$3,234; for 2008, \$238 and \$715; and for 2009, \$299 and \$898, to properly account for this interest.
- (3) The Town's annual report was not completed for 2007, 2008, or 2009; therefore, the Town did not comply with state statute requiring publication of its annual report.
- (4) Record balances were not reconciled to depository balances.

TOWN OF POTTAWATTOMIE PARK  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

- (5) Multiple adjustments have been posted to funds in order to properly record receipts and disbursements for the appropriate funds.

The Clerk-Treasurer is in the process of correcting these errors so that, as of December 31, 2009, the Town's record balances agree to the depository balances.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

IC 5-3-1-3(a) states in part: "Within sixty (60) days after the expiration of each calendar year, the fiscal officer of each civil city and town in Indiana shall publish an annual report of the receipts and expenditures of the city or town . . ."

IC 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PAYROLL RECORDS

Resolutions passed each year by the Town Council detail the compensation method of Town Police employees at per month, per hour, and per incident rates. No detail of the hours worked or incidents responded to was presented to the Clerk-Treasurer for preparation of payroll checks.

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)

EMPLOYEE EARNING RECORDS

Employee earning records are not maintained for Town employees.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OVERDRAWN CASH BALANCES

The cash balance of the General Fund was overdrawn at December 31, 2008 and 2009. The cash balance of the Motor Vehicle Highway Fund was overdrawn at December 31, 2009.

TOWN OF POTTAWATTOMIE PARK  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

LaPorte County did not complete final provisional settlement of 2008 payable 2009 property taxes until February 2010. Nonetheless, the amount received in February 2010 was not enough to cover the overdrawn cash balance in the General Fund at December 31, 2009.

The overdrawn cash balance of the Motor Vehicle Highway Fund was due to the receipt of some of the Motor Vehicle Highway Fund monies being receipted to the General Fund during the examination period.

The cash 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)

TOWN OF POTTAWATTOMIE PARK  
EXIT CONFERENCE

The contents of this report were discussed on September 21, 2010, with Kimberly Gondeck, Clerk-Treasurer; and Susan Tochell, President of the Town Council. The official response has been made a part of this report and may be found on page 12.

POTTAWATTOMIE PARK TOWN

P.O. Box 292  
Michigan City, IN 46360

September 24, 2010

RE: Official Response

After reviewing the comments and examination results for the current audit of the town, I would like to make a response. I have been and continue to strive to correct the items that are not completely to code at this time. The items regarding the appropriations and budget are an ongoing project until the time the budgets can be issued.

My continued goal is to see that the town's financial and recording needs are met according to the standards set forth by the state.

Respectfully Submitted,

Kim Gondeck