

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

EXAMINATION REPORT
OF
TOWN OF DYER
LAKE COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
01/04/2011

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Patricia Hawrot

01-01-08 to 12-31-11

President of the
Town Council

Robert Rybicki

01-01-08 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Town of Dyer (Town), for the period of January 1, 2008 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, 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 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

November 17, 2010

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

	Cash and Investments		Cash and Investments	
	01-01-08	Receipts	Disbursements	12-31-08
Governmental Funds:				
General	\$ 508,660	\$ 9,648,835	\$ 10,098,064	\$ 59,431
Motor Vehicle Highway	340,149	450,805	559,465	231,489
Local Road and Street	52,630	172,531	142,044	83,117
Park and Recreation	65,461	517,230	528,591	54,100
Operation Pullover	(335)	10,774	10,380	59
Big City/County Selt Belt Grant	332	22,812	22,145	999
Seized Assets	13,909	28,386	11,779	30,516
Park Nonreverting Operating	90,546	112,383	147,320	55,609
Law Enforcement Continuing Ed	93,553	63,394	33,693	123,254
Drug Free Lake Co grant	6,127	3,010	-	9,137
Park Donation	7,401	6,372	6,479	7,294
Gift	13,819	7,970	8,979	12,810
Police Donation	13,503	500	3,963	10,040
LUST Site Remediation	16,621	-	-	16,621
Subdivision Professional Fees	70,321	67,534	38,713	99,142
Economic Development Revitalization	387	-	-	387
Bi-Town Animal Control	8,347	29,000	36,902	445
DUI /State Grant	-	20,578	20,578	-
Operation Safespeed	-	11,117	11,117	-
Community Events Special	883	46,015	39,938	6,960
Nonreverting Technology	23,801	325	-	24,126
Solid Waste	234,271	1,070,046	958,354	345,963
Casino Gaming	245,909	402,468	368,000	280,377
Bullet Proof Vests Grants	942	-	-	942
Innkeepers Tax	11,487	4,677	-	16,164
State Recycling	732	-	-	732
Redevelopment Commission General	197,255	32,611	166,068	63,798
Redevelopment Commission Circus	569	8	-	577
Redevelopment Commission Dyer Enhancement Donations	15,942	1,063	1,425	15,580
Redevelopment Commission Calumet	1,062	-	1,062	-
Park Bond and Interest	163,776	955,359	958,509	160,626
Town Hall Lease Rental	10,864	-	10,864	-
Redevelopment Commission TIF	209,470	10,262,672	10,330,422	141,720
Redevelopment Commission Debt Service	-	215,250	202,987	12,263
Debt Service	209,556	1,197,049	1,014,265	392,340
Commission Refunding Revenue Bonds of 2005	160,932	945,339	698,785	407,486
Redevelopment Authority 2005 Debt Service	3,320,196	4,389,124	2,965,332	4,743,988
Redevelopment Authority 2007 Debt Service	225,206	486,155	443,020	268,341
Redevelopment Authority 2005 Capital Projects	-	8	-	8
General Obligation Bonds of 2007	228,160	1,319	138,762	90,717
Park Bonds of 2006	4,514,843	53,178	619,546	3,948,475
Cumulative Capital Improvement	26,794	49,525	50,000	26,319
Throughfare Bond - 2004 GO Bond	198,260	474,094	91,906	580,448
Park Nonreverting Capital	16,865	29,000	40,000	5,865
Cumulative Capital Development	173,508	229,753	179,317	223,944
Cumulative Fire	106,940	73,384	2,512	177,812
Major Moves Construction	343,323	-	343,323	-
Proprietary Funds:				
Water Utility - Operating	353,000	2,502,610	2,490,802	364,808
Water Utility - Bond and Interest	75,503	-	75,503	-
Water Utility - Debt Service Reserve	879	-	879	-
Water Utility - Customer Deposit	171,886	14,540	10,880	175,546
Water Utility - Improvement	1,038,394	968,231	1,463,595	543,030
Water Utility - Water District Bond and Interest	185,478	733,909	896,958	22,429
Water Utility - Revenue	-	2,259,490	2,259,490	-
Water Utility - PRIMECO	5,917	1	-	5,918
Wastewater Utility - Operating	356,119	2,779,275	2,687,394	448,000
Wastewater Utility - Bond and Interest	82,608	396,250	395,487	83,371
Wastewater Utility - Debt Service Reserve	459,185	-	-	459,185
Wastewater Utility - Revenue	-	2,787,096	2,787,096	-
Wastewater Utility - Improvement	1,069,298	924,775	1,003,521	990,552
Wastewater Utility - Tap	856,612	9,350	298,815	567,147
Wastewater Utility - Sanitary District Bond and Interest	343,075	953,399	1,196,886	99,588
Wastewater Utility - Sanitary District Operating	40,355	403,048	411,976	31,427
Stormwater Utility - Operating	119,964	710,914	698,912	131,966
Stormwater Utility - Improvement	73,799	209,054	257,599	25,254
Stormwater Utility - Bond Anticipation Note (BAN)	211,489	-	176,863	34,626
Fiduciary Funds:				
Police Officers' Pension	19,725	309,420	244,428	84,717
Redevelopment General Clearing	-	1,734,218	1,734,218	-
Occupancy/Permit Escrow	136,127	59,650	130,629	65,148
Payroll	65,031	5,941,317	5,953,692	52,656
Insurance Clearing	-	1,437,087	1,437,087	-
Unemployment Clearing	-	17,309	17,309	-
Violation Escrow	6	7,717	7,717	6
Gasoline Clearing	(3,030)	195,328	192,298	-
Telephone Clearing	-	20,986	20,986	-
Park Escrow	390	2,660	2,560	490
Employee Comp Medical Insurance	7,175	2,250	9,425	-
Hasse Construction Retainage	-	7,898	-	7,898
2007 Redevelopment Authority (RDA)	53,991	1,235	55,226	-
Totals	\$ 17,665,953	\$ 57,480,670	\$ 58,222,840	\$ 16,923,783

The accompanying notes are an integral part of the financial information

TOWN OF DYER
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2008 And 2009
(Continued)

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 59,431	\$ 7,300,782	\$ 6,988,086	\$ 372,127
Motor Vehicle Highway	231,489	441,140	542,012	130,617
Local Road and Street	83,117	145,254	155,653	72,718
Park and Recreation	54,100	431,169	385,387	99,882
Amtrak	-	10,000	2,364	7,636
Operation Pullover	59	3,675	3,675	59
Big City/County Selt Belt Grant	999	7,280	7,280	999
Seized Assets	30,516	28,620	13,269	45,867
Park Nonreverting Operating	55,609	135,938	151,629	39,918
Law Enforcement Continuing Ed	123,254	83,772	30,335	176,691
Drug Free Lake Co grant	9,137	4,378	4,378	9,137
Park Donation	7,294	7,472	6,467	8,299
Gift	12,810	5,670	5,359	13,121
Police Donation	10,040	957	1,865	9,132
LUST Site Remediation	16,621	-	-	16,621
Subdivision Professional Fees	99,142	4,850	15,465	88,527
Economic Development Revitalization	387	2,500	647	2,240
Police Department Special Revenue	-	10,864	-	10,864
Excess Welfare Distribution	-	96,441	66,088	30,353
Bi-Town Animal Control	445	40,000	36,087	4,358
DUI /State Grant	-	5,194	5,194	-
Operation Safespeed	-	3,312	3,312	-
Community Events Special	6,960	45,599	39,417	13,142
Nonreverting Technology	24,126	-	18,008	6,118
Solid Waste	345,963	1,110,851	1,022,361	434,453
Casino Gaming	280,377	596,123	485,673	390,827
Bullet Proof Vests Grants	942	-	942	-
Innkeepers Tax	16,164	15,197	25,323	6,038
State Recycling	732	-	-	732
Redevelopment Commission General	63,798	31,305	51,107	43,996
Redevelopment Commission Circus	577	-	577	-
Redevelopment Commission Dyer Enhancement Donations	15,580	387	15,517	450
Park Bond and Interest	160,626	643,576	788,900	15,302
Redevelopment Commission TIF	141,720	4,422,285	4,286,429	277,576
Redevelopment Commission Debt Service	12,263	4,113,373	4,069,920	55,716
Debt Service	392,340	1,150,880	1,136,462	406,758
Commission Refunding Revenue Bonds of 2005	407,486	441,850	453,332	396,004
Redevelopment Authority 2005 Debt Service	4,743,988	3,257,017	3,132,688	4,868,317
Redevelopment Authority 2007 Debt Service	268,341	389,498	432,034	225,805
Redevelopment Authority 2005 Capital Projects	8	-	-	8
General Obligation Bonds of 2007	90,717	-	90,717	-
Park Bonds of 2006	3,948,475	16	1,251,002	2,697,489
Cumulative Capital Improvement	26,319	43,530	50,000	19,849
Throughfare Bond - 2004 GO Bond	580,448	-	580,448	-
Construction - GO Bonds of 2009	-	2,505,294	2,023,996	481,298
Park Nonreverting Capital	5,865	45,085	40,000	10,950
Cumulative Capital Development	223,944	316,558	478,115	62,387
Cumulative Fire	177,812	60,411	234,212	4,011
Proprietary Funds:				
Water Utility - Operating	364,808	2,522,119	2,463,886	423,041
Water Utility - Customer Deposit	175,546	13,360	12,160	176,746
Water Utility - Improvement	543,030	789,105	711,530	620,605
Water Utility - Water District Bond and Interest	22,429	564,896	384,923	202,402
Water Utility - Revenue	-	2,293,449	2,293,449	-
Water Utility - PRIMECO	5,918	26	-	5,944
Wastewater Utility - Operating	448,000	2,596,541	2,734,665	309,876
Wastewater Utility - Bond and Interest	83,371	395,000	397,488	80,883
Wastewater Utility - Debt Service Reserve	459,185	-	61,387	397,798
Wastewater Utility - Revenue	-	2,799,204	2,799,204	-
Wastewater Utility - Improvement	990,552	172,140	1,125,484	37,208
Wastewater Utility - Tap	567,147	627,758	493,549	701,356
Wastewater Utility - Sanitary District Bond and Interest	99,588	798,294	781,950	115,932
Wastewater Utility - Sanitary District Operating	31,427	579,739	492,402	118,764
Stormwater Utility - Operating	131,966	716,272	679,993	168,245
Stormwater Utility - Improvement	25,254	28,049	53,303	-
Stormwater Utility - Bond Anticipation Note (BAN)	34,626	7,153	41,779	-
Stormwater Utility - Revenue	-	524,759	524,759	-
Stormwater Utility - Bond and Interest	-	76,828	14,811	62,017
Stormwater Utility - Debt Service Reserve	-	168,250	-	168,250
Stormwater Utility - Construction	-	1,488,216	678,044	810,172
Fiduciary Funds:				
Police Officers' Pension	84,717	281,933	313,310	53,340
Redevelopment General Clearing	-	1,696,886	1,696,886	-
Occupancy/Permit Escrow	65,148	43,750	67,350	41,548
Payroll	52,656	6,163,931	6,139,081	77,506
Insurance Clearing	-	1,381,488	1,381,488	-
Unemployment Clearing	-	15,711	15,711	-
Violation Escrow	6	14,066	14,066	6
Gasoline Clearing	-	127,538	127,538	-
Telephone Clearing	-	21,098	21,098	-
Park Escrow	490	3,020	2,720	790
Sales Tax Withholding	-	72	-	72
Hasse Construction Retainage	7,898	56,398	44,000	20,296
2007 Redevelopment Authority (RDA)	-	22	22	-
Totals	\$ 16,923,783	\$ 54,925,174	\$ 55,699,768	\$ 16,149,189

The accompanying notes are an integral part of the financial information

TOWN OF DYER
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, water services, wastewater services, storm water services 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.

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 DYER
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

A. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

1. Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

2. 1925 Police Officers' Pension Plan

Plan Description

The Town contributes to the 1925 Police Officers' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

TOWN OF DYER
NOTES TO FINANCIAL INFORMATION
(Continued)

B. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The Town contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy

The contribution requirements of plan members and the Town are established by the Board of Trustees of PERF.

Note 7. Subsequent Events

Due to delays caused by trending of assessments, the assessed valuations of Lake County were not finalized by February 15, 2009, as required. Therefore, the 2008 pay 2009 property tax rates and levies, as well as related budget orders for 2009, were not established until July 31, 2009. The taxes were billed and collected in late 2009. Final distribution of the taxes collected was received by the Town in January 2010.

In 2010, the Town sold \$2,000,000 in Road Improvement General Obligation Bonds. On April 7, 2010, the Town Council awarded the bid for the road improvement project to Grimmer Construction.

TOWN OF DYER
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended 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.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 7,335,513
Infrastructure	36,304,179
Buildings	11,088,729
Improvements other than buildings	1,749,963
Machinery and equipment	6,837,199
Construction in progress	<u>1,220,759</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 64,536,342</u>
<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water District:	
Capital assets, not being depreciated:	
Land	\$ 1,415,900
Construction in progress	59,735
Buildings	1,744,781
Improvements other than buildings	10,589,515
Machinery and equipment	<u>1,204,509</u>
Total Water District capital assets	<u>15,014,440</u>
Sanitary District:	
Capital assets, not being depreciated:	
Land	54,600
Buildings	4,453,859
Improvements other than buildings	12,590,516
Machinery and equipment	<u>2,523,509</u>
Total Sanitary District capital assets	<u>19,622,484</u>
Storm Water Utility:	
Capital assets, not being depreciated:	
Land	376,500
Construction in progress	1,191,324
Buildings	429,606
Improvements other than buildings	10,624,161
Machinery and equipment	<u>441,373</u>
Total Storm Water Utility capital assets	<u>13,062,964</u>
Total business-type activities capital assets	<u>\$ 47,699,888</u>

TOWN OF DYER
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
2006 Squad Car Lease	\$ 3,296	\$ 3,374
2007 Squad Car lease	71,300	30,860
2008 Squad Car Lease	85,398	30,469
2009 Squad Car Lease	119,993	16,417
Bonds payable:		
General obligation bonds:		
2004 Street Improvements	95,000	96,615
2006 Park Improvements	3,480,000	573,273
2007 Street Improvements	1,350,000	503,487
2009 Street Improvements	2,000,000	588,024
Revenue bonds:		
2005 Redevelopment Tax Increment Bonds	2,595,000	444,223
2005 Redevelopment Lease Rental Bonds	31,065,000	3,240,813
2007 Economic Lease Rental Bonds	<u>5,280,000</u>	<u>431,859</u>
Total governmental activities debt	<u>\$ 46,144,987</u>	<u>\$ 5,959,414</u>
Business-type activities:		
Water District:		
General obligation bonds:		
2003 Capital Water District Improvements	<u>\$ 1,235,000</u>	<u>\$ 378,135</u>
Sanitary District:		
General obligation bonds:		
1993 SRF Special Taxing District Bonds	1,155,000	358,100
1997 Sanitary District Construction Bonds	675,000	183,950
Revenue bonds:		
1993 SRF Sewer Utility Bonds	<u>1,097,190</u>	<u>395,888</u>
Total Sanitary District	<u>2,927,190</u>	<u>937,938</u>
Storm Water Utility:		
Revenue bonds:		
2009 Storm Water Revenue Bonds, Series A	1,000,000	80,650
2009 Storm Water Revenue Bonds, Series B	<u>1,015,000</u>	<u>77,522</u>
Total Storm Water Utility	<u>2,015,000</u>	<u>158,172</u>
Total business-type activities debt	<u>\$ 6,177,190</u>	<u>\$ 1,474,245</u>

TOWN OF DYER
EXAMINATION RESULTS AND COMMENTS

ACCOUNTING FOR BOND PREMIUMS

The Town sold \$2,000,000 of General Obligation (GO) Bonds in April 2009. The proceeds from the bond sale were deposited into the GO Bonds of 2009 Fund, which is the project fund (207). The proceeds deposited included \$25,937.70 in bond premiums. The bond premiums were not deposited into the Debt Service Fund (728) as required by Indiana Code.

IC 5-1-12-2 states: "Whenever any bonds are sold by any municipal corporation and when the successful bidder agrees to pay and does pay any premium as a part of the bid price of such bonds, any and all premiums so received shall be paid into and shall constitute a part of the fund which is created to retire such bonds and to pay the interest thereon."

APPROPRIATIONS – Park Department

The Town has a Park Activities Fund, which is a Park Nonreverting Operating Fund. The Town Council adopts a limited budget for this fund, which includes the personnel costs and other limited costs of offering park activities and programs. The budget does not include all the actual costs of the various activities. The budget is increased based upon receipts for these programs. These increases to the budget are not approved by the Town Council. Statute requires all disbursements from the park nonreverting operating to be appropriated, and approved.

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."

IC 36-10-3-22(b) states in part: "The unit's fiscal body may establish by ordinance, upon request of the board: (1) a special nonreverting operating fund for park purposes from which expenditures may be made as provided by ordinance, either by appropriation by the board or by the unit's fiscal body; . . ."

TOWN OF DYER
EXIT CONFERENCE

The contents of this report were discussed on November 17, 2010, with Patricia Hawrot, Clerk-Treasurer; Robert Rybicki, President of the Town Council; Lily Schiltz, Deputy Clerk-Treasurer; and Brian Hudock, Accounting Supervisor. The official response has been made a part of this report and may be found on pages 13 through 15.



TOWN OF DYER
OFFICE OF CLERK-TREASURER

ONE TOWN SQUARE (U.S. 30)
DYER, INDIANA 46311

PATRICIA HAWROT, IAMC/CMC
CLERK TREASURER

(219) 865-2421
FAX (219) 865-4232
EMAIL PHAWROT@TOWNOFDYER.COM

Mr. Bruce A. Hartman, C.P.A.
State Examiner
Indiana State Board of Accounts
302 W. Washington Street Rm. E 418
Indianapolis, IN. 46204

Re: Response to Audit Comments for the Town of Dyer for its Audit Period 2008/2009 and corrective action plan.

Dear Mr. Hartman,

On November 17, 2010 the Town of Dyer Clerk-Treasurer and Town Council President met with Auditor Cindy David, Field Examiner for the State Board of Accounts for an exit conference regarding audit findings for the years 2008 and 2009.

We had a comment regarding accounting for Bond Premiums as prescribed by IC 5-1-12-2. This was done on the advice our financial advisor as stated in the attached correspondence from them at the time of the bond sale. They acknowledge that this advice was an error on their part and in the future the Town will not repeat this mistake.

The other comment was regarding the Towns Park Activities fund, which is a Park Nonreverting operating fund. The Town corrective action regarding this is that we are applying for additional appropriation funds to budget for the years 2010 and 2011 with the Department of Local Government Finance. Also, we have established accounting numbers for this budget that will be used from this time forward.

I would like to sincerely thank the State Board of Accounts and comment on the Field Examiner, Cindy David, who I believe did a very comprehensive exam of the Town of Dyer's financial records. Cindy was very helpful & knowledgeable in her job and I appreciate all of the time she took to answer any questions I had. This will help me to better serve the people in the Town of Dyer in my capacity as Clerk-Treasurer.

Sincerely,

Patricia Hawrot
Patricia Hawrot, IAMC.CMC
Clerk-Treasurer

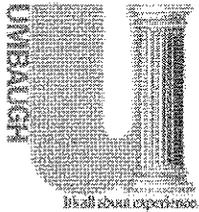
Cc; Mary Jo Small, CPA, SBA District (Field) Supervisor
Encl: 2

Pat Hawrot

From: John Julien [julien@umbaugh.com]
Sent: Wednesday, November 17, 2010 6:25 PM
To: Pat Hawrot
Subject: RE: SBOA comment

Pat,
I wish I had something better to offer. I discussed this with others in the Firm and found out the for lease rental and revenue bonds using premiums to help fund project costs is allowable, but not for GO bonds. We should not have instructed you to deposit the Premium in the Construction Fund. I'm sorry for the problem this has caused. I would suggest that you say "... you were following the advice of your financial advisor. They acknowledge that this advise was an error on their part. In the future the Town will not repeat this mistake."

Again, I'm sorry for the wrong advise we gave you. Best regards, John



John Julien, CPA
H.J. Umbaugh & Associates
Certified Public Accountants, LLP
925 Dora Lane, Suite 1
P. O. Box 697
Plymouth, Indiana 46563
574-935-5178 Phone 574-935-5928 Fax
julien@umbaugh.com

From: Pat Hawrot [<mailto:phawrot@townofdye.org>]
Sent: Wednesday, November 17, 2010 1:01 PM
To: John Julien
Subject: SBOA comment

John,

My exit conference was this morning and this is the comment regarding the 2009 Bond Premium that we have discussed. I have 10 days to write a response and would like your thoughts and input on this. The last time we corresponded you were going to research it . The explanation you gave for the storm water bonds was sufficient so we were not written up for that.

Please let me know as soon as possible because I only have ten days to respond.

Thanks,
Pat Hawrot, IAMC/CMC
Clerk-Treasurer
Town of Dyer
One Town Square
Dyer, IN. 46311

EXHIBIT A

Sources and Uses of Funds 2009 Road Improvement GO Bonds

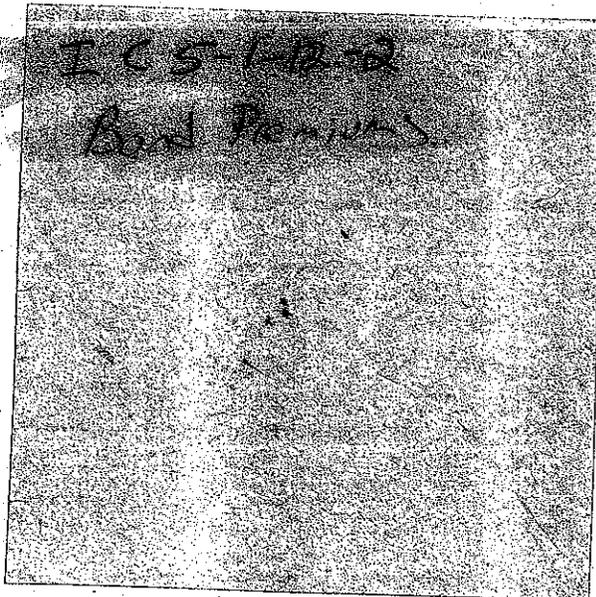
Sources:

Bond Proceeds	\$2,000,000.00 <i>A</i>
Original Issue Premium	<u>25,937.70 <i>A</i></u>
Total	<u>\$2,025,937.70</u>

Uses:

Road improvements and equipment purchases	\$1,765,000.00
Underwriter's Discount	21,000.00 <i>A</i>
Bond Issuance Costs	52,100.00
Contingency	<u>187,837.70</u>
Total	<u>\$2,025,937.70</u>

A = Net deposit of \$2,004,937.70 into fund 207



*H. J. Umbaugh
advised the Clerk-Treas
to put the premium
into the debt rather
than the Bond
Proceeds.*