

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

EXAMINATION REPORT
OF
TOWN OF DUNE ACRES
PORTER COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
01/27/2011

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

William Nixon

08-22-07 to 12-31-11

President of the
Town Council

Louise Roberts
Jeff Swoger
John Sullivan

01-01-08 to 03-31-09
04-01-09 to 08-31-10
09-01-10 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF DUNE ACRES, PORTER COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Dune Acres (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.

STATE BOARD OF ACCOUNTS

November 4, 2010

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

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 21,041	\$ 358,642	\$ 349,402	\$ 30,281
Motor Vehicle Highway	47,465	18,478	61,373	4,570
Local Road and Street	7,772	5,919	11,178	2,513
Park and Recreation	6,187	30,890	8,920	28,157
Riverboat	6,717	1,336	6,717	1,336
Donation	70,301	32,960	91,258	12,003
Cumulative Capital Improvement	5,703	693	5,872	524
Cumulative Capital Development	25,537	14,769	33,797	6,509
Local Major Moves Construction	3,874	-	2,466	1,408
CEDIT Capital Projects	43,255	14,183	50,346	7,092
Rainy Day	-	5,438	5,438	-
Water Utility Sale Proceeds	95,992	51,080	51,252	95,820
Invasive Weed Removal Grant	5,338	-	1,385	3,953
Fiduciary Funds:				
Payroll	-	138,975	138,975	-
Construction Security Deposit	7,500	-	-	7,500
Totals	\$ 346,682	\$ 673,363	\$ 818,379	\$ 201,666
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 30,281	\$ 498,952	\$ 242,319	\$ 286,914
Motor Vehicle Highway	4,570	16,969	8,796	12,743
Local Road and Street	2,513	5,678	4,636	3,555
Park and Recreation	28,157	7,070	23,435	11,792
Riverboat	1,336	1,333	3,241	(572)
Donation	12,003	7,045	7,241	11,807
Cumulative Capital Improvement	524	653	678	499
Cumulative Capital Development	6,509	15,998	9,725	12,782
Local Major Moves Construction	1,408	-	188	1,220
CEDIT Capital Projects	7,092	17,177	10,776	13,493
Rainy Day	-	27,869	-	27,869
Water Utility Sale Proceeds	95,820	90,000	90,000	95,820
Invasive Weed Removal Grant	3,953	-	881	3,072
Flood Investigation Grant	-	4,994	5,000	(6)
Lake Michigan Marina Grant	-	15,000	-	15,000
Fiduciary Funds:				
Payroll	-	139,880	139,880	-
Construction Security Deposit	7,500	32,500	7,500	32,500
Clubhouse Rental Sales Tax	-	90	89	1
Totals	\$ 201,666	\$ 881,208	\$ 554,385	\$ 528,489

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

TOWN OF DUNE ACRES
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. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

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 DUNE ACRES
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

The Town does not maintain sufficient detailed records of capital assets. The values for such items as land, buildings, or equipment were not available.

A similar comment appeared in the prior audit.

Every governmental unit should have a complete inventory of all capital assets owned which reflects 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)

CONDITION OF RECORDS

The annual report did not properly reflect the receipts and disbursements of the Construction Security Deposit Fund or the disbursements of the General Fund. In 2008, the annual report showed \$358,641.56 in receipts and \$289,088.81 in disbursements in both the General and Construction Security Funds. When we traced the amounts to the ledger, the receipts agreed to what was posted to the General Fund. The disbursements of the General Fund were understated by \$60,313 on the annual report. The Town's records showed no activity in the Construction Security Deposit Fund.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank 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)

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 FUND BALANCES

In 2009, the Flood Investigation Grant Fund and Riverboat Fund were overdrawn by \$6.41 and \$571.73, 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)

TOWN OF DUNE ACRES
EXIT CONFERENCE

The contents of this report were discussed on November 4, 2010, with John Sullivan, President of the Town Council; Bill Nixon, Clerk-Treasurer; and Sherry King, Deputy Clerk-Treasurer. The officials concurred with our findings.