

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

CITY OF DUNKIRK

JAY COUNTY, INDIANA

January 1, 2010 to December 31, 2010



FILED
12/28/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jane A. Kesler	01-01-08 to 12-31-11
Mayor	Ronald Hunt	01-01-08 to 12-31-11
President of the Common Council	Charles Rife A. Craig Faulkner	01-01-10 to 12-31-10 01-01-11 to 12-31-11
Superintendent of the Water Utility	Howard Fisher Dace Mumbower	01-01-10 to 09-12-11 09-13-11 to 12-31-11
Superintendent of the Wastewater Utility	Tim Kesler	01-01-10 to 12-31-11



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF DUNKIRK, JAY COUNTY, INDIANA

We have examined the financial statement of the City of Dunkirk (City), for the period of January 1, 2010 to December 31, 2010. The City's management is responsible for the financial statement. 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 statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2010, on the basis of accounting described in Note 1.

The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, 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 financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the City's management and the Common Council and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

December 1, 2011

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FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the City. The financial statement and notes are presented as intended by the City.

CITY OF DUNKIRK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 453,133	\$ 1,181,819	\$ 1,120,591	\$ 514,361
City Court	9,335	18,763	18,128	9,970
Nonreverting Repair and Maintenance	(3,533)	-	-	(3,533)
Trash Collection	-	229,431	226,425	3,006
Motor Vehicle Highway	88,591	215,412	205,957	98,046
Economic Development Income Tax	137,091	69,861	172,781	34,171
Law Enforcement Continuing Education	7,423	4,766	1,314	10,875
Clerk's Record Perpetuation	-	322	-	322
Drug Free Allotment	51	-	-	51
Park Nonreverting Operating	54,921	15,404	26,386	43,939
Rainy Day	33,124	55,914	-	89,038
Police K-9	-	7,675	7,226	449
LOIT Public Safety	-	10,591	4,350	6,241
Fire Equipment	9,058	20	2,500	6,578
COPS Grant	17,094	-	-	17,094
Water Utility Debt Service Reserve	99,713	8,232	-	107,945
Wastewater Utility SRF Bond and Interest	45,471	119,565	119,754	45,282
Cumulative Capital Improvement	27,773	7,747	-	35,520
Capital Improvement	839	-	-	839
DTR Economic Development	146,960	2,500	-	149,460
Highlands Subdivision	900	-	-	900
Fire Equipment Donation	100	-	-	100
Water Utility Retainage - R.E. Crosby	-	21,648	10	21,638
Water Utility Retainage - RCM Excavating	-	17,295	-	17,295
Local Road and Street	17,100	8,911	19,269	6,742
Police Pension	42,568	23,354	20,640	45,282
Payroll	9,671	1,132,342	1,127,031	14,982
Planning and Zoning	(1,384)	-	-	(1,384)
User Fee	6,932	-	73	6,859
Wastewater Utility Operating	234,941	450,091	603,834	81,198
Wastewater Utility Debt Service Reserve	-	9,980	9,980	-
Wastewater Utility Bond and Interest*	2,805	276	-	3,081
Wastewater Utility SRF Debt Service Reserve	120,067	20	-	120,087
Wastewater Utility Improvement	632,464	4,015	-	636,479
Water Utility Operating	49,510	704,619	534,816	219,313
Water Utility Bond and Interest	31,309	128,207	94,951	64,565
Water Utility Meter Deposits	41,987	8,610	4,198	46,399
Water Utility Depreciation	13,763	34,025	1,148	46,640
Water Utility Construction	-	743,828	743,828	-
Totals	<u>\$ 2,329,777</u>	<u>\$ 5,235,243</u>	<u>\$ 5,065,190</u>	<u>\$ 2,499,830</u>

*Beginning balance restated. See Note 7.

The notes to the financial statement are an integral part of this statement.

CITY OF DUNKIRK
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, trash, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the City (primary government), and does not include financial information for any of the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the City (primary government.)

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts may include, but are not limited to, the following sources:

Taxes, which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Special assessments which includes amounts levied against certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties.

CITY OF DUNKIRK
NOTES TO FINANCIAL STATEMENT
(Continued)

License and permits which includes amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of license and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts which includes receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts includes, but is not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which includes receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Net proceeds from borrowings which includes receipts from general obligation bonds, notes and loans.

Intergovernmental loan activity which includes amounts received from other funds as loans on a temporary basis.

Transfers in which includes funds authorized by statute, ordinance, resolution or court order to be transferred in from another fund.

Utility receipts which are comprised mostly of charges for current services.

Internal service receipts which are comprised mostly of fees received for services performed for other funds.

Fiduciary receipts which are comprised mostly of contributions to the pensions funds from state and local sources.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements may include, but are not limited to, the following uses:

CITY OF DUNKIRK
NOTES TO FINANCIAL STATEMENT
(Continued)

Personal services which includes outflows for salaries, wages and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which includes articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which includes, but is not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which includes fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

Capital outlay which includes all outflows for land, infrastructure, buildings, improvements, machinery and equipment having an appreciable and calculable period of usefulness.

Interfund loan payments and loans made which includes amounts that are owed to a particular fund by another fund.

Transfers out which includes funds authorized by statute, ordinance, resolution or court order to be transferred to another fund.

F. Interfund Transfers

The City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the City. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

CITY OF DUNKIRK
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. 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 normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 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 City 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 5. Risk Management

The City may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the City by recording as a disbursement and replacement items purchased.

CITY OF DUNKIRK
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 City 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 percent 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.

B. 1925 Police Officers' Pension Plan

Plan Description

The 1925 Police Officers' Pension Plan 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.

On Behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under IC 5-10.3-11.

CITY OF DUNKIRK
NOTES TO FINANCIAL STATEMENT
(Continued)

C. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is 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

Note 7. Restated Beginning Balance

The cash and investment balance of the Wastewater Utility Bond and Interest Fund at January 1, 2010, is \$125,697 less than the balance reported at December 31, 2009. This restatement is due to the same investment being reported in two different funds at December 31, 2009.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City's Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the City which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was prepared and/or approved by management of the City. It is presented as intended by the City.

CITY OF DUNKIRK
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General	City Court	Nonreverting Repair and Maintenance	Trash Collection	Motor Vehicle Highway	Economic Development Income Tax	Law Enforcement Continuing Education	Clerk's Record Perpetuation
Cash and investments - beginning	\$ 453,133	\$ 9,335	\$ (3,533)	\$ -	\$ 88,591	\$ 137,091	\$ 7,423	\$ -
Receipts:								
Taxes	668,148	-	-	-	-	-	-	-
Licenses and permits	654	-	-	-	-	-	790	-
Intergovernmental	395,503	-	-	-	214,612	69,861	-	-
Charges for services	65,228	-	-	229,431	510	-	225	-
Fines and forfeits	2,372	18,732	-	-	-	-	415	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	49,914	31	-	-	290	-	3,336	322
Total receipts	<u>1,181,819</u>	<u>18,763</u>	<u>-</u>	<u>229,431</u>	<u>215,412</u>	<u>69,861</u>	<u>4,766</u>	<u>322</u>
Disbursements:								
Personal services	699,202	-	-	-	91,672	-	-	-
Supplies	66,373	-	-	-	10,674	-	-	-
Other services and charges	254,516	-	-	-	91,883	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	62,252	-	-	-	11,728	172,781	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	38,248	18,128	-	226,425	-	-	1,314	-
Total disbursements	<u>1,120,591</u>	<u>18,128</u>	<u>-</u>	<u>226,425</u>	<u>205,957</u>	<u>172,781</u>	<u>1,314</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>61,228</u>	<u>635</u>	<u>-</u>	<u>3,006</u>	<u>9,455</u>	<u>(102,920)</u>	<u>3,452</u>	<u>322</u>
Cash and investments - ending	<u>\$ 514,361</u>	<u>\$ 9,970</u>	<u>\$ (3,533)</u>	<u>\$ 3,006</u>	<u>\$ 98,046</u>	<u>\$ 34,171</u>	<u>\$ 10,875</u>	<u>\$ 322</u>

CITY OF DUNKIRK
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Drug Free Allotment	Park Nonreverting Operating	Rainy Day	Police K-9	LOIT Public Safety	Fire Equipment	COPS Grant	Water Utility Debt Service Reserve
Cash and investments - beginning	\$ 51	\$ 54,921	\$ 33,124	\$ -	\$ -	\$ 9,058	\$ 17,094	\$ 99,713
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	55,914	-	10,591	-	-	-
Charges for services	-	15,404	-	-	-	20	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	-	-	7,675	-	-	-	8,232
Total receipts	-	15,404	55,914	7,675	10,591	20	-	8,232
Disbursements:								
Personal services	-	572	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	6,093	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	19,721	-	7,226	4,350	2,500	-	-
Total disbursements	-	26,386	-	7,226	4,350	2,500	-	-
Excess (deficiency) of receipts over disbursements	-	(10,982)	55,914	449	6,241	(2,480)	-	8,232
Cash and investments - ending	\$ 51	\$ 43,939	\$ 89,038	\$ 449	\$ 6,241	\$ 6,578	\$ 17,094	\$ 107,945

CITY OF DUNKIRK
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Wastewater Utility SRF Bond and Interest	Cumulative Capital Improvement	Capital Improvement	DTR Economic Development	Highlands Subdivision	Fire Equipment Donation	Water Utility Retainage - R.E. Crosby	Water Utility Retainage - RCM Excavating
Cash and investments - beginning	\$ 45,471	\$ 27,773	\$ 839	\$ 146,960	\$ 900	\$ 100	\$ -	\$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	7,747	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	119,565	-	-	2,500	-	-	21,648	17,295
Total receipts	119,565	7,747	-	2,500	-	-	21,648	17,295
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	119,754	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	10	-
Total disbursements	119,754	-	-	-	-	-	10	-
Excess (deficiency) of receipts over disbursements	(189)	7,747	-	2,500	-	-	21,638	17,295
Cash and investments - ending	\$ 45,282	\$ 35,520	\$ 839	\$ 149,460	\$ 900	\$ 100	\$ 21,638	\$ 17,295

CITY OF DUNKIRK
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Local Road and Street	Police Pension	Payroll	Planning and Zoning	User Fee	Wastewater Utility Operating	Wastewater Utility Debt Service Reserve	Wastewater Utility Bond and Interest
Cash and investments - beginning	\$ 17,100	\$ 42,568	\$ 9,671	\$ (1,384)	\$ 6,932	\$ 234,941	\$ -	\$ 2,805
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	20,933	-	-	-	-	-	-
Charges for services	8,197	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	387,931	-	-
Other receipts	714	2,421	1,132,342	-	-	62,160	9,980	276
Total receipts	8,911	23,354	1,132,342	-	-	450,091	9,980	276
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	200	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	18,225	-	-
Utility operating expenses	-	-	-	-	-	255,932	-	-
Other disbursements	19,269	20,440	1,127,031	-	73	329,677	9,980	-
Total disbursements	19,269	20,640	1,127,031	-	73	603,834	9,980	-
Excess (deficiency) of receipts over disbursements	(10,358)	2,714	5,311	-	(73)	(153,743)	-	276
Cash and investments - ending	\$ 6,742	\$ 45,282	\$ 14,982	\$ (1,384)	\$ 6,859	\$ 81,198	\$ -	\$ 3,081

CITY OF DUNKIRK
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Wastewater Utility SRF Debt Service Reserve	Wastewater Utility Improvement	Water Utility Operating	Water Utility Bond and Interest	Water Utility Meter Deposits	Water Utility Depreciation	Water Utility Construction	Totals
Cash and investments - beginning	\$ 120,067	\$ 632,464	\$ 49,510	\$ 31,309	\$ 41,987	\$ 13,763	\$ -	\$ 2,329,777
Receipts:								
Taxes	-	-	-	-	-	-	-	668,148
Licenses and permits	-	-	-	-	-	-	-	1,444
Intergovernmental	-	-	-	-	-	-	-	775,161
Charges for services	-	-	-	-	-	-	-	319,015
Fines and forfeits	-	-	-	-	-	-	-	21,519
Utility fees	-	-	504,323	-	8,610	-	-	900,864
Other receipts	20	4,015	200,296	128,207	-	34,025	743,828	2,549,092
Total receipts	20	4,015	704,619	128,207	8,610	34,025	743,828	5,235,243
Disbursements:								
Personal services	-	-	-	-	-	-	-	791,446
Supplies	-	-	-	-	-	-	-	77,047
Other services and charges	-	-	-	-	-	-	-	352,692
Debt service - principal and interest	-	-	-	94,951	-	-	-	214,705
Capital outlay	-	-	5,647	-	-	-	743,828	1,014,461
Utility operating expenses	-	-	326,718	-	4,198	-	-	586,848
Other disbursements	-	-	202,451	-	-	1,148	-	2,027,991
Total disbursements	-	-	534,816	94,951	4,198	1,148	743,828	5,065,190
Excess (deficiency) of receipts over disbursements	20	4,015	169,803	33,256	4,412	32,877	-	170,053
Cash and investments - ending	\$ 120,087	\$ 636,479	\$ 219,313	\$ 64,565	\$ 46,399	\$ 46,640	\$ -	\$ 2,499,830

CITY OF DUNKIRK
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
December 31, 2010

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>Ending Balance</u>
City:	
Capital assets, not being depreciated:	
Land	\$ 39,443
Buildings	693,241
Improvements other than buildings	562,132
Machinery and equipment	<u>910,079</u>
Total other capital assets	<u>2,204,895</u>
Water Utility:	
Capital assets, not being depreciated:	
Land	24,164
Construction in progress	743,828
Buildings	950,816
Improvements other than buildings	946,240
Machinery and equipment	<u>700,081</u>
Total Water Utility capital assets	<u>3,365,129</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	27,000
Buildings	4,123,084
Improvements other than buildings	6,377,798
Machinery and equipment	<u>467,631</u>
Total Wastewater Utility capital assets	<u>10,995,513</u>
Total capital assets not being depreciated	<u>\$ 16,565,537</u>

CITY OF DUNKIRK
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year	Fund
Capital leases:			
Rescue Vehicle	\$ 31,014	\$ 17,094	General
Backhoe	50,077	12,815	Water Utility
Bonds payable:			
Revenue bonds:			
SRF Loan of 1999	936,000	119,144	Wastewater Utility
SRF Loan of 2000	895,000	95,955	Water Utility
SRF Loan of 2010	<u>743,828</u>	<u>65,296</u>	Water Utility
Total debt	<u>\$ 2,655,919</u>	<u>\$ 310,304</u>	

CITY OF DUNKIRK
OTHER REPORT

The report presented herein was prepared in addition to the other official report prepared for the City Court.

CITY OF DUNKIRK
EXAMINATION RESULTS AND COMMENTS

REPORTING REQUIREMENTS

The Annual City and Town Financial Report for 2010 contained several errors, including the following:

1. The Water Utility Construction Fund with receipts of \$743,828 and disbursements of \$743,828 was not included;
2. The omission of \$50,291 of receipts in five other funds.
3. The misclassification of \$148,263 of interfund transfers as investment purchases.

These errors were corrected in the financial information in this report.

Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OVERDRAWN CASH BALANCES

The beginning and ending cash balances of the Nonreverting Repair and Maintenance Fund and the Planning and Zoning Fund were overdrawn by \$3,533 and \$1,384, respectively. A similar comment appeared in prior Report B37317.

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)

FUND SOURCES AND USES

Several tax distributions, totaling \$5,576, that should have been receipted to other funds were receipted to the General Fund. In addition, a \$720 electronic funds transfer from the State was never receipted to the ledger.

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)

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

APPROPRIATIONS

Expenditures exceeded budgeted appropriations for the Park Nonreverting Operating Fund (\$8,187) and the LOIT Public Safety Fund (\$4,350).

CITY OF DUNKIRK
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 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."

BUILDING DEPARTMENT DEPOSITS

Collections made by the Zoning Administrator in 2010 were not remitted to the Clerk-Treasurer on a timely basis. Of the 22 collections made, 18 were held more than 30 days before being remitted to the Clerk-Treasurer. One \$20 collection took over six months to be remitted.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories: (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

PAYROLL FUND

The Payroll Fund cash and investment balance at December 31, 2010, was \$4,207 more than actual payroll withholdings on the same date. Errors have occurred in posting receipts and disbursements to the accounts for several years. No corrections have been made for these posting errors. A similar comment appeared in prior Report B37317.

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)

CUSTOMER DEPOSIT REGISTER

The total of the detailed Customer Deposit Register ("Meter Deposit Report") exceeded the Water Utility Meter Deposits Fund cash and investment balance by \$4,644 at December 31, 2010. A similar comment appeared in prior Report B37317.

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)

CITY OF DUNKIRK
EXAMINATION RESULTS AND COMMENTS
(Continued)

COLLECTION OF AMOUNTS DUE

In Report B27751 for the year 2005, it was noted that a pensioner paid from the Police Pension Fund was overpaid for the years 2002-2005. After that examination, the City hired a private Certified Public Accounting (CPA) firm to review the pension paid to the pensioner. The CPA firm concluded that the pensioner had been overpaid by \$8,422. City officials have not made adequate efforts to obtain a reimbursement, either in cash or by reducing future pension benefits. A similar comment appeared in prior Report B37317.

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)

CITY OF DUNKIRK
EXIT CONFERENCE

The contents of this report were discussed on December 1, 2011, with Jane A. Kesler, Clerk-Treasurer, and A. Craig Faulkner, President of the Common Council.