

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

TOWN OF DUNE ACRES

PORTER COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
05/23/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	William Nixon Carolyn Mellen	01-01-08 to 12-31-11 01-01-12 to 12-31-15
President of the Town Council	Jeff Swoger John Sullivan Jeff Swoger Lou Mellen	01-01-10 to 08-31-10 09-01-10 to 12-31-11 01-01-12 to 01-31-13 02-01-13 to 12-31-13



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statements of the Town of Dune Acres (Town), for the period of January 1, 2010 to December 31, 2011. The financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statements 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 statements 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 Town prepares its financial statements 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 effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the period of January 1, 2010 to December 31, 2011.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the period of January 1, 2010 to December 31, 2011, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Town's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

January 30, 2013

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FINANCIAL STATEMENTS

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

TOWN OF DUNE ACRES
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 286,914	\$ 271,462	\$ 373,977	\$ 184,399
Motor Vehicle Highway	12,743	42,891	27,202	28,432
Local Road And Street	3,555	5,850	-	9,405
Riverboat Revenue Sharing	(572)	1,333	-	761
Rainy Day Fund	27,869	49,967	-	77,836
Levy Excess Fund	-	876	-	876
Local Major Moves Construction	1,220	-	-	1,220
Cumulative Capital Development	12,782	10,722	5,654	17,850
Federal Grant Invasive Weed Prevention	3,072	-	3,072	-
CEDIT	13,493	15,669	8,500	20,662
Cumulative Capital Improvement	499	691	-	1,190
Donations	11,807	6,720	7,069	11,458
State Grants Cowles Bog DNR	(6)	3,942	3,936	-
Lake Michigan Marina Grant	15,000	-	9,715	5,285
Clubhouse Dune Grant	-	3,585	3,585	-
Construction Security Deposit	32,500	7,500	-	40,000
Water Sale Fund	95,821	-	41,726	54,095
Park And Recreation	11,792	10,527	9,508	12,811
Payroll	-	141,842	141,842	-
Sales Tax Clubhouse Rental	1	294	292	3
Clubhouse Rental Deposit	-	3,850	2,800	1,050
Totals	<u>\$ 528,490</u>	<u>\$ 577,721</u>	<u>\$ 638,878</u>	<u>\$ 467,333</u>

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

TOWN OF DUNE ACRES
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 184,399	\$ 268,297	\$ 356,218	\$ 96,478
Motor Vehicle Highway	28,432	60,624	30,995	58,061
Local Road And Street	9,405	5,697	6,000	9,102
Riverboat Revenue Sharing	761	1,333	-	2,094
Rainy Day Fund	77,836	22,164	-	100,000
Levy Excess Fund	876	-	-	876
Local Major Moves Construction	1,220	-	1,220	-
Cumulative Capital Development	17,850	11,011	18,199	10,662
Cowles Bog Grant #2	-	32,304	32,304	-
CEDIT	20,662	21,022	37,055	4,629
Cumulative Capital Improvement	1,190	611	199	1,602
Donations	11,458	7,250	6,745	11,963
State Grants Cowles Bog DNR	-	303	303	-
Lake Michigan Marina Grant	5,285	-	4,623	662
Construction Security Deposit	40,000	-	32,500	7,500
Water Sale Fund	54,095	-	22,164	31,931
Park And Recreation	12,811	3,705	14,629	1,887
Payroll	-	151,658	151,658	-
Sales Tax Clubhouse Rental	3	210	209	4
Clubhouse Rental Deposit	1,050	3,000	3,357	693
Totals	<u>\$ 467,333</u>	<u>\$ 589,189</u>	<u>\$ 718,378</u>	<u>\$ 338,144</u>

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

TOWN OF DUNE ACRES
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council 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, and general administrative services.

The accompanying financial statements present the financial information for the Town.

B. Basis of Accounting

The financial statements are 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 statements. The aggregate receipts include 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), wheel tax, county economic development income tax, boat and trailer excise tax, and other taxes that are set by the Town.

Licenses and permits which include amounts received from businesses, occupations, or non-businesses 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 licenses 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 include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are 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.

TOWN OF DUNE ACRES
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, recycling fees, dog pound fees, park rental fees, swimming pool receipts, cable TV receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements include the following uses:

Personal services include 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 include 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 include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

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

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The Town 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 Town. 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 Town. 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 Town 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.

TOWN OF DUNE ACRES
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town 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 Town 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 percent 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 should be 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 statutes authorize 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 5. Risk Management

The Town 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 Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Town's Annual Report information for years 2011 and later can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Town which are 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 approved by management of the Town. It is presented as intended by the Town.

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

	General	Motor Vehicle Highway	Local Road And Street	Riverboat Revenue Sharing	Rainy Day Fund	Levy Excess Fund	Local Major Moves Construction	Cumulative Capital Development
Cash and investments - beginning	\$ 286,914	\$ 12,743	\$ 3,555	\$ (572)	\$ 27,869	\$ -	\$ 1,220	\$ 12,782
Receipts:								
Taxes	252,363	-	-	-	-	876	-	10,722
Licenses and permits	5,290	-	-	-	-	-	-	-
Intergovernmental	2,545	42,891	5,850	1,333	8,241	-	-	-
Charges for services	8,622	-	-	-	-	-	-	-
Other receipts	2,642	-	-	-	41,726	-	-	-
Total receipts	<u>271,462</u>	<u>42,891</u>	<u>5,850</u>	<u>1,333</u>	<u>49,967</u>	<u>876</u>	<u>-</u>	<u>10,722</u>
Disbursements:								
Personal services	141,842	-	-	-	-	-	-	-
Supplies	4,551	-	-	-	-	-	-	-
Other services and charges	63,570	27,202	-	-	-	-	-	-
Capital outlay	74,014	-	-	-	-	-	-	5,648
Other disbursements	90,000	-	-	-	-	-	-	6
Total disbursements	<u>373,977</u>	<u>27,202</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,654</u>
Excess (deficiency) of receipts over disbursements	<u>(102,515)</u>	<u>15,689</u>	<u>5,850</u>	<u>1,333</u>	<u>49,967</u>	<u>876</u>	<u>-</u>	<u>5,068</u>
Cash and investments - ending	<u>\$ 184,399</u>	<u>\$ 28,432</u>	<u>\$ 9,405</u>	<u>\$ 761</u>	<u>\$ 77,836</u>	<u>\$ 876</u>	<u>\$ 1,220</u>	<u>\$ 17,850</u>

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

	Federal Grant Invasive Weed Prevention	CEDIT	Cumulative Capital Improvement	Donations	State Grants Cowles Bog DNR	Lake Michigan Marina Grant	Clubhouse Dune Grant
Cash and investments - beginning	\$ 3,072	\$ 13,493	\$ 499	\$ 11,807	\$ (6)	\$ 15,000	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	15,669	624	-	3,936	-	3,585
Charges for services	-	-	-	-	-	-	-
Other receipts	-	-	67	6,720	6	-	-
Total receipts	-	15,669	691	6,720	3,942	-	3,585
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	7,069	-	-	-
Capital outlay	-	8,500	-	-	-	9,715	3,585
Other disbursements	3,072	-	-	-	3,936	-	-
Total disbursements	3,072	8,500	-	7,069	3,936	9,715	3,585
Excess (deficiency) of receipts over disbursements	(3,072)	7,169	691	(349)	6	(9,715)	-
Cash and investments - ending	\$ -	\$ 20,662	\$ 1,190	\$ 11,458	\$ -	\$ 5,285	\$ -

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

	Construction Security Deposit	Water Sale Fund	Park And Recreation	Payroll	Sales Tax Clubhouse Rental	Clubhouse Rental Deposit	Totals
Cash and investments - beginning	\$ 32,500	\$ 95,821	\$ 11,792	\$ -	\$ 1	\$ -	\$ 528,490
Receipts:							
Taxes	-	-	10,527	-	-	-	274,488
Licenses and permits	-	-	-	-	-	-	5,290
Intergovernmental	-	-	-	-	-	-	84,674
Charges for services	7,500	-	-	-	-	3,850	19,972
Other receipts	-	-	-	141,842	294	-	193,297
Total receipts	7,500	-	10,527	141,842	294	3,850	577,721
Disbursements:							
Personal services	-	-	-	141,842	-	-	283,684
Supplies	-	-	-	-	-	-	4,551
Other services and charges	-	-	9,508	-	292	2,800	110,441
Capital outlay	-	-	-	-	-	-	101,462
Other disbursements	-	41,726	-	-	-	-	138,740
Total disbursements	-	41,726	9,508	141,842	292	2,800	638,878
Excess (deficiency) of receipts over disbursements	7,500	(41,726)	1,019	-	2	1,050	(61,157)
Cash and investments - ending	\$ 40,000	\$ 54,095	\$ 12,811	\$ -	\$ 3	\$ 1,050	\$ 467,333

TOWN OF DUNE ACRES
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	General	Motor Vehicle Highway	Local Road And Street	Riverboat Revenue Sharing	Rainy Day Fund	Levy Excess Fund	Local Major Moves Construction
Cash and investments - beginning	\$ 184,399	\$ 28,432	\$ 9,405	\$ 761	\$ 77,836	\$ 876	\$ 1,220
Receipts:							
Taxes	245,865	-	-	-	-	-	-
Licenses and permits	10,606	-	-	-	-	-	-
Intergovernmental	599	60,624	5,697	1,333	-	-	-
Charges for services	10,466	-	-	-	-	-	-
Other receipts	761	-	-	-	22,164	-	-
Total receipts	<u>268,297</u>	<u>60,624</u>	<u>5,697</u>	<u>1,333</u>	<u>22,164</u>	<u>-</u>	<u>-</u>
Disbursements:							
Personal services	151,653	-	-	-	-	-	-
Supplies	4,002	-	6,000	-	-	-	-
Other services and charges	73,766	30,995	-	-	-	-	-
Capital outlay	101,675	-	-	-	-	-	1,220
Other disbursements	25,122	-	-	-	-	-	-
Total disbursements	<u>356,218</u>	<u>30,995</u>	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,220</u>
Excess (deficiency) of receipts over disbursements	<u>(87,921)</u>	<u>29,629</u>	<u>(303)</u>	<u>1,333</u>	<u>22,164</u>	<u>-</u>	<u>(1,220)</u>
Cash and investments - ending	<u>\$ 96,478</u>	<u>\$ 58,061</u>	<u>\$ 9,102</u>	<u>\$ 2,094</u>	<u>\$ 100,000</u>	<u>\$ 876</u>	<u>\$ -</u>

TOWN OF DUNE ACRES
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Cumulative Capital Development	Cowles Bog Grant #2	CEDIT	Cumulative Capital Improvement	Donations	State Grants Cowles Bog DNR	Lake Michigan Marina Grant
Cash and investments - beginning	\$ 17,850	\$ -	\$ 20,662	\$ 1,190	\$ 11,458	\$ -	\$ 5,285
Receipts:							
Taxes	11,011	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	21,533	21,022	611	-	303	-
Charges for services	-	-	-	-	-	-	-
Other receipts	-	10,771	-	-	7,250	-	-
Total receipts	11,011	32,304	21,022	611	7,250	303	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	199	6,745	-	-
Capital outlay	18,199	-	37,055	-	-	-	4,623
Other disbursements	-	32,304	-	-	-	303	-
Total disbursements	18,199	32,304	37,055	199	6,745	303	4,623
Excess (deficiency) of receipts over disbursements	(7,188)	-	(16,033)	412	505	-	(4,623)
Cash and investments - ending	\$ 10,662	\$ -	\$ 4,629	\$ 1,602	\$ 11,963	\$ -	\$ 662

TOWN OF DUNE ACRES
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Construction Security Deposit	Water Sale Fund	Park And Recreation	Payroll	Sales Tax Clubhouse Rental	Clubhouse Rental Deposit	Totals
Cash and investments - beginning	\$ 40,000	\$ 54,095	\$ 12,811	\$ -	\$ 3	\$ 1,050	\$ 467,333
Receipts:							
Taxes	-	-	3,705	-	210	-	260,791
Licenses and permits	-	-	-	-	-	-	10,606
Intergovernmental	-	-	-	-	-	-	111,722
Charges for services	-	-	-	-	-	3,000	13,466
Other receipts	-	-	-	151,658	-	-	192,604
Total receipts	-	-	3,705	151,658	210	3,000	589,189
Disbursements:							
Personal services	-	-	-	151,658	-	-	303,311
Supplies	-	-	-	-	-	-	10,002
Other services and charges	-	-	14,629	-	209	3,357	129,900
Capital outlay	32,500	-	-	-	-	-	195,272
Other disbursements	-	22,164	-	-	-	-	79,893
Total disbursements	32,500	22,164	14,629	151,658	209	3,357	718,378
Excess (deficiency) of receipts over disbursements	(32,500)	(22,164)	(10,924)	-	1	(357)	(129,189)
Cash and investments - ending	\$ 7,500	\$ 31,931	\$ 1,887	\$ -	\$ 4	\$ 693	\$ 338,144

TOWN OF DUNE ACRES
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2011

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 3,097</u>	<u>\$ -</u>

TOWN OF DUNE ACRES
SCHEDULE OF CAPITAL ASSETS
December 31, 2011

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>
Governmental activities:	
Land	\$ 2,100
Infrastructure	181,629
Buildings	310,335
Improvements other than buildings	72,106
Machinery, equipment, and vehicles	<u>18,980</u>
Total governmental activities	<u>585,150</u>
Total capital assets	<u>\$ 585,150</u>

TOWN OF DUNE ACRES
EXAMINATION RESULTS AND COMMENTS

PUBLIC WORKS PROJECTS

Per the minutes of the Town Council, the Town Council authorized the Road Commissioner to spend up to \$34,000 for three road projects in 2010. At a later meeting, another Road Commissioner was authorized to obtain "bids" to replace a septic tank at the Town Hall. Minutes from another meeting indicated the Board approved the bid of \$12,740 from a contractor to construct the east beach deck per plan and specification, and two handicap parking places on town park land.

At the March 15, 2011 meeting of the Town Council, the following was stated, "Council Member Jeffrey Swoger presented Mark's recommendation to proceed with the original street proposal - areas on West Road, Shore Drive, East Drive and Ridge Drive. Council member Jeffrey moved to approve resurfacing of town roads - Shore Drive, East Road, West Road and Ridge Drive. The cost not to exceed \$65,000." At the next meeting on April 19, 2011, it was communicated by Mark, the Road Commissioner, that "Reith Riley should begin the paving of West, Ridge, Shore, and Lupine roads on Thursday, April 28th."

In each of these cases, bids or quotes were not noted as being opened at a public meeting as required by state statutes. Furthermore, nothing was indicated in the minutes that the bids or quotes were awarded to the lowest and most responsive and responsible parties as required by state statutes.

Furthermore, contracts were not presented for examination for the work performed on each of these projects. Proposals were presented, for the street resurfacing or paving, invoices were presented, which indicated a contract amount and change orders, but a contract was not presented.

Indiana Code 36-1-12-4.7 states in part:

"(a) This section applies whenever a public work project's estimated to cost:

- (1) except as provided in subdivision (2), at least fifty thousand dollars (\$50,000) and less than one hundred fifty thousand dollars (\$150,000); or . . .

(b) The board must proceed under the following provisions:

- (1) The board shall invite quotes from at least three (3) persons known to deal in the class of work proposed to be done by mailing them a notice stating that plans and specifications are on file in a specified office. The notice must be mailed not less than seven (7) days before the time fixed for receiving quotes.
- (2) The board may not require a person to submit a quote before the meeting at which quotes are to be received. The meeting for receiving quotes must be open to the public. All quotes received shall be opened publicly and read aloud at the time and place designated and not before.
- (3) The board shall award the contract for the public work to the lowest responsible and responsive quoter.
- (4) The board may reject all quotes submitted."

TOWN OF DUNE ACRES
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 36-1-12-5 states in part:

"(a) This section applies whenever a public work project is estimated to cost less than fifty thousand dollars (\$50,000). . . .

(b) The board must proceed under the following provisions:

- (1) The board shall invite quotes from at least three (3) persons known to deal in the class of work proposed to be done by mailing them a notice stating that plans and specifications are on file in a specified office. The notice must be mailed not less than seven (7) days before the time fixed for receiving quotes.
- (2) The board may not require a person to submit a quote before the meeting at which quotes are to be received. The meeting for receiving quotes must be open to the public. All quotes received shall be opened publicly and read aloud at the time and place designated and not before.
- (3) The board shall award the contract for the public work to the lowest responsible and responsive quoter.
- (4) The board may reject all quotes submitted.
- (5) If the board rejects all quotes under subdivision (4), the board may negotiate and enter into agreements for the work in the open market without inviting or receiving quotes if the board establishes in writing the reasons for rejecting the quotes. . . ."

VENDOR DISBURSEMENTS

Certification of Receipt of Goods or Services and Supporting Documentation

Only a small number of invoices had been signed to indicate receipt of materials or services. Some of the expenditures made in 2010 and 2011 for which certification of receipt of goods or services had not been made include, street resurfacing, street repairs, snow plowing and salt, purchase of salt, remodeling of the security office, and construction of a deck for the park.

Furthermore, some accounts payable vouchers or claims paid did not have itemized vendor invoices attached, and some invoices were from a third party. For example, a check was issued for repairs to a Town vehicle. The supporting documentation attached to the accounts payable voucher was an insurance estimate. Another check was issued to Gary Hobart Roofing for roofing materials, but the invoice attached, which was a summary charge statement, was from a contractor, who serves as a Town Commissioner and is self-employed. The roofing work was not performed by this contractor, but the materials were ordered through his business.

Town Code Sec. 2-158 states in part: "The Town Councilmembers, Clerk-Treasurer or Commissioners shall be the purchasing agents for the Town Council with all of the powers and duties authorized under IC 5-22, entitled Public Purchasing."

TOWN OF DUNE ACRES
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 5-11-10-1.6(c) states in part:

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

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services."

Credit Card Usage

The Town has obtained, in the Town's name, a credit card for making purchases. The Town Council has not adopted a resolution or ordinance outlining the custody and approved uses of the credit card.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

1. The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
2. Issuance and use should be handled by an official or employee designated by the board.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
5. The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
6. Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
8. If properly authorized, an annual fee may be paid.

FUNDS REQUIRING APPROPRIATION

The Town spent \$8,500 and \$37,055 in County Economic Development Income Tax Funds in 2010 and 2011, respectively. The funds were spent without being appropriated by the Town Council, as required.

TOWN OF DUNE ACRES
EXAMINATION RESULTS AND COMMENTS
(Continued)

The following is a list of funds which require city/town council approval of an appropriation. Due to the nature of the funds, the Department of Local Government Finance does not require submission of an additional appropriation request before the local appropriation can be approved.

1. Clerk's Record Perpetuation Fund (IC 33-37-5-2)
2. Cumulative Capital Improvement Fund - Cigarette Tax (IC 6-7-1-31.1)
3. Deferral Program (IC 34-28-5-1)
4. Economic Development Income Tax (EDIT) (IC 6-3.5-7)
5. Electronic Map Generation Fund (IC 5-14-3-8.3)
6. Enhanced Access Fund (IC 5-14-3-8.5)
7. Local Law Enforcement Continuing Education Fund (IC 5-2-8)
8. Park Nonreverting Capital Fund (IC 36-10-3-20)
9. Park Nonreverting Operating Fund (IC 36-10-3-22)
10. Riverboat Fund (IC 36-1-8-9)
11. County Slot Machine Wagering Fee Fund (IC 36-1-8-9.2)

(Cities and Towns Bulletin and Uniform Compliance Guidelines, June, 2010)

REPORTING OF GOVERNMENTAL ASSISTANCE

The Town provided assistance to the Porter Volunteer Fire Department and the Save the Dunes Council, which was not reported in the appropriate section of their annual report, as required.

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

TOWN OF DUNE ACRES
EXIT CONFERENCE

The contents of this report were discussed on February 19, 2013, with Carolyn Mellen, Clerk-Treasurer; Sherry King, former Deputy Clerk-Treasurer, and proxy for William Nixon, former Clerk-Treasurer; and Lou Mellen, President of the Town Council. The officials concurred with our findings.