

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

EXAMINATION REPORT

OF

TOWN OF DUNE ACRES

PORTER COUNTY, INDIANA

January 1, 2004 to December 31, 2005



**FILED**  
08/25/2006



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Patrice Bapst	01-01-04 to 04-01-04
	Anne Marie Hiestand	04-21-04 to 08-24-05
	Beverly Hubbs	08-25-05 to 12-31-06
President of the Town Council	Benjamin Bolton	01-01-04 to 04-30-05
	Louise Roberts	05-01-05 to 12-31-06



**STATE OF INDIANA**  
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STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2765

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

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Dune Acres (Town), for the period of January 1, 2004 to December 31, 2005. The Town's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

July 25, 2006

TOWN OF DUNE ACRES  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES  
As Of And For The Years Ended December 31, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 167,043	\$ 267,172	\$ 234,622	\$ 199,593
Motor Vehicle Highway	3,411	22,345	11,517	14,239
Local Road and Street	13,929	6,252	14,990	5,191
Park and Recreation	3,393	10,562	10,351	3,604
Riverboat	1,347	1,343	-	2,690
Donation	2,497	12,871	9,620	5,748
Cumulative Capital Improvement	3,503	795	-	4,298
Cumulative Capital Development	36,519	13,143	26,795	22,867
CEDIT Capital Projects	-	10,546	-	10,546
Water Utility - Sale Proceeds	-	384,592	140,025	244,567
Proprietary Fund:				
Water Utility - Operating	5,998	15,292	21,290	-
Totals	<u>\$ 237,640</u>	<u>\$ 744,913</u>	<u>\$ 469,210</u>	<u>\$ 513,343</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 199,593	\$ 288,488	\$ 260,670	\$ 227,411
Motor Vehicle Highway	14,239	23,271	11,799	25,711
Local Road and Street	5,191	6,417	8,000	3,608
Park and Recreation	3,604	9,266	9,294	3,576
Riverboat	2,690	1,343	-	4,033
Donation	5,748	8,930	7,628	7,050
Cumulative Capital Improvement	4,298	765	137	4,926
Cumulative Capital Development	22,867	10,859	15,122	18,604
CEDIT Capital Projects	10,546	10,546	-	21,092
Water Utility - Sale Proceeds	244,567	13,281	126,526	131,322
Envasive Weed Removal Grant	-	4,006	-	4,006
Totals	<u>\$ 513,343</u>	<u>\$ 377,172</u>	<u>\$ 439,176</u>	<u>\$ 451,339</u>

The accompanying notes are an integral part of the schedules.

TOWN OF DUNE ACRES  
NOTES TO SCHEDULES

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides 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.

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.

Note 6. Sale of Utility

In January of 2004, the Town completed the sale of the water utility to Indiana American Water Company. The sale proceeds of \$ 390,626 are to be used to maintain and upgrade existing water lines.

TOWN OF DUNE ACRES  
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

In August 2005, the Clerk-Treasurer opened a separate bank account to monitor the activity of a federal grant. The Clerk-Treasurer did not include the grant receipts and disbursements in the detail general ledger or annual report. Therefore, the financial records presented for audit were incomplete and not reflective of the activity of all of the funds.

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)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

FIRE PROTECTION CONTRACT

The Town has a contract for fire protection with the Town of Porter. The Town of Porter does not have a fire department. The Town of Porter contracts with the Porter Volunteer Fire Department for fire protection.

Indiana Code 36-8-12-3 states, "A unit may enter into an agreement with one (1) or more volunteer fire departments that maintain adequate firefighting service for the use and operation of firefighting apparatus and equipment owned by the volunteer fire department, including the service of the operators of the apparatus and equipment, so that the private and public property of the unit is saved from destruction by fire."

Indiana Code 36-8-12-4 states, "The contract between a unit and a volunteer fire department must provide that the unit pay to the department, as consideration for the contract, an amount of money that is determined by negotiation between them. This consideration must include the amounts that the unit is required to pay under this chapter for insurance premiums and clothing, automobile, and other allowances."

CAPITAL ASSETS

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

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Asset Ledger. A complete inventory should be taken at least every two years 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)

TOWN OF DUNE ACRES  
EXIT CONFERENCE

The contents of this report were discussed on August 3, 2006, with Beverly Hubbs, Clerk-Treasurer; Louise Roberts, President of the Town Council; and Sherry A. King, Deputy Clerk-Treasurer. The officials concurred with our findings.