

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

EXAMINATION REPORT
OF
TOWN OF MICHIANA SHORES
LAPORTE COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
08/28/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Steven J. Millick	01-01-04 to 12-31-07
President of the Town Council	Joan Lewis	01-01-04 to 12-31-06



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF MICHIANA SHORES, LAPORTE COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Michiana Shores (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 20, 2006

TOWN OF MICHIANA SHORES
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL 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	\$ 8,250	\$ 116,641	\$ 96,294	\$ 28,597
Motor Vehicle Highway	10,275	71,909	77,228	4,956
Local Road and Street	1,737	6,802	196	8,343
Park and Recreation	879	6,669	2,601	4,947
Trash and Sanitation	20,501	54,538	54,879	20,160
Water Surcharge	39,496	67,737	107,233	-
Riverboat	108,138	38,976	61,976	85,138
Cumulative Capital Improvement	5,181	1,231	1,675	4,737
Cumulative Capital Development	9,999	9,527	-	19,526
CEDIT	21,976	6,390	-	28,366
Curb Side Leaf Collection	2,907	7,710	7,421	3,196
Land Acquisition	1,025	-	-	1,025
Park Donations	132	7,345	7,345	132
Project	204	-	-	204
White Ditch Greenway Park Grant	-	4,000	4,000	-
Park and Recreation Grant #2	-	-	-	-
Rainy Day	-	11,152	-	11,152
Totals	<u>\$ 230,700</u>	<u>\$ 410,627</u>	<u>\$ 420,848</u>	<u>\$ 220,479</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 28,597	\$ 95,633	\$ 103,100	\$ 21,130
Motor Vehicle Highway	4,956	51,025	35,832	20,149
Local Road and Street	8,343	6,825	14,000	1,168
Park and Recreation	4,947	7,934	5,290	7,591
Trash and Sanitation	20,160	51,597	54,350	17,407
Water Surcharge	-	21,862	12,480	9,382
Riverboat	85,138	40,899	19,000	107,037
Cumulative Capital Improvement	4,737	1,020	-	5,757
Cumulative Capital Development	19,526	4,806	-	24,332
CEDIT	28,366	8,449	22,920	13,895
Curb Side Leaf Collection	3,196	5,600	6,161	2,635
Land Acquisition	1,025	-	1,004	21
Park Donations	132	-	48	84
Project	204	-	-	204
White Ditch Greenway Park Grant	-	18,486	-	18,486
Park and Recreation Grant #2	-	-	-	-
Rainy Day	11,152	-	-	11,152
Totals	<u>\$ 220,479</u>	<u>\$ 314,136</u>	<u>\$ 274,185</u>	<u>\$ 260,430</u>

The accompanying notes are an integral part of the schedules.

TOWN OF MICHIANA SHORES
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, 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 MICHIANA SHORES
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Record balances were not reconciled to depository balances. During the examination, immaterial differences were noted when record balances were compared to depository balances.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

ANNUAL REPORT

An annual report for the years 2004 and 2005 were not presented for audit.

Indiana Code 5-3-1-3(a) states in part: "Within sixty (60) days after the expiration of each calendar year, the fiscal officer of each civil city and town in Indiana shall publish an annual report of the receipts and expenditures of the city or town . . ."

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
General Fund	2004	\$ 10,511
Motor Vehicle Highway Fund	2004	21,906
General Fund	2005	12,727
Local Road and Street	2005	14,000

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."

PRESCRIBED FORMS

As noted in the prior audit reports, the prescribed form Payroll Schedule and Voucher General - Form 99 was not used for disbursing payroll.

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 Town, Chapter 7)

TOWN OF MICHIANA SHORES
EXAMINATION RESULTS AND COMMENTS
(Continued)

PUBLIC EMPLOYEE LISTS

As noted in the prior audit report, the Town did not file a certified report of compensation of officers and employees (Form 100-R or its equivalent) with the State Board of Accounts for the years 2004 and 2005. Additionally, the Town did not certify a list of employees to the County Treasurer for the same period.

Indiana Code 5-11-13-1 states in part: "Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

Indiana Code 6-1.1-22-14(a) states in part: "on or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

FEDERAL PAYROLL TAXES

The following deficiencies, relating to payroll taxes that were cited in the prior audit report, were again present during our period of audit:

- (1) The Town remits payroll taxes on a monthly basis. The monthly tax payments are not based on actual payroll taxes withheld from employees but are paid based on a lump sum of \$600 causing overpayments/underpayments of taxes withheld.
- (2) In 2004 and 2005, year end payroll statements (W-2's) did not reconcile with the federal quarterly reports (941's).

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. 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)

TOWN OF MICHIANA SHORES
EXIT CONFERENCE

The contents of this report were discussed on July 31, 2006, with Steven J. Millick, Clerk-Treasurer.
The official concurred with our findings.