

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, 2006 to December 31, 2007



FILED
12/31/2008

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OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|----------------------------------|--|--|
| Clerk-Treasurer | Beverly Hubbs William C. Nixon | 01-01-06 to 08-21-07 08-22-07 to 12-31-11 |
| President of the Town Council | Louise Roberts John Wilhelm Louise Roberts | 01-01-06 to 08-31-06 09-01-06 to 12-31-07 01-01-08 to 12-31-08 |



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, 2006 to December 31, 2007. 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, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

November 14, 2008

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, 2006 And 2007

| | Cash and Investments 01-01-06 | Receipts | Disbursements | Cash and Investments 12-31-06 |
|--------------------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|
| Governmental Funds: | | | | |
| General | \$ 227,411 | \$ 254,923 | \$ 285,213 | \$ 197,121 |
| Motor Vehicle Highway | 25,711 | 25,769 | 3,292 | 48,188 |
| Local Road and Street | 3,609 | 6,286 | 1,217 | 8,678 |
| Park and Recreation | 3,576 | 4,796 | 3,176 | 5,196 |
| Riverboat | 4,033 | 1,340 | - | 5,373 |
| Donation | 7,050 | 7,940 | 5,630 | 9,360 |
| Cumulative Capital Improvement | 4,926 | 761 | 32 | 5,655 |
| Cumulative Capital Development | 18,604 | 10,636 | 7,789 | 21,451 |
| Local Major Moves Construction | - | 26,489 | - | 26,489 |
| CEDIT Capital Projects | 21,092 | 18,372 | 6,124 | 33,340 |
| Water Utility Sale Proceeds | 131,323 | - | 35,320 | 96,003 |
| Invasive Weed Removal Grant | 4,006 | 8,000 | 6,648 | 5,358 |
| Fiduciary Funds: | | | | |
| Payroll | - | 122,842 | 122,842 | - |
| Construction Security Deposit | - | 22,500 | 7,500 | 15,000 |
| Totals | <u>\$ 451,341</u> | <u>\$ 510,654</u> | <u>\$ 484,783</u> | <u>\$ 477,212</u> |

| | Cash and Investments 01-01-07 | Receipts | Disbursements | Cash and Investments 12-31-07 |
|--------------------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|
| Governmental Funds: | | | | |
| General | \$ 197,121 | \$ 102,797 | \$ 278,877 | \$ 21,041 |
| Motor Vehicle Highway | 48,188 | 12,933 | 13,656 | 47,465 |
| Local Road and Street | 8,678 | 6,343 | 7,249 | 7,772 |
| Park and Recreation | 5,196 | 12,630 | 11,639 | 6,187 |
| Riverboat | 5,373 | 1,344 | - | 6,717 |
| Donation | 9,360 | 67,035 | 6,094 | 70,301 |
| Cumulative Capital Improvement | 5,655 | 748 | 700 | 5,703 |
| Cumulative Capital Development | 21,451 | 4,118 | 32 | 25,537 |
| Local Major Moves Construction | 26,489 | - | 22,615 | 3,874 |
| CEDIT Capital Projects | 33,340 | 20,365 | 10,450 | 43,255 |
| Water Utility Sale Proceeds | 96,003 | - | 11 | 95,992 |
| Invasive Weed Removal Grant | 5,358 | - | 20 | 5,338 |
| Fiduciary Funds: | | | | |
| Payroll | - | 135,053 | 135,053 | - |
| Construction Security Deposit | 15,000 | - | 7,500 | 7,500 |
| Totals | <u>\$ 477,212</u> | <u>\$ 363,366</u> | <u>\$ 493,896</u> | <u>\$ 346,682</u> |

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, 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.

TOWN OF DUNE ACRES
NOTES TO FINANCIAL INFORMATION
(Continued)

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. Subsequent Event

Reassessment and Property Taxes

In accordance with state statutes, all counties were required to reassess property values prior to billing taxes in 2007. Significant delays in the reassessment process have resulted in delays in billing taxes in 2007 and 2008. Tax bills due in 2007 were mailed on December 14, 2007, for the spring and fall installment, normally due in May and November. The taxes were due and payable in one installment with a due date of January 11, 2008. Final distribution for receipt of 2007 taxes collected was distributed on May 20, 2008. Tax bills normally due in May and November of 2008 have not been mailed as of September 3, 2008.

TOWN OF DUNE ACRES
EXAMINATION RESULTS AND COMMENTS

CLUBHOUSE RENTAL PROCEEDS

Proceeds from the rental of the Clubhouse are not deposited in Town bank accounts or recorded in the Town's records. The Town owns the Clubhouse and pays all costs to operate, maintain, and insure the Clubhouse; however, no rental receipts are collected by the Town. Currently, rental of the Clubhouse is under the control of a "Social Committee" and a Clubhouse Coordinator."

Proceeds generated by the sale or rental of property should be receipted into the fund which originally purchased the property unless otherwise authorized by statute. (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)

TRANSACTION RECORDING

In August 2005, the Clerk-Treasurer opened a separate bank account to monitor the activity of a federal grant; however, the grant cash balances, receipts and disbursements were not included in the ledger or annual report. Therefore, the financial records presented for audit were incomplete and not reflective of the activity of all of the funds of the Town.

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)

ADVANCE PAYMENTS

Dates of transactions indicate that some payments were made to contractors prior to the receipt of goods or services. An advance payment of \$9,000 was made to a paving contractor and an advance payment of \$25,000 was made to the contractor renovating the Clubhouse. Both advance payments were in accordance with the contracts for the projects, but were made before the projects actually began.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF DUNE ACRES
EXAMINATION RESULTS AND COMMENTS
(Continued)

FIRE PROTECTION CONTRACT

The Town has a contract for fire protection with the Town of Porter; however, 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 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.

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 form. 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)

TOWN OF DUNE ACRES
EXIT CONFERENCE

The contents of this report were discussed on November 14, 2008, with William C. Nixon, Clerk-Treasurer; Louise Roberts, President of the Town Council; and Sherry King, Deputy Clerk-Treasurer. The officials concurred with our findings.