

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF BEVERLY SHORES

PORTER COUNTY, INDIANA

January 1, 2008 to December 31, 2011



FILED
05/22/2012

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Gail Saum	01-01-08 to 12-31-11
	Laura Sullivan	01-01-12 to 12-31-15
President of the Town Council	Geof M. Benson	01-01-08 to 12-31-09
	Grant Ireland	01-01-10 to 12-31-10
	Geof M. Benson	01-01-11 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF BEVERLY SHORES, PORTER COUNTY, INDIANA

We have examined the financial statements of the Town of Beverly Shores (Town), for the period of January 1, 2008 to December 31, 2011. The Town's management is responsible for the financial statements. 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 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 basis noted above is a different basis than that used in the prior year.

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 years ended December 31, 2008, 2009, 2010 and 2011, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, 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.

The Town's response to the Examination Results and Comments identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management, Town Council, and others within the entity, 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

March 1, 2012

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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 BEVERLY SHORES
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2008

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
General Fund	\$ (205,833)	\$ 589,657	\$ 507,494	\$ (123,670)
Motor Vehicle Highway	26,770	23,624	50,356	38
Local Road and Streets	46,872	59,054	87,737	18,189
Park Plaza Donation	919	-	919	-
Park Donation Nonreverting	2,250	-	-	2,250
Park Donation Nonreverting Storm	-	-	-	-
Law Enforcement Continuing Education	222	320	-	542
Police Donation	270	75	308	37
Storm Water Donation	-	-	-	-
Rainy Day	145,775	18,075	119,627	44,223
Debt Service	226,398	-	224,500	1,898
County Economic Development Income Tax	35,763	47,143	2,688	80,218
Cumulative Capital Improvement	-	2,303	-	2,303
Cumulative Capital Development	10,150	14,978	22,623	2,505
Major Moves	19,088	-	-	19,088
Water System Tap-ins	29,871	406,469	229,766	206,574
Escrow	-	-	-	-
Levy Excess	-	-	-	-
Payroll	-	290,247	290,222	25
Totals	<u>\$ 338,515</u>	<u>\$ 1,451,945</u>	<u>\$ 1,536,240</u>	<u>\$ 254,220</u>

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

TOWN OF BEVERLY SHORES
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
General Fund	\$ (123,670)	\$ 1,070,776	\$ 777,160	\$ 169,946
Motor Vehicle Highway	38	123,955	95,716	28,277
Local Road and Streets	18,189	60,781	48,037	30,933
Park Plaza Donation	-	-	-	-
Park Donation Nonreverting	2,250	15,000	2,250	15,000
Park Donation Nonreverting Storm	-	-	-	-
Law Enforcement Continuing Education	542	249	-	791
Police Donation	37	50	-	87
Storm Water Donation	-	1	-	1
Rainy Day	44,223	26,157	43,911	26,469
Debt Service	1,898	1,338,484	911,914	428,468
County Economic Development Income Tax	80,218	58,081	77,844	60,455
Cumulative Capital Improvement	2,303	2,171	1,066	3,408
Cumulative Capital Development	2,505	17,067	9,162	10,410
Major Moves	19,088	-	9,850	9,238
Water System Tap-ins	206,574	482,704	676,340	12,938
Escrow	-	-	-	-
Levy Excess	-	-	-	-
Payroll	25	298,567	298,592	-
Totals	<u>\$ 254,220</u>	<u>\$ 3,494,043</u>	<u>\$ 2,951,842</u>	<u>\$ 796,421</u>

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

TOWN OF BEVERLY SHORES
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 Fund	\$ 169,946	\$ 536,570	\$ 674,672	\$ 31,844
Motor Vehicle Highway	28,277	79,459	83,632	24,104
Local Road and Streets	30,933	57,349	16,019	72,263
Park Plaza Donation	-	-	-	-
Park Donation Nonreverting	15,000	1,028	3,550	12,478
Park Donation Nonreverting Storm	-	325	-	325
Law Enforcement Continuing Education	791	262	500	553
Police Donation	87	225	-	312
Storm Water Donation	1	-	-	1
Rainy Day	26,469	27,393	12,870	40,992
Debt Service	428,468	232,291	668,000	(7,241)
County Economic Development Income Tax	60,455	113,857	140,107	34,205
Cumulative Capital Improvement	3,408	2,073	371	5,110
Cumulative Capital Development	10,410	12,187	15,607	6,990
Major Moves	9,238	-	9,238	-
Water System Tap-ins	12,938	463,750	35,208	441,480
Escrow	-	-	-	-
Levy Excess	-	1,814	-	1,814
Payroll	-	290,271	290,271	-
Totals	<u>\$ 796,421</u>	<u>\$ 1,818,854</u>	<u>\$ 1,950,045</u>	<u>\$ 665,230</u>

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

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

	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General Fund	\$ 31,844	\$ 516,407	\$ 506,090	\$ 42,161
Motor Vehicle Highway	24,104	86,814	90,880	20,038
Local Road and Streets	72,263	27,942	98,299	1,906
Park Plaza Donation	-	-	-	-
Park Donation Nonreverting	12,478	3,581	-	16,059
Park Donation Nonreverting Storm	325	-	-	325
Law Enforcement Continuing Education	553	184	200	537
Police Donation	312	100	96	316
Storm Water Donation	1	-	-	1
Rainy Day	40,992	26,157	44,720	22,429
Debt Service	(7,241)	937,704	673,500	256,963
County Economic Development Income Tax	34,205	44,283	6,161	72,327
Cumulative Capital Improvement	5,110	2,033	-	7,143
Cumulative Capital Development	6,990	11,199	8,000	10,189
Major Moves	-	-	-	-
Water System Tap-ins	441,480	44,957	248,971	237,466
Escrow	-	10,000	-	10,000
Levy Excess	1,814	-	1,814	-
Payroll	-	261,731	263,973	(2,242)
Totals	<u>\$ 665,230</u>	<u>\$ 1,973,092</u>	<u>\$ 1,942,704</u>	<u>\$ 695,618</u>

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

TOWN OF BEVERLY SHORES
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, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statements present the financial information for the Town (primary government), and does not include financial information for any of the Town'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 Town (primary government).

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), 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 Town.

Licenses and permits which include 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 licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

TOWN OF BEVERLY SHORES
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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 include 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).

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.

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

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

TOWN OF BEVERLY SHORES
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

TOWN OF BEVERLY SHORES
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. These risks may also be mitigated by the Town by recording as a disbursement any replacement items purchased.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's 2010 Annual Reports can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Town's 2011 Annual Report information 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 BEVERLY SHORES
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2008

	General Fund	Motor Vehicle Highway	Local Road and Streets	Park Plaza Donation	Park Donation Nonreverting
Cash and investments - beginning	\$ (205,833)	\$ 26,770	\$ 46,872	\$ 919	\$ 2,250
Receipts:					
Taxes	370,644	-	-	-	-
Licenses and permits	16,913	-	-	-	-
Intergovernmental	19,615	23,624	59,054	-	-
Charges for services	135,766	-	-	-	-
Fines and forfeits	41,050	-	-	-	-
Other receipts	5,669	-	-	-	-
Total receipts	<u>589,657</u>	<u>23,624</u>	<u>59,054</u>	<u>-</u>	<u>-</u>
Disbursements:					
Personal services	323,878	16,409	-	-	-
Supplies	16,435	2,671	-	-	-
Other services and charges	166,035	31,276	87,737	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	1,146	-	-	919	-
Other disbursements	-	-	-	-	-
Total disbursements	<u>507,494</u>	<u>50,356</u>	<u>87,737</u>	<u>919</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>82,163</u>	<u>(26,732)</u>	<u>(28,683)</u>	<u>(919)</u>	<u>-</u>
Cash and investments - ending	<u>\$ (123,670)</u>	<u>\$ 38</u>	<u>\$ 18,189</u>	<u>\$ -</u>	<u>\$ 2,250</u>

TOWN OF BEVERLY SHORES
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2008
 (Continued)

	Park Donation Nonreverting Storm	Law Enforcement Continuing Education	Police Donation	Storm Water Donation	Rainy Day
Cash and investments - beginning	\$ -	\$ 222	\$ 270	\$ -	\$ 145,775
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	18,075
Charges for services	-	297	-	-	-
Fines and forfeits	-	23	-	-	-
Other receipts	-	-	75	-	-
Total receipts	-	320	75	-	18,075
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	308	-	-
Other services and charges	-	-	-	-	119,627
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	-	-	308	-	119,627
Excess (deficiency) of receipts over disbursements	-	320	(233)	-	(101,552)
Cash and investments - ending	\$ -	\$ 542	\$ 37	\$ -	\$ 44,223

TOWN OF BEVERLY SHORES
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2008
 (Continued)

	Debt Service	County Economic Development Income Tax	Cumulative Capital Improvement	Cumulative Capital Development	Major Moves
Cash and investments - beginning	\$ 226,398	\$ 35,763	\$ -	\$ 10,150	\$ 19,088
Receipts:					
Taxes	-	-	-	14,558	-
Licenses and permits	-	-	-	-	-
Intergovernmental	-	47,143	2,303	420	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Other receipts	-	-	-	-	-
Total receipts	-	47,143	2,303	14,978	-
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	224,500	-	-	-	-
Capital outlay	-	2,688	-	22,623	-
Other disbursements	-	-	-	-	-
Total disbursements	224,500	2,688	-	22,623	-
Excess (deficiency) of receipts over disbursements	(224,500)	44,455	2,303	(7,645)	-
Cash and investments - ending	\$ 1,898	\$ 80,218	\$ 2,303	\$ 2,505	\$ 19,088

TOWN OF BEVERLY SHORES
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2008
 (Continued)

	Water System Tap-ins	Escrow	Levy Excess	Payroll	Totals
Cash and investments - beginning	\$ 29,871	\$ -	\$ -	\$ -	\$ 338,515
Receipts:					
Taxes	-	-	-	-	385,202
Licenses and permits	-	-	-	-	16,913
Intergovernmental	-	-	-	-	170,234
Charges for services	45,600	-	-	-	181,663
Fines and forfeits	-	-	-	-	41,073
Other receipts	360,869	-	-	290,247	656,860
Total receipts	<u>406,469</u>	<u>-</u>	<u>-</u>	<u>290,247</u>	<u>1,451,945</u>
Disbursements:					
Personal services	-	-	-	-	340,287
Supplies	-	-	-	-	19,414
Other services and charges	5,266	-	-	-	409,941
Debt service - principal and interest	224,500	-	-	-	449,000
Capital outlay	-	-	-	-	27,376
Other disbursements	-	-	-	290,222	290,222
Total disbursements	<u>229,766</u>	<u>-</u>	<u>-</u>	<u>290,222</u>	<u>1,536,240</u>
Excess (deficiency) of receipts over disbursements	<u>176,703</u>	<u>-</u>	<u>-</u>	<u>25</u>	<u>(84,295)</u>
Cash and investments - ending	<u>\$ 206,574</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25</u>	<u>\$ 254,220</u>

TOWN OF BEVERLY SHORES
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009

	General Fund	Motor Vehicle Highway	Local Road and Streets	Park Plaza Donation	Park Donation Nonreverting
Cash and investments - beginning	\$ (123,670)	\$ 38	\$ 18,189	\$ -	\$ 2,250
Receipts:					
Taxes	338,587	98,204	-	-	-
Licenses and permits	14,213	-	-	-	-
Intergovernmental	11,525	25,661	60,781	-	-
Charges for services	134,267	-	-	-	-
Fines and forfeits	28,063	-	-	-	-
Other receipts	544,121	90	-	-	15,000
Total receipts	<u>1,070,776</u>	<u>123,955</u>	<u>60,781</u>	<u>-</u>	<u>15,000</u>
Disbursements:					
Personal services	266,232	17,528	-	-	-
Supplies	18,731	817	41	-	-
Other services and charges	187,780	77,371	47,996	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	550	-	-	-	2,250
Other disbursements	303,867	-	-	-	-
Total disbursements	<u>777,160</u>	<u>95,716</u>	<u>48,037</u>	<u>-</u>	<u>2,250</u>
Excess (deficiency) of receipts over disbursements	<u>293,616</u>	<u>28,239</u>	<u>12,744</u>	<u>-</u>	<u>12,750</u>
Cash and investments - ending	<u>\$ 169,946</u>	<u>\$ 28,277</u>	<u>\$ 30,933</u>	<u>\$ -</u>	<u>\$ 15,000</u>

TOWN OF BEVERLY SHORES
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Park Donation Nonreverting Storm	Law Enforcement Continuing Education	Police Donation	Storm Water Donation	Rainy Day
Cash and investments - beginning	\$ -	\$ 542	\$ 37	\$ -	\$ 44,223
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	190	-	-	-
Intergovernmental	-	-	-	-	26,157
Charges for services	-	34	-	-	-
Fines and forfeits	-	25	-	-	-
Other receipts	-	-	50	1	-
Total receipts	-	249	50	1	26,157
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	1,680
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	42,231
Other disbursements	-	-	-	-	-
Total disbursements	-	-	-	-	43,911
Excess (deficiency) of receipts over disbursements	-	249	50	1	(17,754)
Cash and investments - ending	\$ -	\$ 791	\$ 87	\$ 1	\$ 26,469

TOWN OF BEVERLY SHORES
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Debt Service	County Economic Development Income Tax	Cumulative Capital Improvement	Cumulative Capital Development	Major Moves
Cash and investments - beginning	\$ 1,898	\$ 80,218	\$ 2,303	\$ 2,505	\$ 19,088
Receipts:					
Taxes	642,479	-	-	16,815	-
Licenses and permits	-	-	-	-	-
Intergovernmental	17,005	57,095	2,171	252	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Other receipts	679,000	986	-	-	-
Total receipts	<u>1,338,484</u>	<u>58,081</u>	<u>2,171</u>	<u>17,067</u>	<u>-</u>
Disbursements:					
Personal services	-	67,474	-	-	-
Supplies	-	323	-	-	-
Other services and charges	-	6,504	-	-	9,850
Debt service - principal and interest	449,000	-	-	-	-
Capital outlay	-	3,543	1,066	9,162	-
Other disbursements	462,914	-	-	-	-
Total disbursements	<u>911,914</u>	<u>77,844</u>	<u>1,066</u>	<u>9,162</u>	<u>9,850</u>
Excess (deficiency) of receipts over disbursements	<u>426,570</u>	<u>(19,763)</u>	<u>1,105</u>	<u>7,905</u>	<u>(9,850)</u>
Cash and investments - ending	<u>\$ 428,468</u>	<u>\$ 60,455</u>	<u>\$ 3,408</u>	<u>\$ 10,410</u>	<u>\$ 9,238</u>

TOWN OF BEVERLY SHORES
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Water System Tap-ins	Escrow	Levy Excess	Payroll	Totals
Cash and investments - beginning	\$ 206,574	\$ -	\$ -	\$ 25	\$ 254,220
Receipts:					
Taxes	-	-	-	-	1,096,085
Licenses and permits	-	-	-	-	14,403
Intergovernmental	-	-	-	-	200,647
Charges for services	12,600	-	-	-	146,901
Fines and forfeits	-	-	-	-	28,088
Other receipts	470,104	-	-	298,567	2,007,919
Total receipts	<u>482,704</u>	<u>-</u>	<u>-</u>	<u>298,567</u>	<u>3,494,043</u>
Disbursements:					
Personal services	-	-	-	-	351,234
Supplies	-	-	-	-	19,912
Other services and charges	4,713	-	-	-	335,894
Debt service - principal and interest	671,627	-	-	-	1,120,627
Capital outlay	-	-	-	-	58,802
Other disbursements	-	-	-	298,592	1,065,373
Total disbursements	<u>676,340</u>	<u>-</u>	<u>-</u>	<u>298,592</u>	<u>2,951,842</u>
Excess (deficiency) of receipts over disbursements	<u>(193,636)</u>	<u>-</u>	<u>-</u>	<u>(25)</u>	<u>542,201</u>
Cash and investments - ending	<u>\$ 12,938</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 796,421</u>

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

	General Fund	Motor Vehicle Highway	Local Road and Streets	Park Plaza Donation	Park Donation Nonreverting
Cash and investments - beginning	\$ 169,946	\$ 28,277	\$ 30,933	\$ -	\$ 15,000
Receipts:					
Taxes	300,688	55,036	-	-	-
Licenses and permits	22,560	-	-	-	-
Intergovernmental	16,324	24,423	57,349	-	-
Charges for services	133,678	-	-	-	-
Fines and forfeits	39,115	-	-	-	-
Other receipts	24,205	-	-	-	1,028
Total receipts	<u>536,570</u>	<u>79,459</u>	<u>57,349</u>	<u>-</u>	<u>1,028</u>
Disbursements:					
Personal services	260,066	17,816	-	-	-
Supplies	17,620	459	264	-	-
Other services and charges	175,124	65,357	15,755	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	3,550
Other disbursements	221,862	-	-	-	-
Total disbursements	<u>674,672</u>	<u>83,632</u>	<u>16,019</u>	<u>-</u>	<u>3,550</u>
Excess (deficiency) of receipts over disbursements	<u>(138,102)</u>	<u>(4,173)</u>	<u>41,330</u>	<u>-</u>	<u>(2,522)</u>
Cash and investments - ending	<u>\$ 31,844</u>	<u>\$ 24,104</u>	<u>\$ 72,263</u>	<u>\$ -</u>	<u>\$ 12,478</u>

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

	Park Donation Nonreverting Storm	Law Enforcement Continuing Education	Police Donation	Storm Water Donation	Rainy Day
Cash and investments - beginning	\$ -	\$ 791	\$ 87	\$ 1	\$ 26,469
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	210	-	-	-
Intergovernmental	-	-	-	-	27,393
Charges for services	-	45	-	-	-
Fines and forfeits	-	7	-	-	-
Other receipts	325	-	225	-	-
Total receipts	<u>325</u>	<u>262</u>	<u>225</u>	<u>-</u>	<u>27,393</u>
Disbursements:					
Personal services	-	500	-	-	6,375
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	6,495
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	<u>-</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>12,870</u>
Excess (deficiency) of receipts over disbursements	<u>325</u>	<u>(238)</u>	<u>225</u>	<u>-</u>	<u>14,523</u>
Cash and investments - ending	<u>\$ 325</u>	<u>\$ 553</u>	<u>\$ 312</u>	<u>\$ 1</u>	<u>\$ 40,992</u>

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

	Debt Service	County Economic Development Income Tax	Cumulative Capital Improvement	Cumulative Capital Development	Major Moves
Cash and investments - beginning	\$ 428,468	\$ 60,455	\$ 3,408	\$ 10,410	\$ 9,238
Receipts:					
Taxes	227,001	-	-	11,909	-
Licenses and permits	-	-	-	-	-
Intergovernmental	5,290	52,082	2,073	278	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Other receipts	-	61,775	-	-	-
Total receipts	<u>232,291</u>	<u>113,857</u>	<u>2,073</u>	<u>12,187</u>	<u>-</u>
Disbursements:					
Personal services	-	61,300	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	24,326	-	-	9,238
Debt service - principal and interest	668,000	-	-	-	-
Capital outlay	-	54,481	371	15,607	-
Other disbursements	-	-	-	-	-
Total disbursements	<u>668,000</u>	<u>140,107</u>	<u>371</u>	<u>15,607</u>	<u>9,238</u>
Excess (deficiency) of receipts over disbursements	<u>(435,709)</u>	<u>(26,250)</u>	<u>1,702</u>	<u>(3,420)</u>	<u>(9,238)</u>
Cash and investments - ending	<u>\$ (7,241)</u>	<u>\$ 34,205</u>	<u>\$ 5,110</u>	<u>\$ 6,990</u>	<u>\$ -</u>

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

	Water System Tap-ins	Escrow	Levy Excess	Payroll	Totals
Cash and investments - beginning	\$ 12,938	\$ -	\$ -	\$ -	\$ 796,421
Receipts:					
Taxes	-	-	-	-	594,634
Licenses and permits	-	-	-	-	22,770
Intergovernmental	-	-	1,814	-	187,026
Charges for services	22,600	-	-	-	156,323
Fines and forfeits	-	-	-	-	39,122
Other receipts	441,150	-	-	290,271	818,979
Total receipts	<u>463,750</u>	<u>-</u>	<u>1,814</u>	<u>290,271</u>	<u>1,818,854</u>
Disbursements:					
Personal services	-	-	-	-	346,057
Supplies	-	-	-	-	18,343
Other services and charges	35,208	-	-	-	331,503
Debt service - principal and interest	-	-	-	-	668,000
Capital outlay	-	-	-	-	74,009
Other disbursements	-	-	-	290,271	512,133
Total disbursements	<u>35,208</u>	<u>-</u>	<u>-</u>	<u>290,271</u>	<u>1,950,045</u>
Excess (deficiency) of receipts over disbursements	<u>428,542</u>	<u>-</u>	<u>1,814</u>	<u>-</u>	<u>(131,191)</u>
Cash and investments - ending	<u>\$ 441,480</u>	<u>\$ -</u>	<u>\$ 1,814</u>	<u>\$ -</u>	<u>\$ 665,230</u>

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

	General Fund	Motor Vehicle Highway	Local Road and Streets	Park Plaza Donation	Park Donation Nonreverting
Cash and investments - beginning	\$ 31,844	\$ 24,104	\$ 72,263	\$ -	\$ 12,478
Receipts:					
Taxes	287,394	62,238	-	-	-
Licenses and permits	34,211	-	-	-	-
Intergovernmental	12,411	24,576	27,942	-	-
Charges for services	131,577	-	-	-	-
Fines and forfeits	32,199	-	-	-	-
Other receipts	18,615	-	-	-	3,581
Total receipts	<u>516,407</u>	<u>86,814</u>	<u>27,942</u>	<u>-</u>	<u>3,581</u>
Disbursements:					
Personal services	298,944	8,542	-	-	-
Supplies	13,341	966	-	-	-
Other services and charges	193,250	81,372	98,299	-	-
Debt service - principal and interest	-	-	-	-	-
Other disbursements	555	-	-	-	-
Total disbursements	<u>506,090</u>	<u>90,880</u>	<u>98,299</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>10,317</u>	<u>(4,066)</u>	<u>(70,357)</u>	<u>-</u>	<u>3,581</u>
Cash and investments - ending	<u>\$ 42,161</u>	<u>\$ 20,038</u>	<u>\$ 1,906</u>	<u>\$ -</u>	<u>\$ 16,059</u>

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

	Park Donation Nonreverting Storm	Law Enforcement Continuing Education	Police Donation	Storm Water Donation	Rainy Day
Cash and investments - beginning	\$ 325	\$ 553	\$ 312	\$ 1	\$ 40,992
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	90	-	-	-
Intergovernmental	-	-	-	-	19,344
Charges for services	-	71	-	-	-
Fines and forfeits	-	23	-	-	-
Other receipts	-	-	100	-	6,813
Total receipts	<u>-</u>	<u>184</u>	<u>100</u>	<u>-</u>	<u>26,157</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	200	-	-	44,720
Debt service - principal and interest	-	-	-	-	-
Other disbursements	-	-	96	-	-
Total disbursements	<u>-</u>	<u>200</u>	<u>96</u>	<u>-</u>	<u>44,720</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(16)</u>	<u>4</u>	<u>-</u>	<u>(18,563)</u>
Cash and investments - ending	<u>\$ 325</u>	<u>\$ 537</u>	<u>\$ 316</u>	<u>\$ 1</u>	<u>\$ 22,429</u>

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

	Debt Service	County Economic Development Income Tax	Cumulative Capital Improvement	Cumulative Capital Development	Major Moves
Cash and investments - beginning	\$ (7,241)	\$ 34,205	\$ 5,110	\$ 6,990	\$ -
Receipts:					
Taxes	699,432	-	-	10,983	-
Licenses and permits	-	-	-	-	-
Intergovernmental	13,772	41,623	2,033	216	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Other receipts	224,500	2,660	-	-	-
Total receipts	<u>937,704</u>	<u>44,283</u>	<u>2,033</u>	<u>11,199</u>	<u>-</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	6,161	-	8,000	-
Debt service - principal and interest	449,000	-	-	-	-
Other disbursements	224,500	-	-	-	-
Total disbursements	<u>673,500</u>	<u>6,161</u>	<u>-</u>	<u>8,000</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>264,204</u>	<u>38,122</u>	<u>2,033</u>	<u>3,199</u>	<u>-</u>
Cash and investments - ending	<u>\$ 256,963</u>	<u>\$ 72,327</u>	<u>\$ 7,143</u>	<u>\$ 10,189</u>	<u>\$ -</u>

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

	Water System Tap-ins	Escrow	Levy Excess	Payroll	Totals
Cash and investments - beginning	\$ 441,480	\$ -	\$ 1,814	\$ -	\$ 665,230
Receipts:					
Taxes	-	-	-	-	1,060,047
Licenses and permits	-	-	-	-	34,301
Intergovernmental	-	-	-	-	141,917
Charges for services	35,965	-	-	-	167,613
Fines and forfeits	-	-	-	-	32,222
Other receipts	8,992	10,000	-	261,731	536,992
Total receipts	<u>44,957</u>	<u>10,000</u>	<u>-</u>	<u>261,731</u>	<u>1,973,092</u>
Disbursements:					
Personal services	-	-	-	-	307,486
Supplies	-	-	-	-	14,307
Other services and charges	24,471	-	-	-	456,473
Debt service - principal and interest	-	-	-	-	449,000
Other disbursements	224,500	-	1,814	263,973	715,438
Total disbursements	<u>248,971</u>	<u>-</u>	<u>1,814</u>	<u>263,973</u>	<u>1,942,704</u>
Excess (deficiency) of receipts over disbursements	<u>(204,014)</u>	<u>10,000</u>	<u>(1,814)</u>	<u>(2,242)</u>	<u>30,388</u>
Cash and investments - ending	<u>\$ 237,466</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ (2,242)</u>	<u>\$ 695,618</u>

TOWN OF BEVERLY SHORES
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN FUND BALANCES

The following funds were overdrawn during the examination period:

Years	Fund	Amount
2008	General Fund	\$123,670
2010	Debt Service Fund	7,241
2011	Payroll Fund	2,242

The fund 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)

APPROPRIATIONS

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

Years	Fund	Amount
2009	General Fund	\$ 36,671
2009	Local Road and Streets Fund	44,255
2009	Major Moves Fund	9,850
2011	General Fund	31,017
2011	Rainy Day Fund	20,220
2011	Debt Service Fund	224,500

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."

TIMELY RECORDKEEPING AND REPORTING

As similarly stated in the prior examination report, based on official receipt numbers and their respective dates, we noted instances of up to 26 days from the time of the original date of the transactions until entry on the records. In addition, it was noted that financial reports necessary for accurate and timely management decisions were not presented to the Town Council on a monthly basis.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with Indiana Code 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

The Accounting and Uniform Compliance Guidelines Manual for Cities and Towns is for use primarily by Clerk-Treasurers in third class cities and all towns in the State of Indiana. Monthly duties include: (1) At the close of the month, post and close all records as promptly as possible and reconcile with depositories . . . Prepare the monthly balance and financial report for the board. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 6)

TOWN OF BEVERLY SHORES
EXAMINATION RESULTS AND COMMENTS
(Continued)

TOWN COUNCIL MINUTES

The Town Council minutes for April, May, June, August, October, and December 2008, were not presented for examination. For the Town Council minutes presented for examination it was noted that the minutes were not available for approval by the Council in a timely fashion. The August 2008 minutes were not presented to the Town Council for approval until February 2009. The January and February 2009 minutes were not presented to the Town Council for approval until May 2009 and the December 2008 and April 2009 minutes were not approved until July 2009.

Indiana Code 5-14-1.5-4(c) states in part: "The memoranda are to be available within a reasonable period of time after the meeting for the purpose of informing the public of the governing body's proceedings. The minutes, if any, are to be open for public inspection and copying."

Indiana Code 5-14-1.5-4 states in part:

"(b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5."

BUDGETARY DEADLINES

The 2008 budget was not approved because the Town did not comply with statutory provisions for advertising of the proposed budget. The public hearing for the 2008 budget was held on September 24, 2007; the proposed budget was advertised on September 21 and 28, 2007. The first required advertising of the proposed budget was three days before the public hearing in which the Town Council approved the budget. Because the 2008 budget was not approved, the Town was required to advertise for additional appropriations for the budgeted funds.

In 2011, the Town's request to re-establish the Cumulative Capital Development Fund and tax levy for the fund was denied because officials did not file documentation by the statutory deadline.

Indiana Code 6-1.1-17-3 states in part:

"(a) The proper officers of a political subdivision shall formulate its estimated budget and its proposed tax rate and tax levy . . . the political subdivision shall give notice by publication to taxpayers . . . In the notice, the political subdivision shall also state the time and place at which a public hearing will be held on these items. The notice shall be published twice in accordance with IC 5-3-1 with the first publication at least ten (10) days before the date fixed for the public hearing . . ."

Indiana Code 6-1.1-41-4 states: "A political subdivision that in any year adopts a proposal under this chapter must submit the proposal to the department of local government finance before August 2 of that year."

TOWN OF BEVERLY SHORES
EXAMINATION RESULTS AND COMMENTS
(Continued)

ERRORS ON CLAIMS

Of the 74 claims tested, the following deficiencies were noted during the examination period:

1. 51 percent were listed on an accounts payable register that was not signed by the Board.
2. 76 percent were listed on an accounts payable register that was not signed by the Clerk-Treasurer.
3. An accounts payable voucher or invoice could not be found for 9 percent.
4. 6 percent of the claims or invoices did not have evidence to support receipt of goods or services.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) 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;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

OPTICAL IMAGES OF WARRANTS

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks.

Indiana Code 5-15-6-3 concerning optical imaging of checks states in part:

"(a) . . . 'original records' . . . includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . . "

TOWN OF BEVERLY SHORES
EXAMINATION RESULTS AND COMMENTS
(Continued)

Further, Indiana Code 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise: and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

LATE PAYMENT OF VENDOR INVOICES

The following vendor invoices, paid in 2011, were not paid timely:

Vendor	Number of Days Paid Late
Able Disposal	8 to 11
AT&T	3 to 63
NIPSCO	6 to 53
Ford Credit	34

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PAYROLL TRANSACTIONS NOT POSTED TO THE RECORDS

The following payroll transactions were not posted to the records:

Withholding	Date of Payroll	Receipt Amount	Disbursement Amount
Net Salaries	12-09-11 and 12-23-11	\$ 21,388.96	\$ 21,388.96
Federal	12-23-11	916.87	916.87
State	12-09-11 and 12-23-11	870.35	870.35
Local	12-09-11 and 12-23-11	138.66	138.66
FICA	12-23-11	410.53	410.53
Medicare	12-23-11	141.74	141.74
Employer Deferred Comp.	12-09-11 and 12-23-11	368.78	368.78
Employee Deferred Comp.	12-23-11	50.00	150.00

TOWN OF BEVERLY SHORES
EXAMINATION RESULTS AND COMMENTS
(Continued)

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

INSPECTION OF MOTOR VEHICLES FEES

On May 16, 2011, the Town Council passed Ordinance 11-01, "Establishing a Fee for the Police Department Verifying Vehicle Identification Information for Licensing Purposes." The fee set by the Town Council was \$10.00, per Indiana Code 9-29-4-2 the fee may not exceed five dollars (\$5.00).

Indiana Code 9-29-4-2 Sec. 2. states:

"A person described in subdivision (3) who makes an inspection under IC 9-17-2-12 may charge a fee. A fee charged under this section is subject to the following:

- (1) The fee must be established by ordinance adopted by the unit (as defined in IC 36-1-2-23).
- (2) The fee may not exceed five dollars (\$5).
- (3) The revenue from the inspection fee shall be deposited in the following manner:
 - (A) A special vehicle inspection fund if the person making the inspection is a member of the county sheriff's department. The fiscal body of the unit must appropriate the money from the inspection fund only for law enforcement purposes.
 - (B) A local law enforcement continuing education fund established by IC 5-2-8-2 if the person making the inspection is a member of a city or town police department, a town marshal, or a town marshal deputy."

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

As also noted in the prior report, a list of employees was not certified to the County Treasurer for the years 2008, 2009, 2010, and 2011.

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 name and address of each person who has money due the person from the political subdivision to the treasurer of each county in which the political subdivision is located."

OFFICIAL BOND

The Clerk-Treasurer's official bond was not filed in the Office of the County Recorder for the examination period.

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

TOWN OF BEVERLY SHORES
EXIT CONFERENCE

The contents of this report were discussed on March 1, 2012, with Gail Saum, former Clerk-Treasurer; Geof M. Benson, President of the Town Council; and James Meyer, Town Attorney.

The contents of this report were discussed on March 1, 2012, with Laura Sullivan, Clerk-Treasurer; Geof M. Benson, President of the Town Council; and James Meyer, Town Attorney. The Official Response has been made a part of this report and may be found on pages 38 and 39.

TOWN OF BEVERLY SHORES

PO BOX 38, BEVERLY SHORES, IN 46301 (219) 728-6531 FAX (219) 728-6532

April 2, 2012

Ms. Jane Wilson, CPA
Field Examiner
Indiana State Board of Accounts
155 Indiana Ave., Suite 310
Valparaiso, IN 46383

Re: Town of Beverly Shores
Town's Response to Results and Comments

Dear Ms. Wilson:

Thank you for taking the time to go over with Town representatives the Results and Comments part of your audit report. Although the Town agrees the comments and findings are appropriate and that some of the statements made herein may be redundant with what was stated at the exit conference, the town believes it is best that it's position on each of the items be documented.

1. Overdrawn Fund Balances. This problem was in large part the result of the excessive delay in the Town receiving its 2008 tax distributions. However, to the extent that the Town is responsible for the problem, that deficiency will be addressed by using an encumbrance process for contracted amounts and the timely input of all transactions into the accounting program so that real time fund balances can be observed and the fund balances will not be reduced below zero.
2. Appropriations. The newly-elected Clerk-Treasurer will provide timely reports and will avoid excess expenditures of budgeted appropriations.
3. Timely Record Keeping and Reporting. The Town is enhancing the capabilities of staff in the use of the Keystone accounting software through the use of a consultant which effort will result in the timely input of all transactions so that monthly financial reports can be timely produced for the Council.
4. Town Council Minutes. The Council and Clerk-Treasurer have identified addressing this problem as a high priority and the newly-elected Clerk-Treasurer is keeping up to date and will continue to produce the timely Minutes.
5. Budgetary deadlines and Procedures. The Town will take the necessary steps to ensure compliance with budgeting procedures and deadlines by the Clerk-Treasurer. We have

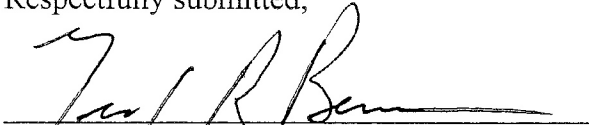
already compiled a written schedule of relevant dates prior to the commencement of the annual budgetary cycle and provided a copy to each Council member and department head. We held a budget meeting with the Town's financial consultant for the purpose of educating all Council members, the Clerk-Treasurer and department heads on the deadlines. In addition, proper arrangements for timely publication of notices will also be made.

6. Errors On Claims. The Town is taking the necessary steps to ensure that the accounts payable registers contain all of the necessary information, are properly dated, identify any payments that were made prior to approval by the Council, and that the approved registers are signed by the Council or Board President below wording that identifies the identification numbers of the claims approved and the gross amount of the approved register. In addition, the Town will continue to make sure that the officer or person receiving the goods or services acknowledges receipt thereof and approves all claims for payment of those goods or services.
7. Optical Images of Warrants. The Town has secured the cooperation of its bank to provide the Town with hard copies of the front and back of all warrants.

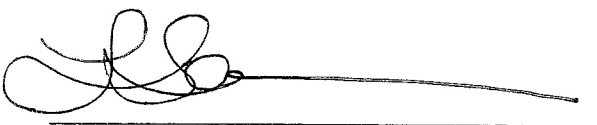
Late Payment of Vendor Invoices. The newly-elected Clerk-Treasurer has taken steps to ensure timely payments of vendor invoices.

8. Payroll Transactions not Posted to the Records. The newly-elected Clerk-Treasurer has solved this problem by making timely entries and will make the information available for the governmental unit to make informed decisions.
9. Inspection of Motor Vehicles Fees. A public hearing is set for April 16th 2012 at 7 pm to amend the Town's Ordinance 11-01 and set, among others, appropriate fees for the police the VIN check fee will be set to \$5.00 per IC 9-29-4-2.
10. List of Employees Not Filed With County Treasurer. This was an inadvertent omission by the previous Clerk-Treasurer and the list will be provided to the County Treasurer by the newly-elected Clerk-Treasurer.
11. Official Bond. The Clerk-Treasurer's official bond will be filed in the Office of the County Recorder.

Respectfully submitted,



Geoff Benson, Council President



Laura Sullivan, Clerk Treasurer