

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF BEVERLY SHORES

PORTER COUNTY, INDIANA

January 1, 2014 to December 31, 2017



**FILED**  
02/07/2019



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Laura Sullivan	01-01-14 to 12-31-14
	Jon Voelz	01-01-15 to 12-31-15
	Ellen Hundt	01-01-16 to 12-31-18
President of the Town Council	Geof Benson	01-01-14 to 12-31-15
	Jon Voelz	01-01-16 to 12-31-16
	Donna Norkus	01-01-17 to 12-31-18



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our audit report of the Town of Beverly Shores (Town), for the period from January 1, 2014 to December 31, 2017. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Town. It should be read in conjunction with our Financial Statements Audit Report of the Town, which provides our opinion on the Town's financial statements. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

December 18, 2018

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CLERK-TREASURER  
TOWN OF BEVERLY SHORES

CLERK-TREASURER  
TOWN OF BEVERLY SHORES  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS**

The Town had not designed or implemented proper segregation of duties related to cash and investments, receipts, disbursements, and financial reporting. The Town Council did not provide enough documented oversight to provide compensating controls due to the lack of segregated duties.

An evaluation of the Town's system of internal controls had not been conducted. Additionally, the Town had no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting required the Town to monitor and assess the quality of the system of the internal control.

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

CLERK-TREASURER  
TOWN OF BEVERLY SHORES  
AUDIT RESULTS AND COMMENTS  
(Continued)

"Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators. . . ."

**OVERDRAWN CASH BALANCES**

The same comment also appeared in prior Report B44548.

The financial statements included the following funds with overdrawn cash balances at December 31, 2014, 2015, 2016, and 2017:

Fund	Amount Overdrawn			
	12-31-14	12-31-15	12-31-16	12-31-17
GENERAL	\$ 3,376	\$ -	\$ 16,385	\$ -
LOCAL ROAD AND STREET	-	3,266	-	-
IDEM GRANT	691	-	-	-
DONATION ACCOUNTING FEES	2,000	-	-	-
LOIT SPECIAL DISTRIBUTION	-	-	-	54
CUM'L CAPITAL DEVELOPMENT	54,839	-	-	-
PAYROLL	-	4,763	4,446	-

The cash 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 unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER  
TOWN OF BEVERLY SHORES  
EXIT CONFERENCE

The contents of this report were discussed on December 18, 2018, with Ellen Hundt, Clerk-Treasurer; Donna Norkus, President of the Town Council; Greg Brown, Town Council member; Matriona Malik, Town Council member; and Brian O'Neil, Town Council member.