

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, 2012 to December 31, 2013



FILED
12/02/2014

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Accountant's Report.....	3
Financial Statement:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	7
Supplementary Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	11-14
Schedule of Payables and Receivables	15
Schedule of Leases and Debt	16
Schedule of Capital Assets.....	17
Examination Results and Comments:	
Penalties and Interest and Other Charges	18-19
Condition of Records - Disclaimer of Opinion	19-23
Payments Without a Contract.....	23
Late Payment of Invoices	23-24
Errors on Claims	24-25
Training and Assistance	25
Additional Appropriation	26
Payroll.....	26-29
Overdrawn Fund Balances	29
Great Lakes Beach Program Grant	29-30
Reports	31
Appropriations.....	31
Loan Between Town Funds.....	31-32
Accountability of Revenue From Permits	32-33
Clerk-Treasurer Bond	33
Exit Conference.....	34
Official Response	35
Summary of Charges	36
Affidavit	37

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Laura Sullivan	01-01-12 to 12-31-15
President of the Town Council	Geof Benson	01-01-12 to 12-31-14



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 were engaged to examine the accompanying financial statement of the Town of Beverly Shores (Town), for the period of January 1, 2012 to December 31, 2013. The financial statement is the responsibility of the Town's management.

The Town did not maintain accurate accounting records. The Town did not perform bank reconciliations of the depository balances with the cash recorded in the accounting records. We were unable to perform procedures to verify the cash balance. The amounts reported in the financial statement did not agree to the detailed ledgers of receipts and disbursements. Also, management did not provide written representations related to certain matters concerning the Town. As a result, the effect and extent of the possible misstatement is not known. The Town's records do not permit the application of other examination procedures to ascertain if the financial statement is fairly stated.

Since the Town did not properly maintain accounting records and provide requested written representations, we were not able to apply other examination procedures to satisfy ourselves as to whether the financial statement is fairly stated. The scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statement.

Our examination was conducted for the purpose of forming an opinion on the Town's financial statement. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

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

September 29, 2014

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FINANCIAL STATEMENT

The financial statement was prepared by management of the Town. Any notes to the financial statement that would provide integral information to the financial statement were not presented by the Town.

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TOWN OF BEVERLY SHORES
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2012 and 2013

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12	Receipts	Disbursements	Cash and Investments 12-31-13
GENERAL	\$ 41,961	\$ 416,987	\$ 295,338	\$ 163,610	\$ 346,009	\$ 454,568	\$ 55,051
MOTOR VEHICLE HIGHWAY	20,038	106,040	91,801	34,277	296,610	97,335	233,552
LOCAL ROAD AND STREET	1,905	25,683	27,588	-	13,729	11,045	2,684
PARK DON NON-REVERT STORM	325	-	-	325	-	-	325
LAW ENFORCE CON'T ED	537	703	-	1,240	529	-	1,769
PARK DONATION NON-REVERTI	16,059	2,015	1,531	16,543	1	-	16,544
RAINY DAY FUND	22,429	1,922	23,387	964	-	-	964
CUM'L CAPITAL DEVELOPMENT	10,189	10,573	3,207	17,555	10,322	4,227	23,650
CNTY ECON DEV INCOME TAX	72,327	44,900	58,504	58,723	33,650	11,247	81,126
CUM'L CAPITAL IMPROVEMENT	7,143	1,626	614	8,155	15,536	4,227	19,464
DEBT SERVICE -WATER 20 YR	256,963	444,426	224,500	476,889	423,072	673,500	226,461
POLICE DONATION	316	-	-	316	-	-	316
STORM WATER DONATION	1	-	-	1	-	-	1
ESCROW	10,000	-	10,000	-	-	-	-
TRASH & GARBAGE PICKUP	-	130,603	128,151	2,452	131,599	117,344	16,707
B.S. WATER SYSTEM ACCESS	237,466	244,636	266,655	215,447	250,000	33,685	431,762
PAYROLL	(2,242)	322,113	314,705	5,166	321,113	312,705	13,574
Totals	<u>\$ 695,417</u>	<u>\$ 1,752,227</u>	<u>\$ 1,445,981</u>	<u>\$ 1,001,663</u>	<u>\$ 1,842,170</u>	<u>\$ 1,719,883</u>	<u>\$ 1,123,950</u>

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

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SUPPLEMENTARY INFORMATION - UNAUDITED

For additional financial information, the Town's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Town's Annual Report information for years 2011 and later can be found on the Gateway website: <https://gateway.ifonline.org/>.

Differences may be noted between the financial information presented in the financial statement 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.

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TOWN OF BEVERLY SHORES
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2012

	GENERAL	MOTOR VEHICLE HIGHWAY	LOCAL ROAD AND STREET	PARK DON NON-REVERT STORM	LAW ENFORCE CON'T ED	PARK DONATION NON-REVERTI	RAINY DAY FUND	CUM'L CAPITAL DEVELOPMENT	CNTY ECON DEV INCOME TAX
Cash and investments - beginning	\$ 41,961	\$ 20,038	\$ 1,905	\$ 325	\$ 537	\$ 16,059	\$ 22,429	\$ 10,189	\$ 72,327
Receipts:									
Taxes	277,852	82,697	-	-	-	-	-	10,316	-
Licenses and permits	29,945	-	-	-	-	2,015	-	-	-
Intergovernmental	13,439	23,343	25,683	-	-	-	-	257	44,900
Charges for services	16,723	-	-	-	250	-	-	-	-
Fines and forfeits	33,495	-	-	-	453	-	-	-	-
Other receipts	45,533	-	-	-	-	-	1,922	-	-
Total receipts	416,987	106,040	25,683	-	703	2,015	1,922	10,573	44,900
Disbursements:									
Personal services	259,202	13,381	-	-	-	-	-	-	-
Supplies	16,866	1,509	-	-	-	-	-	-	-
Other services and charges	19,270	76,911	27,588	-	-	1,531	13,543	1,280	1,126
Capital outlay	-	-	-	-	-	-	9,844	1,927	16,078
Other disbursements	-	-	-	-	-	-	-	-	41,300
Total disbursements	295,338	91,801	27,588	-	-	1,531	23,387	3,207	58,504
Excess (deficiency) of receipts over disbursements	121,649	14,239	(1,905)	-	703	484	(21,465)	7,366	(13,604)
Cash and investments - ending	\$ 163,610	\$ 34,277	\$ -	\$ 325	\$ 1,240	\$ 16,543	\$ 964	\$ 17,555	\$ 58,723

TOWN OF BEVERLY SHORES
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2012
(Continued)

	CUM'L CAPITAL IMPROVEMENT	DEBT SERVICE -WATER 20 YR	POLICE DONATION	STORM WATER DONATION	ESCROW	TRASH & GARBAGE PICKUP	B.S. WATER SYSTEM ACCESS	PAYROLL	Totals
Cash and investments - beginning	\$ 7,143	\$ 256,963	\$ 316	\$ 1	\$ 10,000	\$ -	\$ 237,466	\$ (2,242)	\$ 695,417
Receipts:									
Taxes	-	433,619	-	-	-	-	-	-	804,484
Licenses and permits	-	-	-	-	-	-	-	-	31,960
Intergovernmental	1,626	10,807	-	-	-	-	-	-	120,055
Charges for services	-	-	-	-	-	130,603	20,000	-	167,576
Fines and forfeits	-	-	-	-	-	-	-	-	33,948
Other receipts	-	-	-	-	-	-	224,636	322,113	594,204
Total receipts	1,626	444,426	-	-	-	130,603	244,636	322,113	1,752,227
Disbursements:									
Personal services	-	-	-	-	-	1,690	-	-	274,273
Supplies	-	-	-	-	-	-	-	-	18,375
Other services and charges	-	224,500	-	-	10,000	125,561	266,655	-	767,965
Capital outlay	614	-	-	-	-	900	-	-	29,363
Other disbursements	-	-	-	-	-	-	-	314,705	356,005
Total disbursements	614	224,500	-	-	10,000	128,151	266,655	314,705	1,445,981
Excess (deficiency) of receipts over disbursements	1,012	219,926	-	-	(10,000)	2,452	(22,019)	7,408	306,246
Cash and investments - ending	\$ 8,155	\$ 476,889	\$ 316	\$ 1	\$ -	\$ 2,452	\$ 215,447	\$ 5,166	\$ 1,001,663

TOWN OF BEVERLY SHORES
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2013

	GENERAL	MOTOR VEHICLE HIGHWAY	LOCAL ROAD AND STREET	PARK DON NON-REVERT STORM	LAW ENFORCE CON'T ED	PARK DONATION NON-REVERTI	RAINY DAY FUND	CUM'L CAPITAL DEVELOPMENT	CNTY ECON DEV INCOME TAX
Cash and investments - beginning	\$ 163,610	\$ 34,277	\$ -	\$ 325	\$ 1,240	\$ 16,543	\$ 964	\$ 17,555	\$ 58,723
Receipts:									
Taxes	289,364	68,841	-	-	-	-	-	10,168	33,650
Licenses and permits	44,312	-	-	-	-	1	-	-	-
Intergovernmental	4,290	227,769	13,729	-	-	-	-	154	-
Charges for services	325	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-
Other receipts	7,718	-	-	-	529	-	-	-	-
Total receipts	346,009	296,610	13,729	-	529	1	-	10,322	33,650
Disbursements:									
Personal services	324,657	12,174	-	-	-	-	-	2,500	-
Supplies	13,875	5,894	-	-	-	-	-	-	9,520
Other services and charges	116,036	68,767	11,045	-	-	-	-	1,727	1,727
Debt service - principal and interest	-	-	-	-	-	-	-	-	-
Other disbursements	-	10,500	-	-	-	-	-	-	-
Total disbursements	454,568	97,335	11,045	-	-	-	-	4,227	11,247
Excess (deficiency) of receipts over disbursements	(108,559)	199,275	2,684	-	529	1	-	6,095	22,403
Cash and investments - ending	\$ 55,051	\$ 233,552	\$ 2,684	\$ 325	\$ 1,769	\$ 16,544	\$ 964	\$ 23,650	\$ 81,126

TOWN OF BEVERLY SHORES
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	CUM'L CAPITAL IMPROVEMENT	DEBT SERVICE -WATER 20 YR	POLICE DONATION	STORM WATER DONATION	ESCROW	TRASH & GARBAGE PICKUP	B.S. WATER SYSTEM ACCESS	PAYROLL	Totals
Cash and investments - beginning	\$ 8,155	\$ 476,889	\$ 316	\$ 1	\$ -	\$ 2,452	\$ 215,447	\$ 5,166	\$ 1,001,663
Receipts:									
Taxes	13,772	416,994	-	-	-	-	-	-	832,789
Licenses and permits	-	-	-	-	-	-	-	-	44,313
Intergovernmental	1,764	6,078	-	-	-	-	-	-	253,784
Charges for services	-	-	-	-	-	-	5,000	-	5,325
Fines and forfeits	-	-	-	-	-	131,599	-	-	131,599
Other receipts	-	-	-	-	-	-	245,000	321,113	574,360
Total receipts	<u>15,536</u>	<u>423,072</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,599</u>	<u>250,000</u>	<u>321,113</u>	<u>1,842,170</u>
Disbursements:									
Personal services	-	-	-	-	-	-	-	-	339,331
Supplies	-	-	-	-	-	-	-	-	29,289
Other services and charges	2,500	1,000	-	-	-	117,344	32,685	-	352,831
Debt service - principal and interest	-	427,500	-	-	-	-	1,000	-	428,500
Other disbursements	<u>1,727</u>	<u>245,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>312,705</u>	<u>569,932</u>
Total disbursements	<u>4,227</u>	<u>673,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,344</u>	<u>33,685</u>	<u>312,705</u>	<u>1,719,883</u>
Excess (deficiency) of receipts over disbursements	<u>11,309</u>	<u>(250,428)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,255</u>	<u>216,315</u>	<u>8,408</u>	<u>122,287</u>
Cash and investments - ending	<u>\$ 19,464</u>	<u>\$ 226,461</u>	<u>\$ 316</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 16,707</u>	<u>\$ 431,762</u>	<u>\$ 13,574</u>	<u>\$ 1,123,950</u>

TOWN OF BEVERLY SHORES
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2013

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 1,250</u>	<u>\$ 18,000</u>

TOWN OF BEVERLY SHORES
SCHEDULE OF LEASES AND DEBT
December 31, 2013

<u>Lessor</u>	<u>Purpose</u>	<u>Annual Lease Payment</u>	<u>Lease Beginning Date</u>	<u>Lease Ending Date</u>
Governmental activities: Revenue Bonds	Water Access Bond	\$ 449,000	12/1/1988	12/31/2045

<u>Type</u>	<u>Description of Debt</u> <u>Purpose</u>	<u>Ending Principal Balance</u>	<u>Principal and Interest Due Within One Year</u>
Governmental activities: Notes and loans payable	Police Vehicle Lease	\$ 33,200	\$ 33,200

TOWN OF BEVERLY SHORES
SCHEDULE OF CAPITAL ASSETS
December 31, 2013

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 109,350
Infrastructure	10
Buildings	12,702,030
Improvements other than buildings	6,435,574
Machinery, equipment, and vehicles	<u>418,059</u>
Total governmental activities	<u>19,665,023</u>
Total capital assets	<u><u>\$ 19,665,023</u></u>

TOWN OF BEVERLY SHORES
EXAMINATION RESULTS AND COMMENTS

PENALTIES AND INTEREST AND OTHER CHARGES

Internal Revenue Service - U.S. Department of the Treasury

Penalties and interest totaling \$4,873.95 were incurred by the Town and paid to the Internal Revenue Service (U.S. Department of the Treasury) as noted below for the tax years 2012 and 2013.

Assessment	Type	Description	Amounts
December 2011	Federal withholdings	Late payment, late filing, deposit penalty	\$ 1,178.02
March 2012	Federal withholdings	Late payment, late filing, deposit penalty	1,046.56
September 2012	Federal withholdings	Late payment, deposit penalty	599.83
December 2012	Federal withholdings	Deposit penalty	491.41
September 2013	Federal withholdings	Deposit penalty	949.61
December 2013	Federal withholdings	Deposit penalty	<u>608.52</u>
Total			<u>\$ 4,873.95</u>

We requested that Laura Sullivan, Clerk-Treasurer, reimburse the Town \$4,873.95 for penalties, interest, and late fees paid to the Internal Revenue Service - U.S. Department of the Treasury. (See Summary of Charges, page 36)

Indiana Department of Revenue

Penalties, interest, and collection fees totaling \$1,313.82 were incurred by the Town and paid to the Indiana Department of Revenue as noted below for the tax years 2012, 2013, and 2014.

Date Paid	Type	Assessment	Description	Amount
03-14-12	Withholding tax	January 2012	Late payment of taxes	\$ 88.74
08-01-12	Withholding tax	May and June 2012	Late payment of taxes	220.47
10-31-12	Withholding tax	October 2012	Late payment of taxes	13.86
11-23-12	Withholding tax	November 2012	Late payment of taxes	92.16
01-04-13	Withholding tax	December 2012	Late payment of taxes	132.37
03-21-13	Withholding tax	January 2013	Late payment of taxes	94.33
08-07-13	Withholding tax	June 2013	Late payment of taxes	103.57
07-17-14	Withholding tax	November and December 2013	Late payment of taxes	184.06
07-17-14	Withholding tax	January, February, March, and April 2013	Late payment of taxes	<u>384.26</u>
Total				<u>\$ 1,313.82</u>

As a result of the delay in payment of the withholding tax, the Town received numerous legal notices that a tax warrant had been issued against the Town for failure to pay taxes due. The letter stated in part that "further action against you including garnish of wages, levy on bank accounts, levy and auction of real estate and personal property. The tax warrant constitutes a judgment against you, secured by a lien against both real and personal property filed in the judgment docket of the Porter County Clerk's Office."

We requested that Laura Sullivan, Clerk-Treasurer, reimburse the Town \$1,313.82 for penalties, interest, and late fees paid to the Indiana Department of Revenue. (See Summary of Charges, page 36)

TOWN OF BEVERLY SHORES
EXAMINATION RESULTS AND COMMENTS
(Continued)

State Unemployment Tax

Penalties and interest totaling \$458.14 were incurred by the Town and paid to the Indiana Workforce Development as noted below for the tax years 2012, 2013, and 2014.

Type	Assessment	Description	Amount
SUTA tax	4th Quarter 2011	Late payment of taxes	\$ 56.75
SUTA tax	1st Quarter 2012	Late payment of taxes	146.19
SUTA tax	4th Quarter 2012	Late payment of taxes	102.63
SUTA tax	4th Quarter 2013	Late payment of taxes	68.03
SUTA tax	1st Quarter 2014	Late payment of taxes	<u>84.54</u>
Total			<u>\$ 458.14</u>

We requested that Laura Sullivan, Clerk-Treasurer, reimburse the Town \$458.14 for penalties, interest, and late fees paid to the Indiana Workforce Development. (See Summary of Charges, page 36)

The total of penalties, interest, and late fees paid by the Town due to the failure the Clerk-Treasurer to timely deposit and file Federal and State Taxes was \$6,645.91.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit. 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)

Every effort should be made by the governmental unit to avoid unreasonable or excessive costs. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CONDITION OF RECORDS - DISCLAIMER OF OPINION

The Clerk-Treasurer did not properly maintain accounting records related to the financial activity of the Town funds. The following describes the condition of the Town's recordkeeping that resulted in the inability to obtain sufficient competent evidential matter to render an opinion on the financial statements:

Computerized Recordkeeping

The Clerk-Treasurer uses a commonly used computerized accounting software program to maintain the financial records of the Town. The Clerk-Treasurer was unable to adequately give us an understanding of the Town's system of recordkeeping and flow of transactions.

TOWN OF BEVERLY SHORES
EXAMINATION RESULTS AND COMMENTS
(Continued)

Monthly and Year-End Closing of Financial Records

The Clerk-Treasurer failed to perform the necessary monthly "update and closing" of the Towns records from October 2013 through August 2014. Therefore, the Clerk-Treasurer was unable to generate the following reports: Fund Reports, Appropriation Detail History, and Revenue Detail History.

In order to perform our examination of the Town's financial records, we instructed the Clerk-Treasurer to update and close the records for the year 2013.

After the records were updated and closed, several discrepancies were noted as follows:

1. The Town Council salary per the Appropriation Detail History was \$25,000, but per the payroll records was \$20,000.
2. Payrolls for the periods ending September 11, 2013, November 8, 2013, November 22, 2013, December 6, 2013, and December 20, 2013, had duplicate postings in the ledgers overstating the expenditures for the General, Motor Vehicle Highway, and Trash & Garbage Pickup funds.

The Clerk-Treasurer's failure to update and close the financial records each month, resulted in the Town Council being unable to provide proper oversight of the financial activities of the Town funds allowing for errors and irregularities to go undetected.

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)

Financial Statements

2012 Financial Statement

The financial statement presented for examination was incomplete and inaccurate when compared to the Town's records. The following disbursements from the General fund were omitted from the financial statement:

<u>Disbursements</u>	<u>Clerk-Treasurer</u>	<u>Fire</u>	<u>Unappropriated</u>	<u>Totals</u>
Personal Services	\$ 71,738.88	\$ -	\$ -	\$ 71,738.88
Supplies	4,411.10	-	-	4,411.10
Other Services and Charges	<u>62,802.84</u>	<u>24,369.00</u>	<u>79.92</u>	<u>87,251.76</u>
Totals	<u>\$ 138,952.82</u>	<u>\$ 24,369.00</u>	<u>\$ 79.92</u>	<u>\$ 163,401.74</u>

2013 Financial Statement

The fund balances reported on the financial statement exceeded the fund balances recorded on the ledger by \$474,617. Due to the poor condition of the financial records, we were unable to specifically identify the differences.

TOWN OF BEVERLY SHORES
EXAMINATION RESULTS AND COMMENTS
(Continued)

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unqualified opinion on the Independent Auditors Report on the financial statements may have adverse financial consequences with the possibility of an increase in interest rate cost to the taxpayers of the governmental unit. (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)

Bank Account Reconcilements

Depository reconcilements of the fund balances to the bank account balances were not completed by the Clerk-Treasurer for the period July 2013 through August 2014. The bank reconcilements presented for examination from December 2012 through June 2013 were found to be incomplete, and/or inaccurate.

The reconciliation performed for November 30, 2012, included a deficit of \$22,068.08, which was carried from the reconciliation of December 31, 2011, by the former Clerk-Treasurer. The \$22,068.08 deficit left by the former Clerk-Treasurer was due to the December 2011 payroll expenditures that were never recorded to the ledgers.

We performed a cursory bank reconciliation as of December 31, 2013. A cursory bank reconciliation consists of adjusting the bank balance for checks and deposits that cleared the bank in January 2014, but were recorded in the records as of December 31, 2013. We did not make adjustments for any prior outstanding checks which may or may not have cleared the bank, duplicate check numbers posted, deposits which were not recorded in the records, appropriation transfers recorded as disbursements, or any other error or omissions disclosed in this report.

Below is a comparison of the cursory reconciled bank balance to the financial statement balance, and ledger balance, as well as a comparison of the financial statement balance to the ledger balance:

Cursory Bank Balance	\$ 756,678
Financial Statement Balance	<u>1,123,950</u>
Difference - Cash Short	<u>\$ (367,272)</u>
Cursory Bank Balance	\$ 756,678
Ledger Balance	<u>649,333</u>
Difference - Cash Long	<u>\$ 107,345</u>
Financial Statement Balance	\$ 1,123,950
Ledger Balance	<u>649,333</u>
Difference	<u>\$ 474,617</u>

TOWN OF BEVERLY SHORES
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 5-13-6-1(e) states: "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 balances statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Outgoing Clerk-Treasurers and Controllers should completely post and balance their records before turning them over to their successors in office on January 1. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Receipts

We were unable to verify that all transactions related to receipts/revenue and corresponding deposits were properly recorded in the Town's ledgers.

In addition, receipts are issued in numerical sequence generated by the computer. During January 2013, there were eight receipt numbers that could not be accounted for. These receipts numbers were not listed in the system as being valid, voided, or deleted. It is unclear how receipts numbers could be missing from the system.

Receipts are not issued by the Clerk-Treasurer or the Violations Clerk at the time of collection. The Violations Clerk does not issue a receipt to the violator; the Clerk simply marks the amount paid on the ticket/citation. The collections are recorded using a computerized spreadsheet. At least twice a week, the collections are remitted to the Clerk-Treasurer; however, we found that the Clerk-Treasurer does not issue a Town receipt timely.

Deposits for these collections are made by the Clerk-Treasurer after she issues the Town receipt. The collections for these ordinance violations were found to have been deposited from 4 to 34 days after they were received from the Violations Clerk.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payments. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Disbursements

The Clerk-Treasurer is responsible for issuing payments by check to all vendors upon presentation of a properly completed claim supported by a detailed invoice. The checks are generated from the computer software system after the information is inputted by the Clerk-Treasurer. We were unable to obtain a substantive explanation as to why the following errors would occur in the software system.

TOWN OF BEVERLY SHORES
EXAMINATION RESULTS AND COMMENTS
(Continued)

1. Payments were recorded in the ledger using the same check number multiple times, on different dates, with different vendors and different amounts. It is unclear as to how the same check number could be recorded more than once in the financial records.
2. We found checks that were generated from the software system and subsequently cleared the bank, but were not recorded in the financial records.
3. Checks were voided in the financial records, but were found to have cleared the bank.

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

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)

PAYMENTS WITHOUT A CONTRACT

The Indiana Department of Environmental Management (IDEM) entered into a contract with the Town for the collection, transportation, analyzing, and reporting of the results of E. coli sampling conducted at the various beaches within the boundaries of Beverly Shores. During 2012 and 2013, the Town paid the President of the Town Council \$2,728 and \$2,500, respectively, for the beach water collection and testing that was not supported by a contract.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

LATE PAYMENT OF INVOICES

The Town has ten separate accounts with Northwest Indiana Public Service Company (NIPSCO) for the consumption of gas and electric at various locations. Invoice amounts vary from month to month depending on the usage. The invoices supporting the accounts payable voucher did not agree to the amount indicated as paid on the accounts payable voucher or to the check issued to NIPSCO. Amounts billed were significantly higher than the amounts paid. Based upon the invoices reviewed (not all were provided), the Town is in arrears on the gas and electric bills.

The Town has a lease agreement with a financial institution for the purchase of a new vehicle. According to the lease, the first payment was due on June 20, 2012, and is due quarterly thereafter. Out of the seven payments that were due, only one was paid on or before the due date. Other payments were from 20 to 56 days late. As a result, the Town may incur additional interest fees for late payments on the lease.

TOWN OF BEVERLY SHORES
EXAMINATION RESULTS AND COMMENTS
(Continued)

The Town receives a monthly invoice from a vendor for cable television, high-speed internet, and digital voice services. We noted that these invoice were not paid timely and the Town incurred \$51 in late fees.

We requested that Laura Sullivan, Clerk-Treasurer, reimburse the Town \$51 for late fees paid to cable television, high speed internet, and digital voice services vendor. (See Summary of Charges, page 36)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit. 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)

ERRORS ON CLAIMS

Of the 41 claims tested, the following deficiencies were noted during the examination period:

1. 29 percent were listed on an accounts payable register that was not signed by the Board.
2. 32 percent were listed on an accounts payable register that was not signed by the Clerk-Treasurer.
3. 15 percent of the accounts payable voucher did not have an invoice attached.
4. 27 percent of the claims or invoices did not have evidence to support receipt of goods or services.
5. 10 percent of the claims were signed by the Clerk-Treasurer and Board after the check was issued. Per the Town's policy for allowance of payment prior to Board approval, none of these claims meet the policy requirements.
6. 12 percent did not have a contract for services provided.
7. 7 percent did not contain evidence for authorization of purchase.
8. 2 percent of the claims could not be found.

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;

TOWN OF BEVERLY SHORES
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (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. . . .
- (e) The certification provided for in subsection (c)(4) must be on a form prescribed by the state board of accounts."

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TRAINING AND ASSISTANCE

In 2012, the Town paid \$9,462.41 to various consultants for the Clerk-Treasurer to receive training and assistance in the operation of the financial software programs. The training and assistance covered recording transactions in the funds ledgers, balancing the funds ledgers to the bank, and correction of errors. During 2013, the Clerk-Treasurer requested additional assistance or training in recording transactions to the ledger, balancing the funds ledger to the bank, and error correction. The Town Council denied the request due to budget constraints; however, the Town did pay \$1,799.33 for accounting consultants to prepare the 2013 budget.

On July 22, 2014, the Town Council accepted a \$2,000 donation to the Town to pay for additional accounting services.

Audit costs or other costs incurred because of poor records, nonexistent records or other inadequate bookkeeping practices may be the personal obligation of the responsible official or employee of the governmental unit. Any outside audit costs paid, not authorized by statute, may be considered a duplication of service and an unnecessary expense. These payments 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 BEVERLY SHORES
EXAMINATION RESULTS AND COMMENTS
(Continued)

ADDITIONAL APPROPRIATION

On May 21, 2012, the Town Council passed Ordinance 2012-04 to approve an additional appropriation to the General fund for \$41,000 and to the Rainy Day Fund for \$8,000 upon approval from the Indiana Department of Local Government Finance (IDLGF). Due to the lack of documentation maintained by the Clerk-Treasurer, it is unclear as to whether or not the additional appropriations were approved by the IDLGF; however, the Clerk-Treasurer had recorded the additional appropriations as a receipt and disbursement to the General and Rainy Day funds rather than increasing the appropriation in the respective funds.

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)

PAYROLL

Employer's Quarterly Federal Tax Return (Form 941)

The Employer's Quarterly Federal Tax Returns (Form 941) (Returns) were not filed timely for 2012 and 2013. Records were not maintained by the Town to indicate when the returns were filed.

Additionally, only a few copies of the returns filed were retained for examination. Due to errors and omissions on the returns for 2013, the Internal Revenue Service (IRS) assisted the Clerk-Treasurer with filing amended returns to accurately reflect the payroll activity.

The total of the Wage and Tax Statements (Form W-2s) issued for all employees of the Town should agree to the Total of the Employer Quarterly Federal Tax Returns (Form 941). The returns filed for 2012 did not agree to the total of the Form W-2s issued for 2012 as follows:

<u>2012</u>	<u>Wages</u>	<u>Federal Withholdings</u>	<u>FICA</u>	<u>Medicare</u>
W-2s	\$ 292,589.94	\$ 22,137.39	\$ 12,542.96	\$ 4,330.38
Employer share	<u>-</u>	<u>-</u>	<u>18,515.47</u>	<u>4,330.38</u>
Subtotal	292,589.94	22,137.39	31,058.43	8,660.76
Form 941	<u>292,388.37</u>	<u>26,574.43</u>	<u>30,408.39</u>	<u>8,479.26</u>
Differences	<u>\$ 201.57</u>	<u>\$ (4,437.04)</u>	<u>\$ 650.04</u>	<u>\$ 181.50</u>

Overpayment of Taxes

Based upon the total of the Wage and Tax Statement (Form W-2s), we computed that the Town overpaid the federal withholding taxes, social security (FICA), and Medicare for 2012 and 2013 as follows:

TOWN OF BEVERLY SHORES
EXAMINATION RESULTS AND COMMENTS
(Continued)

<u>2012</u>	<u>Totals</u>
Federal withholdings	\$ 22,137.39
FICA	31,058.43
Medicare	<u>8,660.76</u>
Total taxes owed	61,856.58
Total taxes paid	<u>74,384.79</u>
Amount overpaid	<u>\$ 12,528.21</u>
<u>2013</u>	<u>Totals</u>
Federal withholdings	\$ 24,767.99
FICA	37,319.76
Medicare	<u>8,753.98</u>
Total taxes owed	70,841.73
Total taxes paid	<u>78,362.43</u>
Amount overpaid	<u>\$ 7,520.70</u>

Based upon receipts, deposits, and correspondence retained for examination from the IRS, the IRS determined based upon the Employer Tax Returns (Form 941's) filed by the Clerk-Treasurer, that the Town had over paid the federal withholding, FICA, and Medicare taxes. For 2012, the IRS determined the taxes were overpaid by \$1,204.87, as two refund checks were deposited on February 15, 2013, from the U.S. Department of the Treasury for the "overpayment of taxes." For 2013, the IRS determined the taxes were also overpaid. On May 26, 2014, the U.S. Department of the Treasury sent a notice that the Town had overpaid \$10,591.96 on the Form 941 for the tax period ending June 30, 2013. The notice also indicated \$14.75 of interest that was earned by the Town on this overpayment. The U.S. Department of the Treasury deducted \$9,479.28 from the refund amount, as the Town had not remitted all taxes that were due for the periods ending September 30 and December 31, 2013; receiving a net refund of \$1,127.43.

Payroll Fund Activity

The Town has established a separate payroll fund that tracks the activity related to payroll expenses. The activity would include a transfer from the General, Motor Vehicle Highway and Trash & Garbage Pickup fund for expenditures for gross wages on individual employees and the employer share of FICA and Medicare to the Payroll fund. The following were differences noted between what was expensed and what was transferred to the Payroll fund:

TOWN OF BEVERLY SHORES
EXAMINATION RESULTS AND COMMENTS
(Continued)

	<u>2012</u>	<u>2013</u>
Payroll fund expenses from the General, Motor Vehicle Highway and Trash & Gargage Pickup funds	\$ 320,390.38	\$ 355,975.69
Amount receipted into the Payroll fund	<u>322,496.32</u>	<u>311,650.99</u>
Difference	<u>\$ (1,805.94)</u>	<u>\$ 44,324.70</u>

The disbursements from the Payroll fund include net payments to the employees for wages and the remittances of federal, state, and local taxes to the respective federal, state and local agencies. The following are differences from the Payroll fund disbursements to what was reported on the W-2s:

Payroll Disbursements			
<u>2012</u>	Total Payroll Expenses	Payroll fund 701 Disbursements	Differences
Net salaries	\$ 242,202.25	\$ 242,202.25	\$ -
Federal withholdings	22,137.39	19,921.68	2,215.71
FICA withholdings	30,671.04	29,928.99	742.05
Medicare withholdings	8,660.76	8,660.54	0.22
State withholdings	9,849.81	9,346.91	502.90
LaPorte County withholdings	254.75	243.20	11.55
Porter County withholdings	1,272.40	1,184.47	87.93
Deferred compensation	<u>6,046.72</u>	<u>3,216.84</u>	<u>2,829.88</u>
Totals	<u>\$ 321,095.12</u>	<u>\$ 314,704.88</u>	<u>\$ 6,390.24</u>

Payroll Disbursements			
	Payroll Disbursements Total Payroll Expenses	Payroll fund 701 Disbursements	Differences
<u>2013</u>			
Net salaries	\$ 236,321.32	\$ 255,720.28	\$ (19,398.96)
Federal withholdings	24,767.99	22,628.91	2,139.08
FICA withholdings	37,019.66	30,841.01	6,178.65
Medicare withholdings	8,753.98	7,138.33	1,615.65
State withholdings	9,945.27	4,751.16	5,194.11
LaPorte County withholdings	270.78	98.64	172.14
Porter County withholdings	1,320.01	533.57	786.44
Deferred compensation	<u>6,332.04</u>	<u>730.62</u>	<u>5,601.42</u>
Totals	<u>\$ 324,731.05</u>	<u>\$ 322,442.52</u>	<u>\$ 2,288.53</u>

TOWN OF BEVERLY SHORES
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

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)

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)

OVERDRAWN FUND BALANCES

Based on the fund report (ledger) the following funds were overdrawn during the examination period:

<u>Year</u>	<u>Fund</u>	<u>Amount</u>
2013	General	\$ 87,305
2013	Marina Beach Grant	3,750
2013	Cum'l Capital Development	116,055
2013	Payroll	17,339

These amounts could include errors that were not corrected.

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)

GREAT LAKES BEACH PROGRAM GRANT

In 2012 and 2013, the Town was awarded a federal grant through the Indiana Department of Environmental Management (IDEM) to test the beach water for E. coli bacteria levels. The Town is to pay the expenses and request reimbursements from the IDEM.

In 2012, expenses and subsequent reimbursement from the IDEM were not maintained in a separate fund or an account within a fund. Instead expenses and subsequent reimbursements were paid and receipted from various funds and not receipted in the same amount as the expenditure as follows:

TOWN OF BEVERLY SHORES
EXAMINATION RESULTS AND COMMENTS
(Continued)

<u>Fund</u>	<u>Expenses</u>	<u>Reimbursements</u>	<u>Balances</u>
Park Donation	\$ 1,465.50	\$ 1,465.50	\$ -
Rainy Day Fund	7,843.50	15,333.00	(7,489.50)
General	<u>7,543.00</u>	<u>-</u>	<u>7,543.00</u>
Balances	<u>\$ 16,852.00</u>	<u>\$ 16,798.50</u>	<u>\$ 53.50</u>

In 2013, expenses and subsequent reimbursements from the IDEM were accounted for in various funds as follows:

<u>Funds</u>	<u>Expenses</u>	<u>Reimbursements</u>	<u>Refund**</u>	<u>Balance</u>
General	\$ -	\$ -	\$ 7,952	\$ 7,952
Cum'l Capital Development	2,500	-	-	(2,500)
Cnty Econ Dev Income	9,520	-	-	(9,520)
Amount not posted*	<u>9,520</u>	<u>13,588</u>	<u>-</u>	<u>4,068</u>
Balances	<u>\$ 21,540</u>	<u>\$ 13,588</u>	<u>\$ 7,952</u>	<u>\$ -</u>

* - Amounts not posted - Expenses include two checks that were issued, about one month apart to a laboratory for \$9,250. Both checks cleared the bank but only one was posted to the ledgers.

* - Amounts not posted - Reimbursements is an Electronic Funds Transfer (EFT) of \$13,588 was received on November 4, 2013, that was not posted to the ledgers.

** - Refunds - General - On December 10, 2013, a laboratory issued a refund check of \$7,952 to the Town for a \$9,250 overpayment (less a deduction of \$1,298 for unpaid invoices).

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)

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)

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)

TOWN OF BEVERLY SHORES
EXAMINATION RESULTS AND COMMENTS
(Continued)

REPORTS

On April 15, 2013, the Town Council passed Ordinance 2013-13 requiring the delivery of documents to the Town Council members, Clerk-Treasurer, and Town attorney prior to Town Council Meetings. The Accounts Payable Vouchers (APV) are not made available to the Board prior to the Town Council meeting. The Clerk-Treasurer presents the APV at the Town Council Meeting, not allowing the Board time to review them prior to a vote.

The Town Council determined based upon reviewing the few financial reports presented, that the reports were not accurate. The Town Council has repeatedly made requests for accurate financial reports to assist them with making informed and timely decisions.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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)

APPROPRIATIONS

Based on the financial records presented for examination the following expenditures were in excess of budgeted appropriations:

<u>Years</u>	<u>Fund</u>	<u>Excess Amount</u>
2012	General	\$ 30,142
2012	Local Road and Street	629
2012	Rainy Day Fund	9,395
2013	General	81,260
2013	Cum'l Capital Development	125,440

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."

LOAN BETWEEN TOWN FUNDS

A temporary loan of \$224,500 was made in the 2011 budget year from the B.S. Water System Access fund to the Debt Service fund. The loan was not repaid by the end of the budget year.

TOWN OF BEVERLY SHORES
EXAMINATION RESULTS AND COMMENTS
(Continued)

The cash activity of the B.S. Water System Access fund is maintained in a separate bank account. The former Clerk-Treasurer issued a check in December 2011 to repay the loan but the bank had applied the money to a lease payment that was due in January 2012, instead of depositing it into the bank account for the B.S. Water System Access fund to repay the temporary loan. The Clerk-Treasurer did not become aware of this error until a year later, at which time she repaid the loan on January 9, 2013.

Indiana Code 36-1-8-4, concerning temporary loans, states in part:

"(a) . . .

(3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs.

(4) The amount transferred must be returned to the other fund at the end of the prescribed period. . . .

(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following:

(1) Passes an ordinance or a resolution that contains the following:

(A) A statement that the fiscal body has determined that an emergency exists.

(B) A brief description of the grounds for the emergency.

(C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs.

(2) Immediately forwards the ordinance or resolution to the state board of accounts and the department of local government finance."

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)

ACCOUNTABILITY OF REVENUE FROM PERMITS

The Town issues prenumbered permits for cars, boats, and golf carts to residents and nonresidents. In 2012 and 2013, the fees were \$20 or \$200 for a parking permit, resident or nonresident, respectively, or \$25 for a boat or golf cart permit. In addition, Town employees are allowed one free permit each. Even though the Town charges different fees for the permits, everyone is given a permit from the same numerical sequence. We were unable to account for the revenues recorded and deposited for the various permits issued.

TOWN OF BEVERLY SHORES
EXAMINATION RESULTS AND COMMENTS
(Continued)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

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)

Tickets, goods for sale, billings, and other collections, are considered accountable items for which a corresponding deposit must be made in the bank accounts of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CLERK-TREASURER BOND

The Town has a Public Official Bonds which covers the Clerk-Treasurer. The individual bond is for January 22, 2012 to January 22, 2015. The bond is with Auto-Owners Insurance and provides \$152,500 of coverage for the bond period.

TOWN OF BEVERLY SHORES
EXIT CONFERENCE

The contents of this report were discussed on September 29, 2014, with Laura Sullivan, Clerk-Treasurer; Geof Benson, President of the Town Council; and Jeffery Katz, Town Attorney. The Official Response has been made a part of this report and may be found on page 35.

TOWN OF BEVERLY SHORES

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

October 3, 2014

Mr. Paul Joyce
State Board of Accounts
302 West Washington Street
Room E 418
Indianapolis, IN 46204

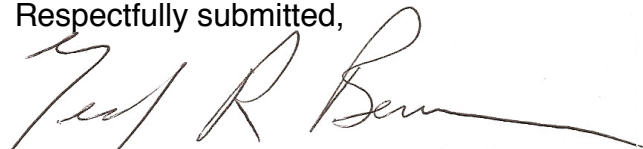
Re: State Board of Accounts' 2013 Audit Exit Conference Official Town of Beverly Shores' Response

Dear Mr. Joyce

The exit conference for the State Board of Accounts' 2013 Audit was held on September 29, 2014. The Town of Beverly Shores ("Town") concurs with the examination results and comments.

With respect to the absence of a contract between the Town and Geof Benson for beach monitoring, please be advised that the Town was under the mistaken belief that the application that identified Geof Benson as the beach monitor that was submitted by the Town to the Indiana Department of Environmental Management ("IDEM") was incorporated into the contract between the Town and IDEM. The Town will enter into a contract with Geof Benson for beach monitoring and will identify Geof Benson as the Key Person in the contract with IDEM for beach monitoring.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Geof R. Benson", written over a light blue horizontal line.

Geof R. Benson
Town Council President

TOWN OF BEVERLY SHORES
SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Laura Sullivan, Clerk-Treasurer:			
Penalties and Interest and Other Charges:			
Internal Revenue Service - U.S. Department of the Treasury, page 18	\$ 4,873.95	-	\$ 4,873.95
Indiana Department of Revenue, page 18	1,313.82	-	1,313.82
State Unemployment Tax, page 19	458.14	-	458.14
Late Payment of Invoices, pages 23 and 24	<u>51.00</u>	<u>-</u>	<u>51.00</u>
Totals	<u>\$ 6,696.91</u>	<u>\$ -</u>	<u>\$ 6,696.91</u>

This report was forwarded to the Office of the Indiana Attorney General and the local prosecuting attorney.

AFFIDAVIT

STATE OF INDIANA)

Porter COUNTY)

We, Karen Tetrault, Special Investigator, and Mary Jo Small, Exam Coordinator, being duly sworn on our oaths, state that the foregoing report based on the official records of the Town of Beverly Shores, Porter County, Indiana, for the period from January 1, 2012 to December 31, 2013, is true and correct to the best of our knowledge and belief.

Karen Tetrault

Special Investigator

Mary Jo Small

Exam Coordinator

Subscribed and sworn to before me this 17th day of November, 2014

Judy A. Little

Notary Public

My Commission Expires: June 26 2021

County of Residence: Wasper