

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

EXAMINATION REPORT

OF

TOWN OF ALTONA

DEKALB COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED
09/28/2007

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Max C. Milks

01-01-04 to 12-31-07

President of the
Town Council

Trina Isham
Charlotte Lingar

01-01-05 to 03-06-06
03-07-06 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF ALTONA, DEKALB COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Altona (Town), for the period of January 1, 2005 to December 31, 2006. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

August 13, 2007

TOWN OF ALTONA
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 68,553	\$ 22,728	\$ 22,292	\$ 68,989
Motor Vehicle Highway	15,212	5,694	4,246	16,660
Local Road and Street	7,752	1,406	1,334	7,824
Hall Rental	3,671	315	-	3,986
Trash	(161)	5,022	8,651	(3,790)
Riverboat	2,501	1,249	-	3,750
Cumulative Capital Improvement	2,125	249	65	2,309
County Economic Development Income Tax	9,792	2,026	-	11,818
Cumulative Building and Firefighting Equipment	218,215	6,778	-	224,993
	<u>\$ 327,660</u>	<u>\$ 45,467</u>	<u>\$ 36,588</u>	<u>\$ 336,539</u>
Totals				
	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 68,989	\$ 27,440	\$ 20,018	\$ 76,411
Motor Vehicle Highway	16,660	5,814	4,824	17,650
Local Road and Street	7,824	1,199	1,383	7,640
Hall Rental	3,986	315	-	4,301
Trash	(3,790)	6,254	8,596	(6,132)
Riverboat	3,750	-	-	3,750
Cumulative Capital Improvement	2,309	698	1,330	1,677
County Economic Development Income Tax	11,818	1,110	-	12,928
Cumulative Building and Firefighting Equipment	224,993	8,970	-	233,963
	<u>\$ 336,539</u>	<u>\$ 51,800</u>	<u>\$ 36,151</u>	<u>\$ 352,188</u>
Totals				

The accompanying notes are an integral part of the financial information.

TOWN OF ALTONA
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, highways and streets, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TOWN OF ALTONA
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

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

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 . . ."

ANNUAL REPORTS

The annual report for 2005 was incomplete and incorrect. No annual report was filed for 2006.

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

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for audit.

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

CAPITAL ASSET RECORDS

The Clerk-Treasurer did not provide a listing of the Town's capital assets for audit.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

LISTS OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

Lists of Town employees were not certified to the County Treasurer in 2005 or 2006.

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

DEPOSITS

We noted instances where receipts were deposited later than the next business day.

TOWN OF ALTONA
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories: (1) selected by the city or town as provided in an ordinance adopted by the city or the town . . ."

PRESCRIBED FORMS

The following prescribed or approved forms were not always in use:

- Ledger of Receipts, Disbursements and Balances (Form 208) - No postings were made to the Ledger of Receipts, Disbursements and Balances after June 20, 2006.
- Official Receipt (Form 217) - Official Receipts were not issued after August 1, 2006.
- Accounts Payable Voucher (Form 29) - Two hundred forty-four checks were written, but only 19 Accounts Payable Vouchers were presented for audit.
- Employee's Earnings Record (Form 99B) - Employee's Earnings Record was not maintained in 2006.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUPPORTING DOCUMENTATION

Several payments were observed which were not supported by adequate documentation, such as receipts, invoices, and other public records. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

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)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Town did not remit Social Security and Medicare withholdings, and the employer's share of these taxes, to the Internal Revenue Service for 2006.

Numerous payments were made to individuals for work performed. These were paid as contractor payments. The Town did not issue 1099's at year end to these individuals.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF ALTONA
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

TOWN OF ALTONA
EXIT CONFERENCE

The contents of this report were discussed on August 13, 2007, with Max C. Milks, Clerk-Treasurer. The official concurred with our findings.