

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

EXAMINATION REPORT
OF
TOWN OF ALAMO
MONTGOMERY COUNTY, INDIANA
January 1, 2005 to December 31, 2006



FILED
12/28/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Marjorie Davidson (Vacant)	01-01-04 to 10-19-07 10-19-07 to 12-31-07
President of the Town Council	Melvin Davidson	01-01-04 to 12-31-07



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF ALAMO, MONTGOMERY COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Alamo (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

November 14, 2007

TOWN OF ALAMO
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL 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	\$ 5,592	\$ 8,687	\$ 5,616	\$ 8,663
Motor Vehicle Highway	10,431	5,406	2,927	12,910
Local Road and Street	4,614	1,012	525	5,101
Cumulative Capital Development	699	388	90	997
Cumulative Capital Improvement	512	423	-	935
Totals	<u>\$ 21,848</u>	<u>\$ 15,916</u>	<u>\$ 9,158</u>	<u>\$ 28,606</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 8,663	\$ 6,909	\$ 4,188	\$ 11,384
Motor Vehicle Highway	12,910	6,333	11,696	7,547
Local Road and Street	5,101	991	175	5,917
Cumulative Capital Development	997	305	854	448
Cumulative Capital Improvement	935	489	-	1,424
Totals	<u>\$ 28,606</u>	<u>\$ 15,027</u>	<u>\$ 16,913</u>	<u>\$ 26,720</u>

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

TOWN OF ALAMO
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: planning and zoning activities, 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. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

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 ALAMO
EXAMINATION RESULTS AND COMMENTS

BOARD MINUTES

Election of the Town Council President was not included in the minutes for 2005 or 2006. In addition, the names of Council members present or absent at each meeting were not recorded in the minutes.

A similar comment pertaining to completeness of Board minutes was included in the previous Report B26600.

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 the 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 take, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5 or IC 20-12-63-7."

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not performed during the two-year period under examination, or through September 2007.

A similar comment was included in the previous Report B26600.

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."

DEPOSITS

A number of receipts were deposited later than the next business day. In 2005, most of the receipts tested, or (approximately 99% of the dollar value of tested receipts) were deposited from 1 to 29 days later than the next business day. In 2006, almost 1/3 of receipts tested (approximately 26% of the dollar value of tested receipts) were deposited from 1 to 9 days later than the next business day.

A similar comment was included in the previous Report B26600.

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; and (2) approved as depositories of state funds."

TOWN OF ALAMO
EXAMINATION RESULTS AND COMMENTS
(Continued)

PAYROLL WITHHOLDINGS REMITTANCES

The Town of Alamo withheld Social Security tax and Medicare tax from wages paid to the Clerk-Treasurer, the Town Council President, and the two Town Council members. The withheld amounts were not remitted to the proper taxing authority. In 2005, employee withholdings and employer share totaled \$282.96; in 2006, employee withholdings and employer share totaled \$449.36.

A similar comment was included in the previous Report B26600.

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)

SUPPORTING DOCUMENTATION

In 2005 and 2006, 123 checks were written totaling \$26,070.96. Of the checks written, supporting documentation was found to be deficient for 62, totaling \$7,946.30, (approximately 50% of the checks written and approximately 30% of the total amount of checks written) as follows:

1. Disbursements for expense/travel reimbursement (14 checks totaling \$574.72) were made in 2005 and 2006. Claims were prepared and approved, but no travel form or other reimbursement documentation was provided. Included with these 14 disbursements are 2 checks, totaling \$99.69, not posted to unit's ledgers.
2. Payroll disbursements in 2005 and 2006, representing 32 checks totaling \$4,432.76 for wages paid to the Clerk-Treasurer and the three Town Council members, were not supported by Payroll Claims or a Salary Ordinance.
3. For 6 checks totaling \$1,449.95, claims were prepared and approved, but no supporting documentation was available.
4. For 7 checks totaling \$1,433.14, supporting documentation was on hand, but no Claim was prepared or approved.
5. No Claim was prepared and no supporting documentation was available for 3 checks totaling \$55.73.

Similar comments were included in the previous Report B26600.

TOWN OF ALAMO
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

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)

TOWN OF ALAMO
EXIT CONFERENCE

The contents of this report were discussed on November 14, 2007, with Melvin Davidson, President of the Town Council. The official concurred with our findings.