

**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, 2007 to December 31, 2009



**FILED**  
01/24/2011



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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Max C. Milks

01-01-04 to 12-31-11

President of the Town Council

Charlette Lingar

01-01-07 to 12-31-10



**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, 2007 to December 31, 2009. 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, 2007, 2008, and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

October 27, 2010

TOWN OF ALTONA  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
GOVERNMENTAL FUND TYPES  
As Of And For The Years Ended December 31, 2007, 2008, And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 76,411	\$ 39,558	\$ 38,845	\$ 77,124
Motor Vehicle Highway	17,650	7,634	13,709	11,575
Local Road and Street	7,640	1,724	3,733	5,631
Hall Rental	4,301	35	-	4,336
Trash	(6,132)	594	9,747	(15,285)
Riverboat	3,750	1,248	-	4,998
Cumulative Capital Improvement	1,677	1,390	1,287	1,780
County Economic Development Income Tax	12,928	2,287	-	15,215
Cumulative Building and Firefighting Equipment	<u>233,963</u>	<u>8,731</u>	<u>-</u>	<u>242,694</u>
Totals	<u>\$ 352,188</u>	<u>\$ 63,201</u>	<u>\$ 67,321</u>	<u>\$ 348,068</u>
	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 77,124	\$ 33,680	\$ 59,411	\$ 51,393
Motor Vehicle Highway	11,575	5,419	8,452	8,542
Local Road and Street	5,631	1,415	4,829	2,217
Hall Rental	4,336	255	-	4,591
Trash	(15,285)	24,747	9,462	-
Riverboat	4,998	1,242	-	6,240
Cumulative Capital Improvement	1,780	644	1,395	1,029
County Economic Development Income Tax	15,215	2,189	5,600	11,804
Cumulative Building and Firefighting Equipment	<u>242,694</u>	<u>7,066</u>	<u>-</u>	<u>249,760</u>
Totals	<u>\$ 348,068</u>	<u>\$ 76,657</u>	<u>\$ 89,149</u>	<u>\$ 335,576</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 51,393	\$ 40,968	\$ 72,619	\$ 19,742
Motor Vehicle Highway	8,542	8,420	9,726	7,236
Local Road and Street	2,217	5,641	7,858	-
Hall Rental	4,591	300	-	4,891
Trash	-	10,328	10,328	-
Riverboat	6,240	1,239	858	6,621
Cumulative Capital Improvement	1,029	607	1,604	32
County Economic Development Income Tax	11,804	2,400	4,577	9,627
Cumulative Building and Firefighting Equipment	<u>249,760</u>	<u>5,076</u>	<u>-</u>	<u>254,836</u>
Totals	<u>\$ 335,576</u>	<u>\$ 74,979</u>	<u>\$ 107,570</u>	<u>\$ 302,985</u>

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, 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. 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 ALTONA  
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORTS

An annual report for 2007 was not presented for examination. The annual reports filed for 2008 and 2009 were incomplete and inaccurate. A similar comment appeared in prior Report B30638.

IC 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 . . ."

DEPOSITS

In numerous instances, receipts were deposited later than the next business day. A similar comment also appeared in prior Report B30638.

IC 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."

CONDITION OF RECORDS

There were a considerable number of posting errors. These errors included deposits not receipted, checks and receipts not posted to the proper funds, interest not posted, checks written out of order, and control account postings not matching individual fund postings.

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)

CAPITAL ASSET RECORDS

As stated in prior Report B30638, the Clerk-Treasurer did not provide a complete listing of the Town's capital assets for examination.

Every governmental unit should have a complete inventory of all capital assets owned which reflects 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)

TOWN OF ALTONA  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

BOARD MINUTES

Not all of the minutes of the governing body were available for examination. No minutes for 2007 were presented for examination. Only March and December of 2008 were presented for examination. 2009 minutes appear to be complete. No 2010 minutes were presented for examination.

IC 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."

PENALTIES AND INTEREST

The Town incurred, and subsequently paid, financial charges for delinquent payment of vendor invoices during 2007, 2008, and 2009.

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)

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the examination period:

- (1) Of the 605 disbursements made during the examination period, there were 138 that a claim was not prepared to present to the board. Supporting documentation was not presented for these disbursements.
- (2) Of the 467 claims prepared, 69 were not adequately itemized and/or did not contain any supporting documentation.
- (3) Of the disbursements that claims were not prepared, there was not any documentation of approval for the disbursement by the governing board. The governing board approves each individual claim.

TOWN OF ALTONA  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

IC 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."

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 Clerk-Treasurer did not remit Social Security and Medicare Withholdings, and the employer's share of these taxes, for the years 2008 and 2009. A similar comment appeared in prior Report B30638.

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)

#### OFFICIAL BONDS

The official bonds of the Clerk-Treasurer were not filed in the Office of the County Recorder for the years 2007 and 2010. A similar comment appeared in prior Report B30638.

TOWN OF ALTONA  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

IC 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. . . ."

TIMELY RECORDKEEPING

There were not any ledgers available for examination for 2007 or 2010.

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)

PAYMENTS TO CLERK-TREASURER

During the examination period, 10 checks of \$100 were disbursed to the Clerk-Treasurer, Max C. Milks. Claims were not always present for these disbursements. Claims that were presented for disbursement were only described as Miles, LD, Fax reimbursement - EST. Also, October 23, 2008, a disbursement was made to the Clerk-Treasurer for \$290 with no claim or supporting documentation presented for examination. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

Max C. Milks, Clerk-Treasurer, was requested to pay the Town \$1,290. (See Summary, page 15)

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)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for examination. A similar comment appeared in prior Report B30638.

IC 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."

GARBAGE COLLECTION BILLING RECORDS

Financial records presented for examination were incomplete and not reflective of garbage collection billing activity. The records presented did not provide sufficient information to examine or establish beginning customer account balances, billings, payments received, ending customer account balances, or the accuracy or correctness of the transactions.

TOWN OF ALTONA  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

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)

GARBAGE CONTRACTS

No contracts were presented for examination for garbage collection payments made to National Serv-All.

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)

COLLECTION OF AMOUNTS DUE

For the period of January 1, 2005 to December 31, 2009, we estimate that the Clerk-Treasurer should have billed customers \$51,300 for garbage collection. For that same time period, we identified collections from customer of \$16,730. This results in an estimated amount of \$34,570 that was uncollected, unbilled or undeposited.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (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:

Fund	Years	Excess Amount Expended
General	2007	\$ 1,759
General	2008	22,125
General	2009	35,539
Local Road and Street	2009	658
Riverboat	2009	858
Cumulative Capital Improvement	2009	104

IC 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."

TOWN OF ALTONA  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

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 for 2007 and 2010.
- Accounts Payable Voucher (Form 29) - 605 checks were written, but only 467 Accounts Payable Vouchers were presented for examination.
- Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100R) - Forms for 2007, 2008, and 2009 not presented for examination.

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 ALTONA  
EXIT CONFERENCE

The contents of this report were discussed on October 27, 2010, with Max C. Milks, Clerk-Treasurer, and Charlette Lingar, President of the Town Council.

STATE OF INDIANA  
THE CIVIL TOWN OF ALTONA

C/O P.O. Box 206  
Garrett, IN 46738

(260)226-4049

Max C. Milks, MPA  
Clerk/Treasurer

Charlette Lingar  
Council President

Tony Lingar  
Council Member

11/23/10

Page 1 of 2

Indiana State Board of Accounts  
Indianapolis, IN  
Bruce Hartman, State Examiner

RESPONSE TO TOWN EXAMINATION RESULTS

ANNUAL REPORT: Due diligence will be applied resulting in a more accurate and complete report.

DEPOSITS: Due diligence will be applied resulting in a more timely deposit of funds.

CONDITION OF RECORDS: More care shall be taken when posting items to the record to assure a more accurate and balanced result. Check sequence order shall be maintained.

CAPITAL ASSETS RECORD: The Town did provide a complete record of capital assets. The Town owns only two capital assets with a historic cost in excess of \$5000.00 and both are listed.

BOARD MINUTES: The Town Council meeting minutes were provided. The Town had only one council member for several months and only meets once per month. We will start recording non-quorum meetings.

PENALTIES AND INTEREST: Will apply due diligence to the timely payment of bills to avoid late charges and penalties.

ERRORS ON CLAIMS: Will attempt to prepare each claim more accurately and with appropriate supporting documents,

FEDERAL AND STATE AGENCY-COMPLIANCE: Federal and State tax documents will be reviewed and the appropriate forms filed.

OFFICIAL BONDS: Clerk/Treasurer has notified the town insurance agency to provide proof of bonds for the years 2007&2010. Once said bonds are received they will be filed with the County Recorder.

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TIMELY RECORD KEEPING: Records keeping will be made in a more timely manner.

PAYMENTS TO CLERK-TREASURER: Due to the time consuming nature and if not impossible task, of providing accurate documentation for mileage claims for three years, the Clerk/Treasurer has opted to reimburse the Town in the amount of \$1290.00. The reimbursement will be made from the Clerk/Treasurer's monthly town pay.

BANK ACCOUNT RECONCILIATIONS: Due diligence shall be applied each month in reconciling the Town's checking account statement.

GARBAGE COLLECTION BILLING FEES/CONTRACTS/COLLECTIONS: The historic contract with National Serv-All cannot be located in this office. At this point there is no valid contract, town wide, with National-Serv-All. The town no longer bills for town wide garbage collection and will attempt thru the guidance of the Town Attorney, intends to attempt to determine each property owner still owes for services and will attempt to collect the payments and/or procure a judgment/lien on said properties.

PERSCRIBED FORMS: Clerk/Treasurer will attempt to use the appropriate form in each case.



Max C. Milks, MPA  
Town of Altona, IN

11/23/10

TOWN OF ALTONA  
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Max C. Milks, Clerk-Treasurer:			
Payments to Clerk-Treasurer, page 9	<u>\$ 1,290</u>	<u>\$ -</u>	<u>\$ 1,290</u>

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STATE OF INDIANA )  
DeKalb COUNTY)

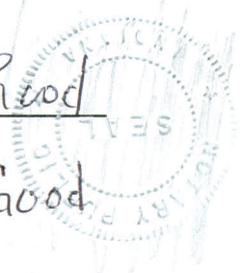
We, Stephen R. Poor and Gail L. Jackson, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of Town of Altona, DeKalb County, Indiana, for the period from January 1, 2007 to December 31, 2009, is true and correct to the best of our knowledge and belief.

Stephen R. Poor, CPA

Gail L. Jackson CPA  
Field Examiners

Subscribed and sworn to before me this 6 day of January, 2011.

Pamela S. Good  
Notary Public



My Commission Expires: 7/5/2015

County of Residence: DeKalb