

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF ALTONA

DEKALB COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
05/30/2013

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Max C. Milks (Deceased)	01-01-08 to 05-31-11
	Lisa Hicks	06-01-11 to 12-31-11
	(Vacant)	01-01-12 to 12-31-12
	Terry Whan	01-01-13 to 12-31-15
President of the Town Council	Charlette Lingar	01-01-10 to 05-31-11
	Terry Whan	06-01-11 to 12-31-12
	Jonathan Shaffer	01-01-13 to 12-31-13



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 were engaged to examine the financial statements of the Town of Altona (Town), for the period of January 1, 2010 to December 31, 2011. The Town's management is responsible for the financial statements. Our responsibility is to express an opinion based on our examination.

The Town did not provide properly maintained accounting records. The Town's records do not permit the application of other examination procedures to ascertain if the financial statements are fairly stated.

Since the Town did not provide properly maintained accounting records and we were not able to apply other examination procedures to satisfy ourselves as to whether the financial statements are fairly stated, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on these financial statements.

The Town's response to the Examination Results and Comments identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine the Town's response and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

April 23, 2013

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FINANCIAL STATEMENTS

The financial statements and accompanying notes were approved by management of the Town. The financial statements and notes are presented as intended by the Town.

For additional financial information, the Town's 2010 Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

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

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

TOWN OF ALTONA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 19,742	\$ 39,288	\$ 57,349	\$ 1,681
Motor Vehicle Highway	7,236	2,271	3,082	6,425
Local Road and Street	-	1,706	601	1,105
Hall Rental	4,891	-	-	4,891
Riverboat	6,621	1,239	-	7,860
Cumulative Capital Improvement	32	-	-	32
County Economic Development Income Tax	9,627	-	-	9,627
Cumulative Building and Fire Fighting Equipment	254,836	-	-	254,836
Totals	<u>\$ 302,985</u>	<u>\$ 44,504</u>	<u>\$ 61,032</u>	<u>\$ 286,457</u>

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

TOWN OF ALTONA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 1,681	\$ 91,852	\$ 57,020	\$ 36,513
Motor Vehicle Highway	6,425	3,129	2,234	7,320
Local Road and Street	1,105	732	464	1,373
Hall Rental	4,891	200	4,951	140
Riverboat	7,860	1,239	7,860	1,239
Cumulative Capital Improvement	32	294	-	326
County Economic Development Income Tax	9,627	1,232	10,155	704
Cumulative Building and Fire Fighting Equipment	<u>254,836</u>	<u>824</u>	<u>44,199</u>	<u>211,461</u>
Totals	<u>\$ 286,457</u>	<u>\$ 99,502</u>	<u>\$ 126,883</u>	<u>\$ 259,076</u>

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

TOWN OF ALTONA
NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: public safety (police and fire), highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services.

The accompanying financial statements present the financial information for the Town.

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, county economic development income tax, county adjusted gross income tax, and other taxes that are set by the Town.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: copies of public records, copy machine charges, and hall rental fees.

TOWN OF ALTONA
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The Town may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are

TOWN OF ALTONA
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

internally restricted by the Town. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Town in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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.

Note 5. Risk Management

The Town may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

TOWN OF ALTONA
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Town by recording as a disbursement and replacement items purchased.

TOWN OF ALTONA
EXAMINATION RESULTS AND COMMENTS

COMPENSATION AND BENEFITS

Max C. Milks, former Clerk-Treasurer; Charlette Lingar, former President of the Town Council; and Tony Lingar, former Council member, each received \$3,589.84, \$5,075.14 and \$5,434.52, respectively, in payments for the period of January 1, 2010 to May 31, 2011, which were not included in the Salary Ordinance or Resolution for the years 2010 and 2011.

The estate of Max C. Milks, former Clerk-Treasurer, was requested to pay the Town \$3,589.84. (See Summary of Charges, page 25)

Charlette Lingar, former President of the Town Council, was requested to pay the Town \$5,075.14. (See Summary of Charges, page 25)

Tony Lingar, former Board member, was requested to pay the Town \$5,434.52. (See Summary of Charges, page 25)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (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 B38355

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."

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)

CONDITION OF RECORDS

The Town did not present a Ledger of Receipts, Disbursements and Balances for examination.

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)

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
EXAMINATION RESULTS AND COMMENTS
(Continued)

EXCESSIVE OR UNREASONABLE COSTS

The Town paid \$2,100 in 2010 and \$550 in 2011 to Western Yards Corporation for storage of Town records and lease-of-work space for use by Town equipment and personnel. Upon investigation it was discovered the Western Yards Corporation is the home of Max C. Milks, former Clerk-Treasurer. The Town also has a Town Hall that is used for equipment and could be used for storage of records.

The Town also paid Max C. Milks, former Clerk-Treasurer; \$500 in undocumented mileage and other miscellaneous expenses. Charlette Lingar, former President of the Town Council, was reimbursed in 2010, \$112.50 for attending meetings; \$526.49 for lost work while performing Town duties; and \$395.83 above approved salary for one month retro pay for interim Clerk-Treasurer. In 2011, Charlette Lingar was paid \$282.58 for lost work while performing Town duties. Luther Lingar in 2011, was also reimbursed for purchase of gasoline in the amount of \$95.77 which the Town paid the vendor for the same gasoline.

The estate of Max C. Milks, former Clerk-Treasurer, was requested to pay the Town \$3,150. (See Summary of Charges, page 25)

Charlette Lingar, former President of the Town Council, was requested to pay the Town \$1,317.40. (See Summary of Charges, page 25)

Luther Lingar, employee, was requested to pay the Town \$95.77. (See Summary of Charges, page 25)

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)

BLANK CHECK DISBURSEMENTS

In several instances blank signed checks were given to individuals to pay for purchases. Vendor receipts, invoices, claims, and other supporting information, were not always available to verify the validity of the disbursements. Due to the lack of supporting information, the validity and accountability for some monies disbursed could not be established.

Checks and receipts should be prepared timely and not signed in advance of the event or transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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)

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest totaling \$155 and \$128 were paid to the Internal Revenue Service on January 31, 2011, for the periods December 31, 2008 and December 31, 2009, respectively. Also, an additional \$42 was paid for interest and penalties to other vendors. Of this amount \$39.95 was paid after a similar comment appeared in prior Report B38355.

TOWN OF ALTONA
EXAMINATION RESULTS AND COMMENTS
(Continued)

The estate of Max C. Milks, former Clerk-Treasurer, was requested to pay the Town \$39.95. (See Summary of Charges, page 25)

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)

ANNUAL REPORT – 2010

An Annual Report presented for 2010 was incomplete and inaccurate.

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 . . ."

BOARD MINUTES

Minutes of meetings of the governing body did not indicate what items were discussed or any actions of the Board. No salary increases were approved and in some instances claims were not approved if not individually signed by the Board. A similar comment also appeared in prior Report B38355.

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 taken, 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."

ERRORS ON CLAIMS

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

1. Of the 241 disbursements there were 26 for which claims were not prepared and no supporting documentation was presented for the disbursement.

TOWN OF ALTONA
EXAMINATION RESULTS AND COMMENTS
(Continued)

2. Of the 215 claims prepared 19 were not adequately itemized and/or did not contain any supporting documentation.
3. Of the 26 disbursements for which claims were not prepared, there were not any documentation of approval for the disbursements by the governing board. The governing board approves each claim individually.

A similar comment appeared in prior Report B38355.

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;
- (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)

APPROPRIATIONS

For the years 2010 and 2011 the Town did not have a Certified Budget. The last Certified Budget was 2008.

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

Fund	Year	Excess Amount Expended
General	2010	\$ 20,263
General	2011	19,935

TOWN OF ALTONA
EXAMINATION RESULTS AND COMMENTS
(Continued)

IC 6-1.1-17-5 provides that if the council does not fix the budget tax rates and tax levy before October 1 of each year, the most recent appropriations and annual tax levy are continued for the ensuing budget year. (Cities and Towns Bulletin and Uniform Compliance Guidelines, December 2007)

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."

CAPITAL ASSET RECORDS

As stated in prior Report B30638 and Report B38355, 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 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)

FEDERAL AND STATE AGENCIES – COMPLIANCE REQUIREMENTS

W-2s were remitted to the Internal Revenue Service for 2010, but they did not match the Employee's Earnings Record. Also the amount remitted to the Internal Revenue Service for employee's withholdings and employer's share did not agree.

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)

PERSONAL EXPENSES

On August 27, 2010, Town funds were used to purchase from Staples a Cross Pen and Cross Paper Shredder and Ice Mountain Water at the cost of \$123.97. Also, on August 24, 2010, \$619.66 of miscellaneous supplies were purchased from Staples and a receipt was not presented for examination. On March 3, 2011, \$77.04 of funeral flowers were purchased with Town funds.

The estate of Max C. Mills, former Clerk-Treasurer, was requested to pay the Town \$820.67. (See Summary of Charges, page 25)

TOWN OF ALTONA
EXAMINATION RESULTS AND COMMENTS
(Continued)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (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 2010 and 2011. A similar comment appeared in prior Reports B30638 and B38355.

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 . . ."

Max C. Mills, former Clerk-Treasurer, is covered under a Public Official Bond:

Surety:	The Ohio Casualty Insurance Company
Amount:	\$15,000 \$30,000
Bound Unto:	State of Indiana
Term:	December 31, 2009 to December 31, 2010 December 31, 2010 to December 31, 2011
Official Bond Number:	3-803-228 3-803-228

ANNUAL REPORT – 2011

An Annual Report for 2011 was not complete and accurate. All funds were not included. Beginning balances, receipts, disbursements, and ending balances of the funds included in the Annual Report did not agree with information presented for examination.

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 . . ."

APPROVAL OF FORMS – June 1, 2011 to December 31, 2011

The Town of Altona during the period of June 1, 2011 to December 31, 2011, was not using prescribed forms or approved forms, except for the Accounts Payable Voucher Town Form No. 39. The form No. 39 was not completed properly.

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
EXAMINATION RESULTS AND COMMENTS
(Continued)

BANK ACCOUNT RECONCILIATIONS – June 1, 2011 to December 31, 2011

Depository reconciliations of the fund balances to the bank account balances were not presented for examination during the period of June 1, 2011 to December 31, 2011, for July, August, September, and October.

The remaining months' depository reconciliations of the fund balances to the bank account balances presented for examination were incorrect.

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."

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)

SUPPORTING DOCUMENTATION – June 1, 2011 to December 31, 2011

During the period of June 1, 2011 to December 31, 2011, several payments were observed which did not contain adequate supporting 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)

CASH DISBURSEMENTS – June 1, 2011 to December 31, 2011

Disbursements were not always made by check. In October, 2011, a \$7,600 check was cashed by the President of the Town Council to purchase a truck. No documentation was presented for examination that a truck was actually purchased for that amount.

Disbursements, other than proper petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by statute, federal or state rule. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ERRORS ON CLAIMS – June 1, 2011 to December 31, 2011

The following deficiencies were noted on claims during the examination period of June 1, 2011 to December 31, 2011:

1. Claims were not prepared for all disbursements.
2. Claims were not adequately itemized.

TOWN OF ALTONA
EXAMINATION RESULTS AND COMMENTS
(Continued)

3. All claims did not have board approval.
4. Claims or invoices did not have evidence to support receipt of goods or services.

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;
- (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."

DONATIONS – June 1, 2011 to December 31, 2011

On November 21, 2011, the Town sent funeral flowers in the amount of \$30 to a resident.

Governmental funds should not be donated or given to other organizations, individuals, or governmental units unless specifically authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

RECEIPT ISSUANCE – June 1, 2011 to December 31, 2011

During the period of June 1, 2011 to December 31, 2011, official receipts were not issued which made it impossible to determine if receipts were deposited by the next business day or posted to proper fund.

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 payment. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

COMPENSATION AND BENEFITS – June 1, 2011 to December 31, 2011

Lisa Hicks, Clerk-Treasurer, received \$2,055 in payments for seven months of 2011 which were not included in salary ordinance or resolution. The amount she was paid was the amount approved by the current Town Council.

TOWN OF ALTONA
EXAMINATION RESULTS AND COMMENTS
(Continued)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***FEDERAL AND STATE AGENCIES – COMPLIANCE REQUIREMENTS –
June 1, 2011 to December 31, 2011***

Information presented for examination indicated that payroll withholdings were not remitted to the Internal Revenue Service and the Indiana Department of Revenue.

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 BOND – June 1, 2011 to December 31, 2011

An official bond was not presented for examination for the time period of June 1, 2011 to December 31, 2011.

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 . . ."

TOWN OF ALTONA
EXIT CONFERENCE

The contents of this report were discussed on April 2, 2013, with Charlette Lingar, former President of the Town Council; Luther Lingar, employee; and Tony Lingar, former Board member. The contents of this report were discussed on April 23, 2013, with Terry Whan, Clerk-Treasurer, and Jonathan Shaffer, President of the Town Council. The official's responses have been made a part of this report and may be found on pages 22 through 24.

4/24/2013

Attn: Bruce Hartman, CPA

State Examiner

State Board of Accounts

E 418 Government Center South

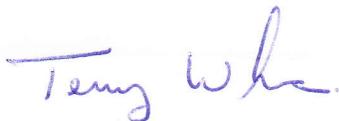
Indianapolis, IN 46204-2765

RE: Responding to Comments of Official response of Town of Altona Report.

Dear Mr. Hartman,

This letter is in response to the official report of the Town of Altona. We are acknowledging that there were many mistakes made by the previous town council prior to June 2011. However, since the prior board we have enlisted the help of the State Board of Accounts in helping with this matter. The new Board since then has been working very hard to make fewer mistakes, but we are still in a learning process and will continue to work with the State Board of Accounts to make sure we fix any mistakes and continue to run properly.

Sincerely Yours,



Terry Whan

Clerk Treasurer

Town of Altona

Mr. Bruce Hartman CPA

April 8, 2013

State Examiner

State Board of Accounts

302 W. Washington St.

Room E418

Indianapolis, IN 46204-2765

Mr. Hartman,

Official response: Town of Altona January 1, 2010 to December 31, 2011.

- Compensation and Benefits

Max had resigned for a short time prior to the pay increase and said that he and the State Board of Accounts had agreed to the increase with his return as Clerk Treasure for the Town of Altona. Max Milks prepared a resolution and he read it at two separate meeting for the wage increases and it was passed and signed by a full board. I keep a copy of all records at the town hall in the file cabinet (monthly minutes, resolutions, yearly budgets, claims payable due to Max`s house fire) A copier was purchased and stored in the Town Hall for this purpose alone.

I know for a fact that when Tony Lingar and I resigned the records were still there.

Tony and I had meet with Max at the town hall to turn over the Towns keys, and Max had informed us that someone had broken into the hall and all the locked had been changed. I suggested to Max that he should call the proper authorities and file a report with the County Police Department

A few days later Max had called me and stated the someone had came to his house and informed him that he no longer worked for the Town of Altona and demanded all the records and property in his possession. I once again suggested he call the proper authorities and file a report with the County Police Department. This was the last conversation I had with Max. Tony Lingar and I to our best knowledge did everything legal and made sure everything was in writing either with a resolution or in the minutes which ever Max said was required and we do not feel it is right to be punished for Maxs actions or lack of in this case.

- Excessive or Unreasonably Cost

Max would set appoints up for the hours he knew I had to be at work and I asked him several times not to do this due to my pay lose and Max had told me that he was working for the

Town of Altona before I was born and he know what was claimable and what was not that I should not insult a person who had been employed with the Town of Altona for so many years.

There were many accouisions when Luther would ask Max to leave a gas check to fill the town's truck up and Max would not so Luther would have to pay for the gas out of his pocket and turn the receipt into Max the following day. Luther could not think of which gas trip this would pertain to and feels he should not be held responsible for Max's bad book keeping or for paying a bill twice.

- At a meeting held on 4-2-2013 with the State Board of Accounts we were informed that Max had a huge issue and many discreptinces with the upkeep of the books and records he was responsible for dating back into to1980`s thru his creare with the Town of Altona. We were also informed that if Max would have filed the forms passed and signed by the Board Members of Altona at the monthly meeting this would not be an issue today.

We strongly feel it is morally wrong to be punished for the incompetence's of Max Milks actions.

Thank You:

Luther J Lingar

Luther Lingar

Tony J Lingar

Tony Lingar

Charlette Lingar

Charlette Lingar

TOWN OF ALTONA
SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
The estate of Max C. Milks, former Clerk-Treasurer:			
Compensation and Benefits, page 12	\$ 3,589.84	\$ -	\$ 3,589.84
Excessive or Unreasonable Costs, page 13	3,150.00	-	3,150.00
Penalties, Interest, and Other Charges, pages 13 and 14	39.95	-	39.95
Personal Expenses, pages 16 and 17	<u>820.67</u>	<u>-</u>	<u>820.67</u>
 Total for the estate of Max C. Milks	 <u>7,600.46</u>	 <u>-</u>	 <u>7,600.46</u>
 Charlette Lingar, former President of the Town Council:			
Compensation and Benefits, page 12	5,075.14	-	5,075.14
Excessive or Unreasonable Costs, page 13	<u>1,317.40</u>	<u>-</u>	<u>1,317.40</u>
 Total for Charlette Lingar	 <u>6,392.54</u>	 <u>-</u>	 <u>6,392.54</u>
 Tony Lingar, former Board member:			
Compensation and Benefits, page 12	<u>5,434.52</u>	<u>-</u>	<u>5,434.52</u>
 Total for Tony Lingar	 <u>5,434.52</u>	 <u>-</u>	 <u>5,434.52</u>
 Luther Lingar, Employee:			
Excessive or Unreasonable Costs, page 13	<u>95.77</u>	<u>-</u>	<u>95.77</u>
 Total for Luther Lingar	 <u>95.77</u>	 <u>-</u>	 <u>95.77</u>
 Totals	 <u>\$ 19,523.29</u>	 <u>\$ -</u>	 <u>\$ 19,523.29</u>

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

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AFFIDAVIT

STATE OF INDIANA)
)
DEKALB COUNTY)

We, Gail L. Jackson and William F. Akey, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of the Town of Altona, Dekalb County, Indiana, for the period from January 1, 2010 to December 31, 2011, is true and correct to the best of our knowledge and belief.

Gail L. Jackson

William F. Akey
Field Examiners

Subscribed and sworn to before me this 15th day of May, 2013.

Rebecca K. Butler
Notary Public

REBECCA K. BUTLER

My Commission Expires: 5/2/21

County of Residence: Allen

