



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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January 31, 2024

TO: THE OFFICIALS OF TOWN OF ALTON, CRAWFORD COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Town of Alton (Town), Crawford County, for the period of January 1, 2019 to December 31, 2022, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

Management is responsible for preparing and maintaining its accounting records and related documents, as well as compliance with applicable state laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Town's Annual Financial Reports filed by management can be found on the Gateway Website: www.gateway.ifonline.org.

The Comments contained herein describe the identified reportable instances of noncompliance found as a result of the procedures we performed. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Comments

BANK ACCOUNT RECONCILIATIONS

Condition and Context

Monthly depository reconciliations of the fund balances to the bank account balances were not performed during the audit period, and, therefore, not presented for examination during the engagement period.

Criteria

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 balance statements provided by the respective depositories."

COMPENSATION AND BENEFITS

The same comment appeared in a Management Letter addressed to the Officials of the Town for the review period ending December 31, 2018.

Condition and Context

The Clerk-Treasurer and Town Council members received compensation in 2019, 2020, 2021, and 2022. A salary ordinance authorizing the compensation was not adopted by the Town Council for any of the years.

Criteria

Indiana Code 36-5-3-2(b) states:

"The town legislative body shall, by ordinance, fix the compensation of its own members, the town clerk-treasurer, and the town marshal. An ordinance adopted under this subsection that fixes the annual compensation of an elected town officer shall provide for an annual, monthly, or biweekly salary schedule. An elected town officer is not required to report hours worked and may not be compensated based on the number of hours worked. The legislative body shall provide reasonable compensation for other town officers and employees."

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 law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Towns, Chapter 1)

ANNUAL FINANCIAL REPORT - LATE FILING

Condition and Context

The Town filed its 2019 and 2022 Annual Financial Reports (AFR) late. The AFR is due 60 days after fiscal year-end, and the Town submitted its reports for 2019 and 2022, on July 6, 2020 (126 days late), and September 6, 2023 (189 days late), respectively.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

ADOPTION OF, AND TRAINING ON, INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Report B54811.

Condition and Context

The Town Council had not adopted the acceptable minimum level of internal control standards as required by Indiana Code 5-11-1-27, nor had the Town officials received the required training.

Criteria

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision.
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Report B54811.

Condition and Context

For 2019, 2020, 2021, and 2022, the Town certified on the Indiana Gateway for Government Units financial reporting system that the internal control standards were adopted and all personnel defined by Indiana Code 5-11-1-27(c) had received training concerning the internal control standards adopted by the Town; however, the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts had not been adopted and training had not been provided to necessary employees and officials.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

100R CERTIFIED REPORT FILED AFTER DUE DATE

Condition and Context

The Town is required to submit a "100R" report by January 31 of every year unless January 31 falls on a Saturday or Sunday. The Town submitted 100R reports on July 6, 2020 (157 days late); February 1, 2021 (on-time); January 29, 2022 (on-time) and August 31, 2023 (212 days late), for the audit period January 1, 2019 through December 31, 2022. The Town filed the 100R report late in two of the four years.

Criteria

Indiana Code 5-11-13-1(b) states:

"Each audited entity shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of the officers, employees, and agents of the audited entity. The report shall indicate the respective duties and compensation of each officer, employee, and agent of the audited entity. The audited entity shall file the report in the office of the state examiner of the state board of accounts. The report must also indicate whether the political subdivision offers a health plan, a pension, and other benefits to full-time and part-time employees. However, no more than one (1) report covering the same officer, employees, and agents need be made from the state or any county, city, town, township, or school unit in any one year. The certification must be filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

MONTHLY AND ANNUAL UPLOADS

Condition and Context

The files and governmental unit information that are required to be uploaded monthly include the bank reconciliements, approved Town Council minutes and the funds ledger, summarizing total receipts, disbursements, and balances by fund.

Annual upload requirements include the year-end bank statement, year-end outstanding check list, year-end investments, detail of receipt activity, detail of disbursement activity, current year salary ordinance, and an annual vendor history report.

The Town did not comply with the State Examiner Directive and failed to upload any of the monthly and annual files on the Indiana Gateway for Government Units financial reporting system for 2019, 2020, 2021, and 2022.

Criteria

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the SBOA to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients. (Amended State Examiner Directive 2018-1)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must 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 1)

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND

Condition and Context

The Town did not establish a Motor Vehicle Highway (MVH) Restricted fund for the receipt of 50 percent of the state MVH distributions, effective January 1, 2019, as required by State Examiner Directive 2018-2, and as necessary for compliance with provisions of Indiana Code 8-14-1-5(c).

Criteria

Indiana Code 8-14-1-5(c) states: "For funds distributed to a city or town from the motor vehicle highway account, the city or town shall use at least fifty percent (50%) of the money for the construction, reconstruction, and preservation of the city's or town's highways."

The purpose of this Directive is to authorize and require . . . cities, and towns that receive distributions from the State Motor Vehicle Highway Account to **create a new sub-fund within the MVH Fund** to properly manage and account for the usage restrictions that were included in House Enrolled Act 1002-2017 and House Enrolled Act 1290-2018.

On the chart of accounts, the MVH Fund and MVH Restricted sub-fund shall be shown as follows:

...

Cities and Towns

Fund 201	MVH
Fund 203	MVH Restricted

Together, MVH and MVH Restricted shall constitute the total MVH Fund. MVH and MVH Restricted will be shown separately on the Annual Financial Report . . .

Starting on January 1, 2019, the political subdivision must post at the time of receipt of the distribution from the State Motor Vehicle Highway Account fifty percent (50%) of the distribution to MVH Restricted. . . .

(State Examiner Directive 2018-2)

FUND SOURCES AND USES

Condition and Context

Town receipts were incorrectly recorded during the engagement period.

During 2019, 2020, and 2021, some receipts were not recorded in the appropriate Town funds. Some of these receipts should have been recorded in the MVH, LRS, CEDIT, CCI, or Riverboat Revenue Sharing fund.

During 2022, all Town receipts were incorrectly recorded in the General fund. Some of these receipts should have been appropriately recorded in the MVH, LRS, CEDIT, CCI, or Riverboat Revenue Sharing fund.

The receipts for MVH, LRS, CEDIT, CCI, or Riverboat Revenue Sharing funds must first be posted to its appropriate fund. Based on Indiana Code 36-5-4-13(a), towns with populations of less than 500 may then transfer money from any town fund to another town fund after the passage of an ordinance.

Criteria

Indiana Code 36-5-4-13(a) states in part:

". . . this subsection applies to a town with a population of five hundred (500) or less. Notwithstanding the provisions of any other statute, a town may transfer money from any town fund to another town fund after the passage of an ordinance or a resolution by the town legislative body specifying the:

- (1) amount of the transfer;
- (2) funds involved;
- (3) date of the transfer; and
- (4) general purpose of the transfer."

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/ resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Towns, Chapter 1)

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

The Schedule of Cash and Investment Balances - Regulatory Basis is presented as other information. It has not been subjected to any auditing procedures, and, accordingly, we do not express an opinion or provide any assurance on it.

SCHEDULE OF CASH AND INVESTMENT
BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2022

Fund	Cash and Investments 12-31-22
General	\$ 23,894
Total	\$ 23,894

Any Official Response to the Comments, incorporated within this report, was not verified for accuracy.

The contents of this report were communicated to Lisa Goffinet, Clerk-Treasurer, on January 25, 2024.

Respectfully,



Beth Kelley, CPA, CFE
Deputy State Examiner