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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, 2007 to December 31, 2009

FILED
05/17/2010

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OFFICIALS

Office	Official	Term
Clerk-Treasurer	Marjorie Davidson (Deceased)	01-01-07 to 10-19-07
	Vacant	10-20-07 to 10-31-07
	Linda A. Larson	11-01-07 to 12-31-10
President of the Town Council	Melvin Davidson	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 ALAMO, MONTGOMERY COUNTY, INDIANA

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

February 15, 2010

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, 2007, 2008, And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	$ 11,384	$ 28,595	$ 12,427	$ 27,552
Motor Vehicle Highway	7,547	-	7,547	-
Local Road and Street	5,917	-	5,917	-
Cumulative Capital Improvement	1,424	-	1,424	-
Cumulative Capital Development	448	159	448	159
Totals	$ 26,720	$ 28,754	$ 27,763	$ 27,711

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	$ 27,552	$ 16,966	$ 15,215	$ 29,303
Riverboat	-	859	-	859
Cumulative Capital Development	159	1,485	-	1,644
Totals	$ 27,711	$ 19,310	$ 15,215	$ 31,806

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	$ 29,303	$ 12,794	$ 11,114	$ 30,983
Riverboat	859	857	-	1,716
Rainy Day	-	216	-	216
Cumulative Capital Development	1,644	157	-	1,801
Totals	$ 31,806	$ 14,024	$ 11,114	$ 34,716

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: highways and streets, 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. However, due to property tax reassessment, the taxes in 2007 were due July 20 and November 13; the taxes in 2008 were due September 9 and November 10; and the taxes in 2009 were due July 31 and November 10

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

ANNUAL REPORT

Annual reports for 2007, 2008, and 2009 were not presented for examination.

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 . . ."

BOARD MINUTES

Town Board meeting minutes stored at the community room in the Fire Department Building were reported as missing. No information was presented for examination regarding Board activity for the period from January 1, 2007 to September 3, 2009.

IC 5-14-1.5-4 states in part:

"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."

CONDITION OF RECORDS

The following deficiencies, relating to the recordkeeping that were cited in the prior audit report, were again present during our period of examination:

(1) Record balances were not reconciled to depository balances during the three year period.

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."

(2) There were a considerable number of mathematical errors. Beginning balance plus the receipts less the disbursements did not equal the running ledger balance in 2007 and 2009.

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)

(3) The Town did not foot their ledger. Month-to date and year-to-date information was not provided.

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)

(4) The Town did not start the 2007 ledger with the ending balances being carried in 2006. The 2006 ending Motor Vehicle Highway Fund balance, the Local Road and Street Fund balance, the Cumulative Capital Improvement Fund balance and the Cumulative Capital Improvement Fund balance were combined into the 2007 General Fund opening balance.

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)

(5) One State distribution for $347.73 was not posted in the ledger. One local distribution for $281.90 was only partially recorded. The $70.37 surtax portion of a wheel and surtax check was omitted from the posting.

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)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Town did not comply with directives of Internal Revenue Service. Town officials are employees. They should have Social Security and Medicare withheld from their earnings and the Social Security and the Medicare should be matched by the Town and submitted to the Internal Revenue Service. These violations were found:

(1) In 2007, $434.16 in Social Security and Medicare withholding and employer match was not submitted to the Internal Revenue Service. A similar situation was found during the previous examination. During 2005 and 2006, $732.32 was not submitted.

(2) In 2007, Statements of Earnings (Form W-2) were not issued to the employees.

(3) Required reports were not submitted in 2007. The Employer's Tax Return (Form 941 or 944) and the Annual Transmittal of Wage and Tax Statements (Form W-3) were not prepared and retained for review.

(4) In 2008 and 2009, Social Security and Medicare was not withheld from wages.

(5) In 2008 and 2009, Miscellaneous Income Statements (Form 1099) instead of Statement of Earnings (Form W-2) were issued to employees of the Town.

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

The Clerk-Treasurer's bonds were not filed in the Office of the County Recorder for 2008, 2009, or 2010.

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. . . ."

PRESCRIBED FORMS

Mileage Claims (Form 101) are not used. Town Accounts payable voucher (Form 39) is used instead. This general claim form does not list the miles traveled, the date of the travel, the purpose of the travel or the rate of payment.

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)

DAILY DEPOSITS

During the three year period examined, several receipts tested were deposited later than the next business day.

IC 5-13-6-1(c) states in part: "All local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance. . . ."

TOWN OF ALAMO
EXIT CONFERENCE

The contents of this report were discussed on February 15, 2010, with Linda A. Larson, Clerk-Treasurer; and Melvin Davidson, President of the Town Council. The officials concurred with our findings.