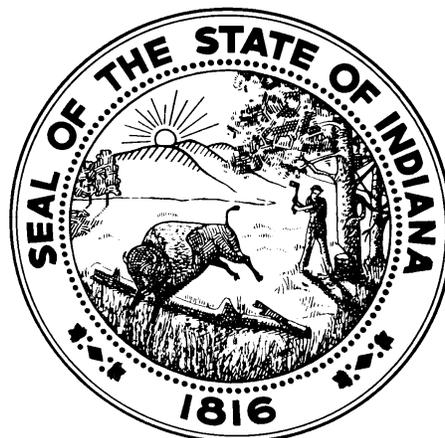


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT  
OF

OLD NATIONAL TRAIL SPECIAL  
EDUCATION COOPERATIVE  
SPECIAL INVESTIGATION  
PUTNAM COUNTY, INDIANA

July 1, 2007 to December 31, 2008



**FILED**

03/17/2009



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Cooperative Officials .....	2
Transmittal Letter .....	3
Examination Results and Comments:	
Unauthorized Disbursements .....	4
Penalties and Interest.....	5
Special Investigative Costs.....	5
Official Bond Coverage.....	5
Official Bond .....	6
Exit Conference.....	7
Summary .....	8
Affidavit .....	9

OFFICIALS

Office

Official

Term

Director

Nancy Holsapple

07-01-07 to 12-31-09

Treasurer

Tammy Mitchener  
Vacant

07-01-07 to 11-11-08  
11-12-08 to present



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

---

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF THE OLD NATIONAL TRAIL SPECIAL EDUCATION

We have examined the records of the Old National Trail Special Education Cooperative pertaining to the misappropriation of funds by Tammy Mitchener, former Treasurer, for the period of July 1, 2007 to December 31, 2008, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Examination Results and Comments. The financial transactions of this office will be reflected in the Audit Report of the Old National Trail Special Education Cooperative for the period ending June 30, 2009.

STATE BOARD OF ACCOUNTS

January 12, 2009

OLD NATIONAL TRAIL SPECIAL EDUCATION COOPERATIVE  
SPECIAL INVESTIGATION  
EXAMINATION RESULTS AND COMMENTS

UNAUTHORIZED DISBURSEMENTS

Based on the information presented for examination, Tammy Mitchener, former Treasurer, diverted funds by writing checks listed below to a fictitious vendor (PC Technologies or PC Tech) and depositing the checks into her personal and business accounts.

<u>Check No.</u>	<u>Date</u>	<u>Amount</u>	<u>Payee</u>
912	02-24-08	\$ 2,300.00	PC Technologies
978	04-15-08	2,200.00	PC Technologies
983	04-14-08	1,300.00	PC Technologies
988	04-25-08	3,000.00	PC Technologies
1101	06-06-08	2,500.00	PC Technologies
1154	06-13-08	1,000.00	PC Technologies
1161	07-07-08	1,390.00	PC Technologies
1194	07-09-08	1,500.00	PC Technologies
1241	07-22-08	2,300.00	PC Technologies
1242	07-25-08	1,370.00	PC Technologies
1248	08-08-08	1,775.00	PC Technologies
1313	08-15-08	1,500.00	PC Technologies
1316	08-21-08	3,000.00	PC Technologies
1324	08-25-08	1,500.00	PC Technologies
1330	09-03-08	3,107.49	PC Technologies
1331	09-19-08	3,956.02	PC Technologies
1332	09-10-08	2,229.00	PC Technologies
1364	09-30-08	2,993.09	PC Tech
1394	10-20-08	7,606.16	PC Technologies
1395	09-25-08	3,295.00	PC Technologies
1415	10-10-08	3,277.40	PC Technologies
1544	10-31-08	<u>3,540.00</u>	PC Tech
Total		<u>\$ 56,639.16</u>	

The Indiana State Police conducted an investigation that resulted in criminal charges being filed by the Putnam County Prosecutor against Tammy Mitchener, former Treasurer, for theft and racketeering.

Tammy Mitchener, former Treasurer, was requested to reimburse Old National Trail Special Education Cooperative \$56,639.16. (See Summary, page 8)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OLD NATIONAL TRAIL SPECIAL EDUCATION COOPERATIVE  
SPECIAL INVESTIGATION  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

PENALTIES AND INTEREST

Penalties and interest were paid to the Internal Revenue Service and the Indiana Department of Revenue during 2007 and 2008, as shown below:

	<u>Amount</u>
Internal Revenue Service:	
Federal withholdings taxes	\$ 43,710.84
Indiana Department of Revenue:	
State and local withholding taxes	<u>8,899.78</u>
 Total penalties, interest, and other charges	 <u><u>\$ 52,610.62</u></u>

Tammy Mitchener, former Treasurer, was requested to reimburse Old National Trail Special Education Cooperative \$52,610.62. (See Summary, page 8)

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 Indiana Public School Corporations, Chapter 9)

SPECIAL INVESTIGATION COSTS

The State of Indiana incurred additional examination fees in the investigation of the missing funds.

Examination costs incurred because of theft or shortage may be the personal obligation of the responsible official and employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OFFICIAL BOND COVERAGE

Tammy Mitchener, former Treasurer, was bonded by Ohio Casualty Group in the amount of \$100,000 for the period November 17, 2007 to November 27, 2008.

OLD NATIONAL TRAIL SPECIAL EDUCATION COOPERATIVE  
SPECIAL INVESTIGATION  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

OFFICIAL BOND

The Treasurer's bond was not on file at the County Recorder's office.

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 . . ."

OLD NATIONAL TRAIL SPECIAL EDUCATION COOPERATIVE  
SPECIAL INVESTIGATION  
EXIT CONFERENCE

The contents of this report were discussed on January 12, 2009, with Nancy Holsapple, Director; Bruce Bernhardt, President of the Board; and Dana Bumgardner, Deputy Treasurer. The officials concurred with our findings.

Tammy Mitchener, former Treasurer, was not available for an exit conference.

OLD NATIONAL TRAIL SPECIAL EDUCATION COOPERATIVE  
SPECIAL INVESTIGATION  
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Tammy Mitchener, former Treasurer:			
Unauthorized Disbursements, page 4	\$ 56,639.16	\$ -	\$ 56,639.16
Penalties and Interest, page 5	<u>52,610.62</u>	<u>-</u>	<u>52,610.62</u>
Totals	<u>\$ 109,249.78</u>	<u>\$ -</u>	<u>\$ 109,249.78</u>

AFFIDAVIT

STATE OF INDIANA            )  
Vermillion                    )  
                                  COUNTY)

We, Peggy Arnold and Gina Gambaiani-Crowder, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of the Old National Trail Special Education Cooperative, Putnam County, Indiana, for the period from July 1, 2007 to December 31, 2008, is true and correct to the best of our knowledge and belief.

Peggy Arnold

Gina Gambaiani-Crowder  
Field Examiners

Subscribed and sworn to before me this 3 day of March, 2009

Florinda A. Pruitt  
Clerk of the Circuit Court