

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

TOWN OF POSEYVILLE
POSEY COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
06/22/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Christina M. Lupfer (Vacant) Diana Powell Nancy Grimes	01-01-08 to 12-06-10 01-07-10 to 12-31-10 01-01-11 to 12-31-11 01-01-12 to 12-31-15
Superintendent of Water Utility	Ken Gorbett	01-01-10 to 12-31-12
Superintendent of Wastewater Utility	Jeremy Farrar	01-01-10 to 12-31-12
Superintendent of Gas Utility	Ken Gorbett	01-01-10 to 12-31-12
Utility Office Manager	Julie Mayo	01-01-10 to 12-31-12
President of the Town Council	Bruce Baker	01-01-10 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE TOWN OF POSEYVILLE, POSEY COUNTY, INDIANA

We have audited the accompanying financial statements of the Town of Poseyville (Town), for the years ended December 31, 2010 and 2011. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by 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. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the years ended December 31, 2010 and 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated May 15, 2012, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was conducted for the purpose of forming an opinion on the Town's financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the Town's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the auditing procedures applied by us in the audit of the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Town's management, Town Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

May 15, 2012



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE TOWN OF POSEYVILLE, POSEY COUNTY, INDIANA

We have audited the financial statements of the Town of Poseyville (Town), for the years ended December 31, 2010 and 2011, and have issued our report thereon dated May 15, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2011-1 to be a material weakness.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The Town's response to the finding identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management, Town Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

May 15, 2012

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.

TOWN OF POSEYVILLE
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	\$ (134,453)	\$ 351,357	\$ 247,560	\$ (30,656)
Motor Vehicle Highway	18,651	137,347	134,480	21,518
Local Road And Street	12,268	5,169	10,998	6,439
Cemetery	(370)	7,145	1,762	5,013
Economic Development	18,778	-	380	18,398
Law Enforcement Continuing Education	3,367	300	-	3,667
Riverboat Tax Sharing	20,586	7,429	500	27,515
Law Enforcement Grant	257	-	-	257
Street Resurfacing Debt Service	(14)	1,730	-	1,716
Community Center	36,547	5,440	1,575	40,412
Rainy Day	7,801	15,121	-	22,922
Levy Excess Fund	-	471	-	471
Economic Dev Income Tax	-	47,668	3,168	44,500
COIT/County Option Tax	40,998	61,081	60,571	41,508
Cumulative Capital Development	38,780	15,765	15,000	39,545
Cumulative Fire	2,974	2,066	2,972	2,068
Cumulative Capital Improvement	17,412	3,475	-	20,887
Park And Recreation	1,191	4,296	1,485	4,002
Cemetery Permanent Maintenance Fund	1,636	775	-	2,411
New Payroll	-	36,841	25,967	10,874
Payroll Perf Withholding	4,201	38,056	42,257	-
Payroll Federal Withholding	-	32,003	32,003	-
Payroll State Withholding	-	16,792	16,792	-
Payroll Fica Withholding	-	42,348	42,348	-
Payroll Medicare Withholding	-	9,842	9,842	-
Payroll	-	247,292	247,292	-
Payroll Medical Ded	-	10	10	-
Payroll Employee Ded	-	20,465	20,465	-
Gas Operating	22,591	455,980	472,568	6,003
Gas Meter Deposit	10,640	3,750	3,600	10,790
Gas Cash Reserve	34,571	3,000	-	37,571
Wastewater Operating	127,987	346,295	447,393	26,889
Wastewater Bond And Interest	53,854	129,454	129,181	54,127
Wastewater Depreciation	26,777	18,000	8,753	36,024
Wastewater Debt Service Reserve	130,284	98	45	130,337
Water Operating	1,668	913,983	886,700	28,951
Water Bond And Interest	49,855	46,303	15,880	80,278
Water Depreciation	57,246	12,299	15,171	54,374
Water Meter Deposit	7,890	2,600	2,260	8,230
Water Construction Fund	425,130	39	315,994	109,175
Water Debt Service Reserve	53,876	-	-	53,876
Totals	<u>\$ 1,092,979</u>	<u>\$ 3,042,085</u>	<u>\$ 3,214,972</u>	<u>\$ 920,092</u>

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

TOWN OF POSEYVILLE
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	\$ (30,656)	\$ 433,229	\$ 225,065	\$ 177,508
Motor Vehicle Highway	21,518	136,624	101,216	56,926
Local Road and Street	6,439	5,014	-	11,453
Economic Dev Income Tax	44,500	49,227	4,668	89,059
Law Enforcement Continuing Education	3,667	5	-	3,672
Riverboat Tax Sharing	27,515	7,428	-	34,943
Park and Recreation	4,002	4,346	1,903	6,445
Rainy Day	22,922	5,631	-	28,553
Levy Excess Fund	471	-	-	471
Cumulative Capital Development	39,545	14,762	-	54,307
Cumulative Capital Improvement	20,887	3,409	100	24,196
Cumulative Fire	2,068	3,250	-	5,318
COIT/County Option Income Tax	41,508	51,072	72,817	19,763
Cemetery	5,013	5,212	3,995	6,230
Cemetery Permanent Maintenance Fund	2,411	800	269	2,942
L E C E Fund	-	350	770	(420)
Law Enforcement Grant	257	-	-	257
Street Resurfacing Debt Service	1,716	-	-	1,716
Fire Fighting Grant	-	-	-	-
Community Center	40,412	5,925	1,875	44,462
Economic Development	18,398	-	883	17,515
New Payroll	10,874	401,566	406,716	5,724
Wastewater Operating	26,889	374,982	382,179	19,692
Wastewater Debt Service Reserve	130,337	98	60	130,375
Wastewater Bond and Interest	54,127	130,008	129,726	54,409
Wastewater Depreciation	36,024	16,500	28,238	24,286
Water Operating	28,951	443,467	426,103	46,315
Water Meter Deposit	8,230	2,500	2,500	8,230
Water Depreciation	54,374	-	26,907	27,467
Water Bond and Interest	80,278	44,963	76,200	49,041
Water Construction Fund	109,175	43,497	152,672	-
Water Debt Service Reserve	53,876	-	50,000	3,876
Gas Operating	6,003	437,953	384,174	59,782
Gas Meter Deposit	10,790	2,750	3,000	10,540
Gas Cash Reserve	37,571	3,000	-	40,571
Totals	<u>\$ 920,092</u>	<u>\$ 2,627,568</u>	<u>\$ 2,482,036</u>	<u>\$ 1,065,624</u>

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

TOWN OF POSEYVILLE
NOTES TO 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, water, wastewater, gas, and urban redevelopment and housing.

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 may 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, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

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,

TOWN OF POSEYVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

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).

Utility fees which are comprised mostly of charges for current services.

Penalties which include fees received for late payments.

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 may 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.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

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

TOWN OF POSEYVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Utility operating expenses which include all outflows for operating the utilities.

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 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.

TOWN OF POSEYVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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 any replacement items purchased.

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

TOWN OF POSEYVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

SUPPLEMENTARY INFORMATION – UNAUDITED

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 audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the Town. It is presented as intended by the Town.

TOWN OF POSEYVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General	Motor Vehicle Highway	Local Road And Street	Cemetery	Economic Development	Law Enforcement Continuing Education	Riverboat Tax Sharing
Cash and investments - beginning	\$ (134,453)	\$ 18,651	\$ 12,268	\$ (370)	\$ 18,778	\$ 3,367	\$ 20,586
Receipts:							
Taxes	284,594	-	-	6,244	-	-	-
Intergovernmental	43,230	106,864	5,169	901	-	-	7,429
Charges for services	20,393	-	-	-	-	300	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	3,140	30,483	-	-	-	-	-
Total receipts	<u>351,357</u>	<u>137,347</u>	<u>5,169</u>	<u>7,145</u>	<u>-</u>	<u>300</u>	<u>7,429</u>
Disbursements:							
Personal services	107,288	81,562	-	-	-	-	-
Supplies	12,719	13,674	-	-	-	-	-
Other services and charges	102,812	6,675	-	1,762	380	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	21,237	32,569	10,998	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	3,504	-	-	-	-	-	500
Total disbursements	<u>247,560</u>	<u>134,480</u>	<u>10,998</u>	<u>1,762</u>	<u>380</u>	<u>-</u>	<u>500</u>
Excess (deficiency) of receipts over disbursements	<u>103,797</u>	<u>2,867</u>	<u>(5,829)</u>	<u>5,383</u>	<u>(380)</u>	<u>300</u>	<u>6,929</u>
Cash and investments - ending	<u>\$ (30,656)</u>	<u>\$ 21,518</u>	<u>\$ 6,439</u>	<u>\$ 5,013</u>	<u>\$ 18,398</u>	<u>\$ 3,667</u>	<u>\$ 27,515</u>

TOWN OF POSEYVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Law Enforcement Grant	Street Resurfacing Debt Service	Community Center	Rainy Day	Levy Excess Fund	Economic Dev Income Tax	COIT/County Option Tax
Cash and investments - beginning	\$ 257	\$ (14)	\$ 36,547	\$ 7,801	\$ -	\$ -	\$ 40,998
Receipts:							
Taxes	-	1,528	-	-	471	-	-
Intergovernmental	-	202	-	15,121	-	47,668	61,081
Charges for services	-	-	5,440	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>1,730</u>	<u>5,440</u>	<u>15,121</u>	<u>471</u>	<u>47,668</u>	<u>61,081</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	1,575	-	-	-	60,571
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	3,168	-
Total disbursements	<u>-</u>	<u>-</u>	<u>1,575</u>	<u>-</u>	<u>-</u>	<u>3,168</u>	<u>60,571</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>1,730</u>	<u>3,865</u>	<u>15,121</u>	<u>471</u>	<u>44,500</u>	<u>510</u>
Cash and investments - ending	<u>\$ 257</u>	<u>\$ 1,716</u>	<u>\$ 40,412</u>	<u>\$ 22,922</u>	<u>\$ 471</u>	<u>\$ 44,500</u>	<u>\$ 41,508</u>

TOWN OF POSEYVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Cumulative Capital Development	Cumulative Fire	Cumulative Capital Improvement	Park And Recreation	Cemetery Permanent Maintenance Fund	New Payroll	Payroll Perf Withholding
Cash and investments - beginning	\$ 38,780	\$ 2,974	\$ 17,412	\$ 1,191	\$ 1,636	\$ -	\$ 4,201
Receipts:							
Taxes	13,820	-	-	3,634	-	-	-
Intergovernmental	1,945	-	3,475	540	-	-	-
Charges for services	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	2,066	-	122	775	36,841	38,056
Total receipts	15,765	2,066	3,475	4,296	775	36,841	38,056
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	60	-	-	-
Other services and charges	-	-	-	1,425	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	15,000	2,972	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	25,967	42,257
Total disbursements	15,000	2,972	-	1,485	-	25,967	42,257
Excess (deficiency) of receipts over disbursements	765	(906)	3,475	2,811	775	10,874	(4,201)
Cash and investments - ending	\$ 39,545	\$ 2,068	\$ 20,887	\$ 4,002	\$ 2,411	\$ 10,874	\$ -

TOWN OF POSEYVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Payroll Federal Withholding	Payroll State Withholding	Payroll Fica Withholding	Payroll Medicare Withholding	Payroll	Payroll Medical Ded	Payroll Employee Ded
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	32,003	16,792	42,348	9,842	247,292	10	20,465
Total receipts	<u>32,003</u>	<u>16,792</u>	<u>42,348</u>	<u>9,842</u>	<u>247,292</u>	<u>10</u>	<u>20,465</u>
Disbursements:							
Personal services	-	-	-	-	245,621	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	32,003	16,792	42,348	9,842	1,671	10	20,465
Total disbursements	<u>32,003</u>	<u>16,792</u>	<u>42,348</u>	<u>9,842</u>	<u>247,292</u>	<u>10</u>	<u>20,465</u>
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF POSEYVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Gas Operating	Gas Meter Deposit	Gas Cash Reserve	Wastewater Operating	Wastewater Bond And Interest	Wastewater Depreciation	Wastewater Debt Service Reserve
Cash and investments - beginning	\$ 22,591	\$ 10,640	\$ 34,571	\$ 127,987	\$ 53,854	\$ 26,777	\$ 130,284
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Utility fees	351,862	-	-	340,719	-	-	-
Penalties	1,430	-	-	4,805	-	-	-
Other receipts	102,688	3,750	3,000	771	129,454	18,000	98
Total receipts	<u>455,980</u>	<u>3,750</u>	<u>3,000</u>	<u>346,295</u>	<u>129,454</u>	<u>18,000</u>	<u>98</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	2,218	-	-	31,505	129,136	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	467,350	3,600	-	257,670	45	-	45
Other disbursements	3,000	-	-	158,218	-	8,753	-
Total disbursements	<u>472,568</u>	<u>3,600</u>	<u>-</u>	<u>447,393</u>	<u>129,181</u>	<u>8,753</u>	<u>45</u>
Excess (deficiency) of receipts over disbursements	<u>(16,588)</u>	<u>150</u>	<u>3,000</u>	<u>(101,098)</u>	<u>273</u>	<u>9,247</u>	<u>53</u>
Cash and investments - ending	<u>\$ 6,003</u>	<u>\$ 10,790</u>	<u>\$ 37,571</u>	<u>\$ 26,889</u>	<u>\$ 54,127</u>	<u>\$ 36,024</u>	<u>\$ 130,337</u>

TOWN OF POSEYVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Water Operating	Water Bond And Interest	Water Depreciation	Water Meter Deposit	Water Construction Fund	Water Debt Service Reserve	Totals
Cash and investments - beginning	\$ 1,668	\$ 49,855	\$ 57,246	\$ 7,890	\$ 425,130	\$ 53,876	\$ 1,092,979
Receipts:							
Taxes	-	-	-	-	-	-	310,291
Intergovernmental	-	-	-	-	-	-	293,625
Charges for services	-	-	-	-	-	-	26,133
Utility fees	327,977	-	-	-	-	-	1,020,558
Penalties	1,798	-	-	-	-	-	8,033
Other receipts	584,208	46,303	12,299	2,600	39	-	1,383,445
Total receipts	913,983	46,303	12,299	2,600	39	-	3,042,085
Disbursements:							
Personal services	-	-	-	-	-	-	434,471
Supplies	-	-	-	-	-	-	26,453
Other services and charges	-	-	-	-	-	-	113,054
Debt service - principal and interest	12,533	15,458	-	-	-	-	190,850
Capital outlay	-	-	-	-	315,994	-	460,916
Utility operating expenses	790,563	-	-	2,260	-	-	1,521,533
Other disbursements	83,604	422	15,171	-	-	-	467,695
Total disbursements	886,700	15,880	15,171	2,260	315,994	-	3,214,972
Excess (deficiency) of receipts over disbursements	27,283	30,423	(2,872)	340	(315,955)	-	(172,887)
Cash and investments - ending	\$ 28,951	\$ 80,278	\$ 54,374	\$ 8,230	\$ 109,175	\$ 53,876	\$ 920,092

TOWN OF POSEYVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	General	Motor Vehicle Highway	Local Road and Street	Economic Dev Income Tax	Law Enforcement Continuing Education	Riverboat Tax Sharing
Cash and investments - beginning	\$ (30,656)	\$ 21,518	\$ 6,439	\$ 44,500	\$ 3,667	\$ 27,515
Receipts:						
Taxes	241,287	91,210	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	41,735	43,973	5,014	49,227	-	7,428
Charges for services	93,381	-	-	-	-	-
Fines and forfeits	-	-	-	-	5	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	56,826	1,441	-	-	-	-
Total receipts	<u>433,229</u>	<u>136,624</u>	<u>5,014</u>	<u>49,227</u>	<u>5</u>	<u>7,428</u>
Disbursements:						
Personal services	106,775	77,726	-	-	-	-
Supplies	14,727	8,263	-	-	-	-
Other services and charges	97,472	12,775	-	4,668	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	4,772	2,452	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	1,319	-	-	-	-	-
Total disbursements	<u>225,065</u>	<u>101,216</u>	<u>-</u>	<u>4,668</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>208,164</u>	<u>35,408</u>	<u>5,014</u>	<u>44,559</u>	<u>5</u>	<u>7,428</u>
Cash and investments - ending	<u>\$ 177,508</u>	<u>\$ 56,926</u>	<u>\$ 11,453</u>	<u>\$ 89,059</u>	<u>\$ 3,672</u>	<u>\$ 34,943</u>

TOWN OF POSEYVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Park and Recreation	Rainy Day	Levy Excess Fund	Cumulative Capital Development	Cumulative Capital Improvement	Cumulative Fire
Cash and investments - beginning	\$ 4,002	\$ 22,922	\$ 471	\$ 39,545	\$ 20,887	\$ 2,068
Receipts:						
Taxes	4,131	-	-	14,678	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	15	5,631	-	84	3,409	-
Charges for services	-	-	-	-	-	3,250
Fines and forfeits	200	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>4,346</u>	<u>5,631</u>	<u>-</u>	<u>14,762</u>	<u>3,409</u>	<u>3,250</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	1,903	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	100	-
Total disbursements	<u>1,903</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>2,443</u>	<u>5,631</u>	<u>-</u>	<u>14,762</u>	<u>3,309</u>	<u>3,250</u>
Cash and investments - ending	<u>\$ 6,445</u>	<u>\$ 28,553</u>	<u>\$ 471</u>	<u>\$ 54,307</u>	<u>\$ 24,196</u>	<u>\$ 5,318</u>

TOWN OF POSEYVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	COIT/County Option Income Tax	Cemetery	Cemetery Permanent Maintenance Fund	L E C E Fund	Law Enforcement Grant	Street Resurfacing Debt Service
Cash and investments - beginning	\$ 41,508	\$ 5,013	\$ 2,411	\$ -	\$ 257	\$ 1,716
Receipts:						
Taxes	-	5,151	-	-	-	-
Licenses and permits	-	-	-	350	-	-
Intergovernmental	51,072	61	-	-	-	-
Charges for services	-	-	800	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>51,072</u>	<u>5,212</u>	<u>800</u>	<u>350</u>	<u>-</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	269	770	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	72,817	3,995	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>72,817</u>	<u>3,995</u>	<u>269</u>	<u>770</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(21,745)</u>	<u>1,217</u>	<u>531</u>	<u>(420)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 19,763</u>	<u>\$ 6,230</u>	<u>\$ 2,942</u>	<u>\$ (420)</u>	<u>\$ 257</u>	<u>\$ 1,716</u>

TOWN OF POSEYVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Fire Fighting Grant	Community Center	Economic Development	New Payroll	Wastewater Operating	Wastewater Debt Service Reserve
Cash and investments - beginning	\$ -	\$ 40,412	\$ 18,398	\$ 10,874	\$ 26,889	\$ 130,337
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	5,925	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	357,264	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	401,566	17,718	98
Total receipts	-	5,925	-	401,566	374,982	98
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	883	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	1,875	-	-	-	-
Utility operating expenses	-	-	-	-	234,214	-
Other disbursements	-	-	-	406,716	147,965	60
Total disbursements	-	1,875	883	406,716	382,179	60
Excess (deficiency) of receipts over disbursements	-	4,050	(883)	(5,150)	(7,197)	38
Cash and investments - ending	\$ -	\$ 44,462	\$ 17,515	\$ 5,724	\$ 19,692	\$ 130,375

TOWN OF POSEYVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Wastewater Bond and Interest	Wastewater Depreciation	Water Operating	Water Meter Deposit	Water Depreciation	Water Bond and Interest
Cash and investments - beginning	\$ 54,127	\$ 36,024	\$ 28,951	\$ 8,230	\$ 54,374	\$ 80,278
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	340,543	2,500	-	-
Penalties	-	-	1,740	-	-	-
Other receipts	130,008	16,500	101,184	-	-	44,963
Total receipts	130,008	16,500	443,467	2,500	-	44,963
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	129,648	-	-	-	-	76,200
Capital outlay	-	-	-	-	-	-
Utility operating expenses	10	-	332,410	2,500	-	-
Other disbursements	68	28,238	93,693	-	26,907	-
Total disbursements	129,726	28,238	426,103	2,500	26,907	76,200
Excess (deficiency) of receipts over disbursements	282	(11,738)	17,364	-	(26,907)	(31,237)
Cash and investments - ending	\$ 54,409	\$ 24,286	\$ 46,315	\$ 8,230	\$ 27,467	\$ 49,041

TOWN OF POSEYVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Water Construction Fund	Water Debt Service Reserve	Gas Operating	Gas Meter Deposit	Gas Cash Reserve	Totals
Cash and investments - beginning	\$ 109,175	\$ 53,876	\$ 6,003	\$ 10,790	\$ 37,571	\$ 920,092
Receipts:						
Taxes	-	-	-	-	-	356,457
Licenses and permits	-	-	-	-	-	350
Intergovernmental	-	-	16,486	-	-	224,135
Charges for services	-	-	-	-	-	103,356
Fines and forfeits	-	-	-	-	-	205
Utility fees	-	-	394,041	-	-	1,094,348
Penalties	-	-	1,620	-	-	3,360
Other receipts	43,497	-	25,806	2,750	3,000	845,357
Total receipts	43,497	-	437,953	2,750	3,000	2,627,568
Disbursements:						
Personal services	-	-	-	-	-	184,501
Supplies	-	-	-	-	-	22,990
Other services and charges	-	-	-	-	-	118,740
Debt service - principal and interest	-	-	-	-	-	205,848
Capital outlay	152,672	-	-	-	-	238,583
Utility operating expenses	-	-	381,174	3,000	-	953,308
Other disbursements	-	50,000	3,000	-	-	758,066
Total disbursements	152,672	50,000	384,174	3,000	-	2,482,036
Excess (deficiency) of receipts over disbursements	(109,175)	(50,000)	53,779	(250)	3,000	145,532
Cash and investments - ending	\$ -	\$ 3,876	\$ 59,782	\$ 10,540	\$ 40,571	\$ 1,065,624

TOWN OF POSEYVILLE
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2011

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ -	\$ -
Wastewater	-	2,066
Water	-	2,432
Gas	-	746
	<hr/>	<hr/>
Totals	<u>\$ -</u>	<u>\$ 5,244</u>

TOWN OF POSEYVILLE
 SCHEDULE OF LEASES AND DEBT
 December 31, 2011

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: William Ray Butler	lease parking area for Fire Dept	\$ 960	05-18-94	12-31-9999**
Total of annual lease payments		<u>\$ 960</u>		

** Perpetual Lease

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Wastewater: General obligation bonds	Sewage treatment plant	\$ 1,444,000	\$ 129,064
Water: General obligation bonds	Well field	572,000	45,453
Totals		<u>\$ 2,016,000</u>	<u>\$ 174,517</u>

TOWN OF POSEYVILLE
SCHEDULE OF CAPITAL ASSETS
December 31, 2011

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance
Governmental activities:	
Infrastructure	\$ 13,144
Buildings	650,738
Improvements other than buildings	7,741
Machinery, equipment and vehicles	661,418
Total governmental activities	1,333,041
Wastewater:	
Land	484
Infrastructure	772,853
Buildings	1,933,949
Machinery, equipment and vehicles	195,197
Total Wastewater	2,902,483
Water:	
Land	85,443
Infrastructure	508,976
Buildings	448,153
Improvements other than buildings	172,404
Machinery, equipment and vehicles	456,291
Total Water	1,671,267
Gas:	
Land	540
Buildings	18,013
Improvements other than buildings	219,970
Machinery, equipment and vehicles	30,025
Total Gas	268,548
Total capital assets	\$ 6,175,339

TOWN OF POSEYVILLE
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted a deficiency in the internal control system of the Town related to financial transactions and reporting. We believe the following deficiency constitutes a material weakness:

Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the Town to reduce risks to achievement of financial reporting objectives. The Town has not separated incompatible activities related to receipts, disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to undetected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ACCOUNTABLE ITEMS (Water Utility)

Records presented for audit indicated that, for the years 2010 and 2011, gallons of water billed totaled 26,879,000 and 24,485,000, respectively. For the same periods the gallons of water pumped by the Water Utility totaled 72,364,000 and 43,462,000, respectively. This resulted in a difference of 45,485,000 and 18,977,000 of gallons of water lost and not billed. For the years 2010 and 2011, the water lost and not billed equaled 63 percent and 44 percent, respectively, of the total water pumped. For the year 2011, calculations indicate that the potential dollar amount of this loss would be between \$178,763 and \$245,373 because the Water Utility bills on a sliding scale based on the amount of water used. For the same year this could result in a potential loss for the Wastewater Utility of between \$52,187 and \$296,041 because the wastewater bills on a sliding scale based on water consumption.

TOWN OF POSEYVILLE
 AUDIT RESULTS AND COMMENTS
 (Continued)

Tickets, goods for sale, billings, and other collections are considered accountable items for which a corresponding deposit must be made in the bank accounts of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

APPROPRIATIONS (Town)

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

Fund	Year	Excess Amount Expended
Motor Vehicle Highway	2010	<u>\$ 8,780</u>

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."

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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
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Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE TOWN OF POSEYVILLE, POSEY COUNTY, INDIANA

Compliance

We have audited the compliance of the Town of Poseyville (Town) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the years ended December 31, 2010 and 2011. The Town's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2010 and 2011.

Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Town's management, Town Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

May 15, 2012

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the Town. The schedule and notes are presented as intended by the Town.

TOWN OF POSEYVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended December 31, 2010 and 2011

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-10	Total Federal Awards Expended 12-31-11
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Pass-Through Indiana Office of Community and Rural Affairs CDBG - State Administered CDBG Cluster Community Development Block Grants/States Program and Non-Entitlement Grants in Hawaii	14.228	CF-09-124	\$ 568,080	\$ 31,920
Total for federal grantor agency			<u>568,080</u>	<u>31,920</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Pass-Through Indiana Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction Safe Routes to School	20.205	0902319	26,950	22,950
Total for federal grantor agency			<u>26,950</u>	<u>22,950</u>
Total federal awards expended			<u>\$ 595,030</u>	<u>\$ 54,870</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF POSEYVILLE
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Poseyville (Town) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1 et seq.), audits of Towns with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

TOWN OF POSEYVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Program:

Name of Federal Program or Cluster

CDBG - State Administered CDBG Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?	no
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TOWN OF POSEYVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II – Financial Statement Findings

FINDING 2011-1 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted a deficiency in the internal control system of the Town related to financial transactions and reporting. We believe the following deficiency constitutes a material weakness:

Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the Town to reduce risks to achievement of financial reporting objectives. The Town has not separated incompatible activities related to receipts, disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

TOWN OF POSEYVILLE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

TOWN OF POSEYVILLE

Office of The Clerk-Treasurer

20 S. Cale Street
P. O. Box 194 - Poseyville, IN 47633
812-874-2211

TOWN OF POSEYVILLE CORRECTIVE ACTION PLAN

FEDERAL FINDING 2011-1, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

CORRECTIVE ACTION:

The Poseyville Clerk Treasurer has implemented procedures in the Town Hall offices to segregate the financial duties to insure checks and balances/dual controls are in place for all duties.. We are doing the following dual control procedures:

Utility Payments are accepted by Utility Clerk. If cash is presented in the drop box, 2 people count and initial the payment stub. Utility Clerk inputs all utility payments and prepares and enters receipt for collections at end of each day.

Utility receipts and disbursements are handled by the Utility Clerk and the Utility Office Manager/Deputy Clerk Treasurer. The Utility Office Manager/Deputy Clerk Treasurer prepares all utility claims to be paid. Utility Clerk inputs them into the computer and the Utility Office Manager/Deputy Clerk Treasurer balances reports and checkbooks for all utilities.

General town receipts and disbursements are handled by Clerk Treasurer and Utility Office Manager/Deputy Clerk Treasurer. Clerk Treasurer prepares and inputs claims and receipts into computer and Utility Office Manager/Deputy Clerk Treasurer balances reports and checkbooks.

After all claims are approved by the Town Council at the Council meeting, the Clerk Treasurer and Utility Clerk generate the checks to be paid out and match them against the claims that were produced. If everything is in balance they will then mail the checks out.

Payroll is done by all three office employees. Utility Office Manager/Deputy Clerk Treasurer prepares the Payroll Schedule and Voucher general payroll form No. 99. The Clerk Treasurer and Utility Clerk both enter or/observe entry of payroll and direct deposit. They check for accuracy and ensure that amounts are transferred to direct deposit correctly. Payroll checking account is balanced by Utility Office Manager/Deputy Clerk Treasurer.

Petty Cash is reconciled by all three office employees in rotation.

Mail is picked up and distributed by all three office employees in rotation.

Police Chief receives monies for gun permits, golf cart registrations and accident reports. He gives the customer a hand written receipt and brings the funds to the Clerk Treasurer so they can be receipted into the computer.

Community Center Manager received monies for the rental of the community center. He gives the customer a hand written receipt and brings the funds to the Clerk Treasurer so they can be receipted into the computer.

Expected Completion Date:

In 2011, all activities were done with the Interim Clerk Treasurer and Utility Office Manager/Deputy Clerk Treasurer working together on all duties. The above mentioned checks and balances were put into place January 2, 2012 when newly elected Clerk Treasurer took office.

We continue to review and try to improve on these procedures to ensure that all duties are under dual control.

Margy L. Lurie

5-15-12

TOWN OF POSEYVILLE
EXIT CONFERENCE

The contents of this report were discussed on May 21, 2012, with Bruce Baker, President of the Town Council; Nancy Grimes, Clerk-Treasurer; Diana Powell, former Clerk-Treasurer; and Julie Mayo, Utility Office Manager. The officials concurred with our audit findings.