

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF POSEYVILLE

POSEY COUNTY, INDIANA

January 1, 2012 to December 31, 2015



FILED
06/16/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Nancy Grimes Stan Forzley Julie C. Mayo	01-01-12 to 07-31-12 08-01-12 to 12-31-15 01-01-16 to 12-31-19
President of the Town Council	Bruce C. Baker	01-01-12 to 12-31-16
Superintendent of Water Utility	Ken Gorbett Jeremy Farrar	01-01-12 to 09-23-15 09-24-15 to 12-31-16
Superintendent of Wastewater Utility	Jeremy Farrar	01-01-12 to 12-31-16
Superintendent of Gas Utility	Ken Gorbett Matthew Newton	01-01-12 to 09-23-15 09-24-15 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our examination report of the Town of Poseyville (Town), for the period from January 1, 2012 to December 31, 2015. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the Town. It should be read in conjunction with our Financial Statements Examination Report of the Town, which provides our opinion on the Town's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

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

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

April 4, 2016

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CLERK-TREASURER
TOWN OF POSEYVILLE

CLERK-TREASURER
TOWN OF POSEYVILLE
EXAMINATION RESULTS AND COMMENTS

SUPPORTING DOCUMENTATION

During the examination, it was noted nine of the travel and credit card claims tested were paid based on the credit card statement balance without an itemized receipt providing supporting documentation to identify what was purchased; seven of the claims were supported by only the signed copy of the credit card receipt which lacked sufficient itemization. The business purpose for these seven claims could not be identified. Also, one vendor claim tested did not have an invoice attached or available for inspection to support the payment made to the vendor. Due to the lack of supporting information, the purpose of the disbursements could not be verified.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

UTILITY RECEIPTS TAX

The Utilities did not file the annual utilities Indiana Receipts Tax Return, Form URT-1, with the Indiana Department of Revenue for 2013 and 2014.

Generally, retail receipts from all utility services consumed within Indiana are subject to the utility receipts tax regardless of the point of generation or transmission across state lines. Receipts from the provision of mobile telecommunication service are subject to utility receipts tax to the extent that the receipts are sourced to Indiana pursuant to Indiana Code 6-8.1-15. However, gross receipts received by a political subdivision for sewage and sewage service are not subject to the tax.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CONDITION OF RECORDS

Financial records presented for examination were incomplete and not reflective of the activity of the Fire Fighting Grant fund. Revenue and expenditures were accounted for in a separate bank account; however, no transactions were recorded in the ledger.

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)

CLERK-TREASURER
TOWN OF POSEYVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

APPROPRIATIONS

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

Fund	Year	Excess Amount Expended
CUM CAP IMPROVE	2013	\$ 288
LEASE RENTAL PAYMENT	2013	7,779

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."

ATTENDANCE RECORDS

The Town did not properly maintain attendance records for non-elected salaried employees. Leave balances were maintained; however, no record of days or times worked were included on the time card.

During the examination, it was noted that four of the ten time cards tested did not have approval by the appropriate official or department head and the Fiscal Officer.

Indiana Code 5-11-9-4 requires that records be maintained showing which hours are worked each day for employees employed by more than one political subdivision or in more than one position by the same public agency. This requirement can be met by indicating the number of hours worked on each Employee's Service Record, General Form No. 99A and/or General Form No. 99B.

The Federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

- General Form 99A, Employee's Service Record
- General Form 99B, Employee's Earnings Record
- General Form 99C, Employee's Weekly Earnings Record

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

CLERK-TREASURER
TOWN OF POSEYVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

SALES TAX PAID ON PURCHASES

We noted that 5 of 22 disbursements tested revealed sales tax was paid. The majority of the sales taxes paid were through use of the Town's credit cards held by employees.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CLERK-TREASURER
TOWN OF POSEYVILLE
EXIT CONFERENCE

The contents of this report were discussed on April 4, 2016, with Julie C. Mayo, Clerk-Treasurer, and Bruce C. Baker, President of the Town Council.