

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

EXAMINATION REPORT
OF
TOWN OF POSEYVILLE
POSEY COUNTY, INDIANA
January 1, 2007 to December 31, 2009



FILED
05/02/2011

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4-5
Notes to Financial Information	6-7
Supplementary Information:	
Schedule of Long-Term Debt	8
Examination Results and Comments:	
Additional Paychecks Issued	9-10
Undocumented Disbursements to Clerk-Treasurer	10
Undocumented Disbursements	11
Additional Compensation Paid to Clerk-Treasurer	11-12
Payee on Check Not in Agreement With Claimant.....	12-13
Dental Insurance Paid	13
Undocumented Disbursements From Payroll Fund	14
Returned Bad Check	14
Undocumented Purchasing Card Charges.....	15-16
Overdraft Fees.....	16
Examination Costs – Missing Funds	17
Official Bond	17
Overdrawn Fund Balances	17-18
Bank Account Reconciliations	18
Altered Bank Statements.....	18
Incorrect Annual Report Filed.....	18
Accountable Items	19
Official Bond Information	19
Exit Conference.....	20
Summary	21
Affidavit	23

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Christina M. Lupfer	01-01-04 to 12-06-10
	(Vacant)	12-07-10 to 12-31-10
	Diana Powell	01-01-11 to 12-31-11
President of the Town Council	Steven Ahrens	01-01-07 to 12-31-07
	Bruce Baker	01-01-08 to 12-31-11



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

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Town of Poseyville (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.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

January 27, 2011

TOWN OF POSEYVILLE
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY 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	\$ 85,272	\$ 141,320	\$ 222,400	\$ 4,192
Motor Vehicle Highway	18,804	74,616	70,906	22,514
Street Resurfacing Debt Service	45,451	27,745	43,978	29,218
Local Road and Street	20,992	5,592	5,046	21,538
Park and Recreation	2,960	782	1,507	2,235
Economic Development	15,975	1,771	392	17,354
Law Enforcement Grant	257	-	-	257
Law Enforcement Continuing Education	1,550	672	-	2,222
Cumulative Fire	4,866	-	3,427	1,439
Cemetery	247	3,804	3,687	364
Cemetery Permanent Maintenance Fund	-	350	25	325
Community Center	25,933	4,159	2,525	27,567
Riverboat	7,868	7,485	-	15,353
Cumulative Capital Improvement	7,955	4,169	2,212	9,912
Cumulative Capital Development	37,719	7,893	-	45,612
County Option Income Tax	-	16,782	-	16,782
Park TMMI Grant	-	2,500	2,500	-
Proprietary Funds:				
Water Utility - Operating	11,274	305,811	304,384	12,701
Water Utility - Bond and Interest	10,760	43,105	49,360	4,505
Water Utility - Depreciation	123,245	24,600	83,546	64,299
Water Utility - Customer Deposit	6,880	2,300	1,970	7,210
Water Utility - Debt Service Reserve	53,876	-	-	53,876
Wastewater Utility - Operating	42,486	388,714	374,794	56,406
Wastewater Utility - Bond and Interest	107,478	122,363	135,213	94,628
Wastewater Utility - Depreciation	7,277	9,000	-	16,277
Wastewater Utility - Debt Service Reserve	67,692	46,970	19,360	95,302
Gas Utility - Operating	68,520	456,802	509,547	15,775
Gas Utility - Customer Deposit	7,850	2,000	1,450	8,400
Gas Utility - Cash Reserve	25,571	3,000	-	28,571
Fiduciary Funds:				
Levy Excess	1,651	-	-	1,651
Payroll	-	255,836	255,836	-
Payroll Withholdings	4,961	155,846	153,379	7,428
Totals	\$ 815,370	\$ 2,115,987	\$ 2,247,444	\$ 683,913
	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 4,192	\$ 235,704	\$ 239,416	\$ 480
Motor Vehicle Highway	22,514	57,754	79,829	439
Street Resurfacing Debt Service	29,218	27,408	44,440	12,186
Local Road and Street	21,538	5,372	8,728	18,182
Park and Recreation	2,235	3,682	2,843	3,074
Economic Development	17,354	1,533	109	18,778
Law Enforcement Grant	257	-	-	257
Law Enforcement Continuing Education	2,222	495	-	2,717
Cumulative Fire	1,439	750	565	1,624
Cemetery	364	4,979	5,130	213
Cemetery Permanent Maintenance Fund	325	500	-	825
Community Center	27,567	6,015	30,325	3,257
Riverboat	15,353	7,446	-	22,799
Cumulative Capital Improvement	9,912	3,860	-	13,772
Cumulative Capital Development	45,612	9,035	47,000	7,647
County Option Income Tax	16,782	13,192	8,760	21,214
Park TMMI Grant	-	4,322	4,322	-
Proprietary Funds:				
Water Utility - Operating	12,701	557,211	535,895	34,017
Water Utility - Bond and Interest	4,505	47,240	47,240	4,505
Water Utility - Depreciation	64,299	4,100	31,598	36,801
Water Utility - Customer Deposit	7,210	2,900	2,370	7,740
Water Utility - Debt Service Reserve	53,876	-	-	53,876
Wastewater Utility - Operating	56,406	758,310	662,549	152,167
Wastewater Utility - Bond and Interest	94,628	127,514	157,607	64,535
Wastewater Utility - Depreciation	16,277	-	-	16,277
Wastewater Utility - Debt Service Reserve	95,302	26,252	60	121,494
Gas Utility - Operating	15,775	520,842	507,640	28,977
Gas Utility - Customer Deposit	8,400	3,750	2,410	9,740
Gas Utility - Cash Reserve	28,571	3,000	-	31,571
Fiduciary Funds:				
Levy Excess	1,651	-	1,651	-
Payroll	-	260,654	260,654	-
Payroll Withholdings	7,428	166,232	169,806	3,854
Totals	\$ 683,913	\$ 2,860,052	\$ 2,850,947	\$ 693,018

The accompanying notes are an integral part of the financial information.

TOWN OF POSEYVILLE
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2007, 2008, And 2009
(Continued)

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 480	\$ 274,594	\$ 409,527	\$ (134,453)
Motor Vehicle Highway	439	94,916	76,704	18,651
Street Resurfacing Debt Service	12,186	31,646	43,846	(14)
Local Road and Street	18,182	5,086	11,000	12,268
Park and Recreation	3,074	2,571	4,454	1,191
Economic Development	18,778	-	-	18,778
Law Enforcement Grant	257	-	-	257
Law Enforcement Continuing Education	2,717	650	-	3,367
Cumulative Fire	1,624	1,350	-	2,974
Cemetery	213	4,367	4,950	(370)
Cemetery Permanent Maintenance Fund	825	850	39	1,636
Community Center	3,257	35,115	1,825	36,547
Riverboat	22,799	19,066	21,279	20,586
Rainy Day	-	7,801	-	7,801
Cumulative Capital Improvement	13,772	3,640	-	17,412
Cumulative Capital Development	7,647	40,748	9,615	38,780
County Option Income Tax	21,214	19,784	-	40,998
Proprietary Funds:				
Water Utility - Operating	34,017	297,944	330,293	1,668
Water Utility - Bond and Interest	4,505	50,470	5,120	49,855
Water Utility - Depreciation	36,801	24,600	4,155	57,246
Water Utility - Customer Deposit	7,740	2,000	1,850	7,890
Water Utility - Debt Service Reserve	53,876	-	-	53,876
Water Utility - Construction	-	593,880	168,750	425,130
Wastewater Utility - Operating	152,167	370,368	394,548	127,987
Wastewater Utility - Bond and Interest	64,535	118,949	129,630	53,854
Wastewater Utility - Depreciation	16,277	10,500	-	26,777
Wastewater Utility - Debt Service Reserve	121,494	8,850	60	130,284
Gas Utility - Operating	28,977	483,359	489,745	22,591
Gas Utility - Customer Deposit	9,740	2,750	1,850	10,640
Gas Utility - Cash Reserve	31,571	3,000	-	34,571
Fiduciary Funds:				
Payroll	-	265,943	265,943	-
Payroll Withholdings	3,854	170,180	169,833	4,201
Totals	<u>\$ 693,018</u>	<u>\$ 2,944,977</u>	<u>\$ 2,545,016</u>	<u>\$ 1,092,979</u>

The accompanying notes are an integral part of the financial information.

TOWN OF POSEYVILLE
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: public safety (police and fire), highways and streets, culture and recreation, public improvements, general administrative services, gas, water, and wastewater.

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. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

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 POSEYVILLE
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), 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 PERF 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% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

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

Note 7. Subsequent Event

In 2010, the Town of Poseyville received a \$600,000 Community Development Block Grant that was used for the construction of a new water treatment plant.

TOWN OF POSEYVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Water Utility:		
Revenue bonds:		
Water utility improvements	\$ 45,000	\$ 47,385
Water utility improvements	606,000	46,275
Interfund loan:		
Water utility improvements	<u>75,000</u>	<u>25,000</u>
Total Water Utility	<u>726,000</u>	<u>118,660</u>
Wastewater Utility:		
Revenue bonds:		
Wastewater utility plant	<u>1,603,000</u>	<u>129,136</u>
Total Wastewater Utility	<u>1,603,000</u>	<u>129,136</u>
Total business-type activities debt	<u>\$ 2,329,000</u>	<u>\$ 247,796</u>

TOWN OF POSEYVILLE
EXAMINATION RESULTS AND COMMENTS

ADDITIONAL PAYCHECKS ISSUED (Town)

During the years 2008, 2009, and 2010, the Town of Poseyville employees were paid by direct deposit. On several pay dates Christina M. Lupfer, former Clerk-Treasurer, issued to herself and cashed a hard copy of her paycheck in addition to receiving her pay through direct deposit. The check dates, check numbers, and amounts received are as follows:

<u>Date</u>	<u>Check Number</u>	<u>Amount</u>
05-15-08	6026	\$ 961.72
05-29-08	6038	988.74
11-26-08	6287	<u>987.49</u>
Total 2008		<u>2,937.95</u>
04-16-09	6478	1,033.20
04-30-09	6494	1,061.03
07-01-09	6573	1,033.20
10-15-09	6727	1,026.27
11-12-09	6760	1,026.27
11-25-09	6773	1,026.27
12-10-09	6802	<u>1,022.09</u>
Total 2009		<u>7,228.33</u>
01-07-10	6836	1,021.13
01-21-10	6848	1,021.13
03-04-10	6910	1,021.13
03-18-10	6922	1,021.13
04-01-10	6947	1,021.13
04-15-10	6959	1,021.13
04-29-10	6973	1,049.80
05-13-10	6995	1,021.13
05-27-10	7008	1,021.13
07-08-10	7071	1,021.13
07-22-10	7084	1,021.13
08-05-10	7109	1,021.13
09-16-10	7159	1,021.13
09-30-10	7171	1,049.80
11-24-10	7247	<u>1,020.00</u>
Total 2010		<u>15,373.16</u>
Total		<u><u>\$ 25,539.44</u></u>

TOWN OF POSEYVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

We are requesting repayment of paychecks received in addition to the amount received by direct deposit in the amount of \$25,539.44 from Christina M. Lupfer, former Clerk-Treasurer. (See Summary, page 21)

The compensation of an elected town official may not be changed in the year for which it is fixed, nor may it be reduced below the amount fixed for the previous year. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

IC 36-4-10-4.5(b)(1) and IC 36-5-6-6(a)(1) require city and town clerk-treasurers to receive and care for all City and Town money and pay the money out only on order of the proper approving body. (Cities and Towns Bulletins and Uniform Compliance Guidelines Issued by the State Board of Accounts, September 2004)

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 Cities and Towns, Chapter 7)

UNDOCUMENTED DISBURSEMENTS TO CLERK-TREASURER
(Town, Water Utility, Wastewater Utility, and Gas Utility)

On July 21, 2008, the former Clerk-Treasurer issued the following four checks payable to herself for a total of \$2,000. The checks were not posted to the ledger nor was there an approved claim on file.

<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Unit</u>
07-21-08	2315	Christina Lupfer	\$ 500	Wastewater Utility
07-21-08	2169	Christina Lupfer	500	Gas Utility
07-21-08	2757	Christina Lupfer	500	Water Utility
07-21-08	4037	Christina Lupfer	<u>500</u>	Town
Total			<u>\$ 2,000</u>	

We are requesting reimbursement from Christina M. Lupfer, former Clerk-Treasurer, of \$2,000 for the undocumented disbursements. (See Summary, page 21)

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)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance 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 Cities and Towns, Chapter 7)

TOWN OF POSEYVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

UNDOCUMENTED DISBURSEMENTS (Town, Water Utility, Wastewater Utility, and Gas Utility)

In 2008, the former Clerk-Treasurer issued several checks made payable to either Fifth Third Bank or Old National Bank. The checks were endorsed "For Deposit Only" either handwritten or stamped. There were no approved claims available for examination. The checks were posted in the ledger to several different expense accounts. The following schedule shows the check issue date, payee, check number, amount, unit and description.

Date	Payable to	Check Number	Amount	Unit				Description
				Water	Wastewater	Gas	Town	
07-07-08	ONB	4001	\$ 550.00	\$ -	\$ -	\$ -	\$ 550.00	Commercial lease fee
08-01-08	ONB	4038	765.25	-	-	-	765.25	Payment
08-01-08	ONB	2754	765.25	765.25	-	-	-	Premium
08-01-08	ONB	2305	765.25	-	765.25	-	-	Premium
08-01-08	ONB	2168	765.25	-	-	765.25	-	Premium
08-01-08	Fifth Third	4039	425.00	-	-	-	425.00	Payment
08-01-08	Fifth Third	2755	425.00	425.00	-	-	-	Premium
08-01-08	Fifth Third	2306	425.00	-	425.00	-	-	Premium
08-01-08	Fifth Third	2170	425.00	-	-	425.00	-	Premium
08-13-08	Fifth Third	2785	500.00	500.00	-	-	-	Shortage payroll account
08-13-08	Fifth Third	2334	500.00	-	500.00	-	-	Shortage payroll account
08-13-08	Fifth Third	2201	500.00	-	-	500.00	-	Shortage payroll account
09-15-08	5/3 Bank							
	Savings Plan	2355	1,200.00	-	1,200.00	-	-	
09-25-08	Fifth Third	2806	566.67	566.67	-	-	-	Check order
09-25-08	Fifth Third	2358	566.67	-	566.67	-	-	Check order
09-25-08	Fifth Third	2219	566.66	-	-	566.66	-	Check order
Total			<u>\$ 9,711.00</u>	<u>\$ 2,256.92</u>	<u>\$ 3,456.92</u>	<u>\$ 2,256.91</u>	<u>\$ 1,740.25</u>	

Since there were no claims available for examination and the validity of the disbursement could not be determined we are requesting reimbursement from Christina M. Lupfer, former Clerk-Treasurer of \$9,711.00. (See Summary, page 21)

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)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance 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 Cities and Towns, Chapter 7)

ADDITIONAL COMPENSATION PAID TO CLERK-TREASURER (Town)

In the years 2008 and 2010, Town employees were paid by direct deposit. On several occasions the former Clerk-Treasurer increased the amount of the direct deposit into her personal bank account. The following schedule shows the dates and the amounts received which were in excess of her net pay.

TOWN OF POSEYVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

Date of Direct Deposit	Amount in Excess of Net Check
10-30-08	\$ 1,110.00
11-13-08	200.00
11-26-08	1,110.00
Total 2008	2,420.00
04-15-10	500.00
04-29-10	500.00
05-13-10	500.00
06-10-10	510.00
06-24-10	490.00
07-22-10	250.00
08-05-10	300.00
08-19-10	509.97
09-02-10	500.00
09-16-10	499.00
09-30-10	510.00
Total 2010	5,068.97
Total	\$ 7,488.97

We are requesting reimbursement from Christina M. Lupfer, former Clerk-Treasurer, of \$7,488.98 for compensation received in excess of her net pay. (See Summary, page 21)

The compensation of an elected town official may not be changed in the year for which it is fixed, nor may it be reduced below the amount fixed for the previous year. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 61-13)

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 Cities and Towns, Chapter 7)

PAYEE ON CHECK NOT IN AGREEMENT WITH CLAIMANT
(Water Utility, Wastewater Utility, and Gas Utility)

On several occasions checks were issued to a different party than the claimants on the approved claims. The disbursements were posted in the ledger as paid to the claimants. There were no itemized invoices available for examination. The following schedule shows the date, check number, payee, amount, claimant, and unit.

TOWN OF POSEYVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

<u>DATE</u>	<u>CHECK NUMBER</u>	<u>PAYEE</u>	<u>AMOUNT</u>	<u>CLAIMANT</u>	<u>UNIT</u>
10-22-08	2385	Fifth Third Bank	\$ 350.00	A K Bryant	Wastewater Utility
10-22-08	2841	Fifth Third Bank	350.00	A K Bryant	Water Utility
12-02-08	2413	Fifth Third Bank	<u>500.00</u>	A K Bryant	Wastewater Utility
Total 2008			<u>1,200.00</u>		
06-24-09	3085	Christina Lupfer	489.27	A K Bryant	Water Utility
08-24-09	2494	Christina Lupfer	<u>515.96</u>	A K Bryant	Gas Utility
Total 2009			<u>1,005.23</u>		
04-22-10	2868	Christina M. Lupfer	<u>407.53</u>	A K Bryant	Wastewater Utility
Total 2010			<u>407.53</u>		
Total			<u>\$ 2,612.76</u>		

Since the validity of the disbursement could not be established we are requesting reimbursement from Christina M. Lupfer, former Clerk-Treasurer, of \$2,612.76 for checks issued to a different party than the claimant on the approved claim form. (See Summary, page 21)

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)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance 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 Cities and Towns, Chapter 7)

DENTAL INSURANCE PAID (Town)

Town employees can participate in a group dental insurance plan by having the premiums withheld from their paychecks. In 2009, the former Clerk-Treasurer paid for five months of dental insurance for her family without withholding the premiums from her gross pay.

Since dental insurance is not a benefit the Town provides unless the employee pays the premium through payroll deductions we are requesting reimbursement from the Christina M. Lupfer, former Clerk-Treasurer, of \$278.30 for dental insurance premiums. (See Summary, page 21)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses 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)

TOWN OF POSEYVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

UNDOCUMENTED DISBURSEMENTS FROM PAYROLL FUND (Town)

On August 12, 2008, the former Clerk-Treasurer made a direct deposit from the payroll bank account into her personal bank account for \$961.72. August 12, 2008, was not a payday and no documentation was presented for examination explaining the purpose of the disbursement. Also, on September 5, 2008, the former Clerk-Treasurer issued check 6179 from the payroll bank account payable to herself for \$527.39. No claim or documentation for this disbursement was presented for examination.

Since the validity of the disbursements from the payroll fund to Christina M. Lupfer, former Clerk-Treasurer, could not be verified we are requesting reimbursement of \$1,489.11. (See Summary, page 21)

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)

The compensation of an elected town official may not be changed in the year for which it is fixed, nor may it be reduced below the amount fixed for the previous year. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 61-13)

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 Cities and Towns, Chapter 7)

RETURNED BAD CHECK (Gas Utility)

On May 30, 2008, the former Clerk-Treasurer wrote a check on her personal bank account located at Old National Bank for \$420. She cashed the check at Fifth Third Bank. Since she cashed the check at a bank where she did not have an account they required the number of an account at Fifth Third Bank. The former Clerk-Treasurer wrote the number of the Gas Utility's platinum one savings account on the back of her personal check under her endorsement. Since there were insufficient funds in the former Clerk-Treasurer's personal account the check was charged against the Gas Utility's account. When the platinum one savings account statement was received by the Gas Utility the former Clerk-Treasurer deleted the transaction and increased the balance. The Gas Utility also incurred a \$10 bad check fee on the transaction.

We are requesting reimbursement for her personal bad check and the returned check fee for a total of \$430 from Christina M. Lupfer, former Clerk-Treasurer. (See Summary, page 21)

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 Cities and Towns, Chapter 51-8)

TOWN OF POSEYVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

UNDOCUMENTED PURCHASING CARD CHARGES (Town)

In the years 2008, 2009, and 2010, the former Clerk-Treasurer purchased items using the Town purchasing card. The purchasing card bills were then paid from Town funds. No documentation was available for examination to substantiate the validity of some of the charges. Several of the items purchased appear to be personal expenses of the Clerk-Treasurer. The following schedule shows the date, amount and description from the purchasing card bill of the undocumented purchases.

<u>Date</u>	<u>Amount</u>	<u>Transaction Description</u>
06-11-08	\$ 54.60	Evansville Courier Company
06-21-08	136.95	Cingular
06-25-08	114.30	DTV*Direct TV Service
07-09-08	19.95	CLKBANK*COM
07-10-08	140.00	Worthington AG Parts
07-17-08	278.93	Speedpay: Duke-Energy
07-31-08	357.91	ATTM
07-31-08	367.21	TDS TELECON-USD
08-14-08	14.95	US Search
09-04-08	14.95	US Search
09-16-08	265.00	ONECLICKCASH
09-27-08	173.38	ATTM
11-03-08	48.25	Feed Mill Restaurant
11-24-08	121.21	ATTM
12-27-08	135.82	ATTM
	<hr/>	
Total 2008	2,243.41	
	<hr/>	
01-22-09	86.18	Insight Cable
01-22-09	120.69	ATTM
03-18-09	38.29	Hacienda Restaurant
04-17-09	16.00	Dollar General
04-22-09	48.81	Feed Mill Restaurant
05-08-09	26.98	SYX*TIGERDIRECTINC
11-27-09	155.10	AT&T QD TNK
12-20-09	21.92	FedEx
12-25-09	233.73	AT&T QD TNK
12-30-09	69.25	Harolds Restaurant
	<hr/>	
Total 2009	816.95	

TOWN OF POSEYVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

<u>Date</u>	<u>Amount</u>	<u>Transaction Description</u>
03-01-10	207.09	AT&T QD TNK
03-18-10	35.91	Stoll's Country Inn
04-10-10	215.84	AT&T QD TNK
05-24-10	100.69	AT&T QD TNK
05-27-10	87.85	Insight Cable
06-29-10	87.84	Insight Cable
07-30-10	87.84	Insight Cable
Total 2010	<u>823.06</u>	
Total	<u>\$ 3,883.42</u>	

We are requesting reimbursement from Christina M. Lupfer, former Clerk-Treasurer, of \$3,883.42 in undocumented purchases charged to the Town's purchasing card. (See Summary, page 21)

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)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses 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)

OVERDRAFT FEES (Town)

In the years 2008 and 2010, overdraft fees were assessed on the payroll bank account of \$99, and \$25, respectively, because the balance fell below zero due to the unauthorized disbursements.

We are requesting reimbursement of \$124 in overdraft fees from Christina M. Lupfer, former Clerk-Treasurer. (See Summary, page 21)

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)

TOWN OF POSEYVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

EXAMINATION COSTS - MISSING FUNDS (Town)

Additional examination fees were incurred in the investigation of missing funds. The State of Indiana is requesting reimbursement of examination fees incurred in the amount of \$15,331.25. (See Summary, page 21)

Audit costs incurred because of theft or shortage may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OFFICIAL BOND (Town)

Bond coverage was insufficient for the years 2007, 2008, 2009, and 2010. During the years 2007, 2008, and 2009, the Clerk-Treasurer had a public official bond for \$15,000. In the year 2010, it was increased to \$30,000. For the years 2006, 2007, 2008, and 2009, Town receipts were greater than \$2,000,000 each year. Bond coverage for the years 2007, 2008, and 2009, should have been at least \$30,000 and the bond coverage for the year 2010 should have been at least \$60,000.

Until July 1, 2009, IC 5-4-1-18 stated in part:

"(c) The fiscal bodies of the respective units shall fix the amount of the bond . . . town clerk-treasurers . . . as follows:

- (1) The amount must equal fifteen thousand dollars (\$15,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount may not be less than fifteen thousand dollars (\$15,000) nor more than three hundred thousand dollars (\$300,000) . . ."

Effective July 1, 2009, IC 5-4-1-18 states in part:

"(c) Except as provided in subsections (h) and (i), the fiscal bodies of the respective units shall fix the amount of the bond of . . . town clerk-treasurers . . . as follows:

- (1) The amount of annual coverage must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount of annual coverage may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount of annual coverage for the officer or employee . . ."

OVERDRAWN FUND BALANCES (Town)

The General Fund, Street Resurfacing Debt Service Fund, and Cemetery Fund were overdrawn in 2009.

TOWN OF POSEYVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

BANK ACCOUNT RECONCILIATIONS (Town, Water Utility, Wastewater Utility, and Gas Utility)

Depository reconciliations of the fund balances to the bank account balances were not presented for examination.

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."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ALTERED BANK STATEMENTS (Town)

The bank statements presented for examination for the Payroll Fund had been altered. Cancelled checks had been deleted from the statements and disbursement totals and balances had been changed.

INCORRECT ANNUAL REPORT FILED (Town, Water Utility, Wastewater Utility, and Gas Utility)

The annual reports filed for the years 2008 and 2009 were incorrect. Several transfers from the water operating fund, the wastewater operating fund and the gas operating fund to the payroll fund were not recorded in the disbursements of the various funds resulting in incorrect disbursements and fund balances being reported. Also checks were written from the Town, Gas Utility, Water Utility, and Wastewater Utility bank accounts which were not posted to the ledger or shown in the disbursements reported in the annual report.

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 . . ."

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

TOWN OF POSEYVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

ACCOUNTABLE ITEMS (Water Utility)

Records presented for audit indicated that for the years 2007, 2008, and 2009, gallons of water billed totaled 29,040,000, 28,621,002, and 25,884,000, respectively. For the same periods the gallons of water pumped by the Water Utility totaled 43,227,000, 49,563,000, and 59,511,000, respectively. This resulted in a difference for each of the three years of 14,187,000, 20,941,998, and 33,627,000, respectively, of gallons of water lost and not billed. For the years 2007, 2008, and 2009, the water lost and not billed equaled 33%, 42%, and 57%, respectively, of the total water pumped. For the year 2009, calculations indicate that the potential dollar amount of this loss would be between \$283,476 and \$389,064 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 \$92,474 and \$524,581 because the Wastewater Utility also bills on a sliding scale based on water consumption.

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)

OFFICIAL BOND INFORMATION (Town)

Christina M. Lupfer, former Clerk-Treasurer, was covered by a Cincinnati Insurance Company Indiana Public Official bond in the amount of \$15,000 for the period December 31, 2007 to December 31, 2011. An additional Indiana Public Official bond for the period December 31, 2009 to December 31, 2010, was issued by the Cincinnati Insurance Company for \$30,000.

Until July 1, 2009, IC 5-4-1-18 stated in part:

"(c) The fiscal bodies of the respective units shall fix the amount of the bond . . . town clerk-treasurers . . . as follows:

- (1) The amount must equal fifteen thousand dollars (\$15,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount may not be less than fifteen thousand dollars (\$15,000) nor more than three hundred thousand dollars (\$300,000) . . ."

Effective July 1, 2009, IC 5-4-1-18 states in part:

"(c) Except as provided in subsections (h) and (i), the fiscal bodies of the respective units shall fix the amount of the bond of . . . town clerk-treasurers . . . as follows:

- (1) The amount of annual coverage must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount of annual coverage may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount of annual coverage for the officer or employee . . ."

TOWN OF POSEYVILLE
EXIT CONFERENCE

The contents of this report were discussed on March 24, 2011, with Bruce Baker, President of the Town Council; Diana Powell, Clerk-Treasurer; and Julie Mayo, Utility Office Manager. The officials concurred with our findings.

The former Clerk-Treasurer, Christina M. Lupfer, was left a phone message and an email to meet and discuss the report, but none of the messages were returned to schedule an exit conference.

TOWN OF POSEYVILLE
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Christina M. Lupfer, former Clerk-Treasurer:			
Additional Paychecks Issued, pages 9 and 10:			
2008	\$ 2,937.95	\$ -	\$ 2,937.95
2009	7,228.33	-	7,228.33
2010	<u>15,373.16</u>	<u>-</u>	<u>15,373.16</u>
Total Additional Paychecks Issued	<u>25,539.44</u>	<u>-</u>	<u>25,539.44</u>
Christina M. Lupfer, former Clerk-Treasurer:			
Undocumented Disbursements to Clerk-Treasurer, page 10:			
2008	<u>2,000.00</u>	<u>-</u>	<u>2,000.00</u>
Christina M. Lupfer, former Clerk-Treasurer:			
Undocumented Disbursements, page 11:			
2008	<u>9,711.00</u>	<u>-</u>	<u>9,711.00</u>
Christina M. Lupfer, former Clerk-Treasurer:			
Additional Compensation Paid to Clerk-Treasurer, pages 11 and 12:			
2008	2,420.00	-	2,420.00
2010	<u>5,068.97</u>	<u>-</u>	<u>5,068.97</u>
Total Additional Compensation Paid to Clerk	<u>7,488.97</u>	<u>-</u>	<u>7,488.97</u>
Christina M. Lupfer, former Clerk-Treasurer:			
Payee on Check Not in Agreement With Claimant, pages 12 and 13:			
2008	1,200.00	-	1,200.00
2009	1,005.23	-	1,005.23
2010	<u>407.53</u>	<u>-</u>	<u>407.53</u>
Total Payee on Check Not in Agreement With Claimant	<u>2,612.76</u>	<u>-</u>	<u>2,612.76</u>
Christina M. Lupfer, former Clerk-Treasurer:			
Dental Insurance Paid, page 13:			
2009	<u>278.30</u>	<u>-</u>	<u>278.30</u>
Christina M. Lupfer, former Clerk-Treasurer:			
Undocumented Disbursements From Payroll Fund, page 14:			
2008	<u>1,489.11</u>	<u>-</u>	<u>1,489.11</u>
Christina M. Lupfer, former Clerk-Treasurer:			
Returned Bad Check, page 14			
2008	<u>430.00</u>	<u>-</u>	<u>430.00</u>
Christina M. Lupfer, former Clerk-Treasurer:			
Undocumented Purchasing Card Charges, pages 15 and 16:			
2008	2,243.41	-	2,243.41
2009	816.95	-	816.95
2010	<u>823.06</u>	<u>-</u>	<u>823.06</u>
Total Undocumented Purchasing Card Charges	<u>3,883.42</u>	<u>-</u>	<u>3,883.42</u>
Christina M. Lupfer, former Clerk-Treasurer:			
Overdraft Fees, page 16:			
2008	99.00	-	99.00
2010	<u>25.00</u>	<u>-</u>	<u>25.00</u>
Total Overdraft Fees	<u>124.00</u>	<u>-</u>	<u>124.00</u>
Christina M. Lupfer, former Clerk-Treasurer:			
Examination Costs - Missing Funds, page 17			
	<u>15,331.25</u>	<u>-</u>	<u>15,331.25</u>
Totals	<u>\$ 68,888.25</u>	<u>\$ -</u>	<u>\$ 68,888.25</u>

(This page intentionally left blank.)

AFFIDAVIT

STATE OF INDIANA)
)
VANDERBURGH COUNTY)

We, Karla Giesler and Charles Pride, Jr., Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of the Town of Poseyville, Posey County, Indiana, for the period from January 1, 2007 to December 31, 2009, is true and correct to the best of our knowledge and belief.

Karla Giesler
Charles Pride, Jr.
Field Examiners

Subscribed and sworn to before me this 5th day of April, 2011.

Dena D. Goad
Notary Public

My Commission Expires: 4/4/2015
County of Residence: Vanderburgh



DENA D. GOAD
Notary Public, State of Indiana
Residing in Vanderburgh County
My Commission Expires April 4, 2015