

**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, 2019 to December 31, 2021



**FILED**  
12/28/2022



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Julie C. Mayo Christina Foster	01-01-19 to 12-31-19 01-01-20 to 12-31-22
President of the Town Council	Bruce C. Baker Michael A. Baehl	01-01-19 to 12-31-19 01-01-20 to 12-31-22
Supintendent of Water Utility	Jeremy Farrar	01-01-19 to 12-31-22
Supintendent of Wastewater Utility	Jeremy Farrar	01-01-19 to 12-31-22
Supintendent of Gas Utility	Jeremy Farrar	01-01-19 to 12-31-22



**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 audit report of the Town of Poseyville (Town), for the period from January 1, 2019 to December 31, 2021. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Town. It should be read in conjunction with our Financial Statements Audit Report of the Town, which provides our opinions on the Town's financial statements. This report may be found at [www.in.gov/sboa/](http://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 Audit 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 Audit Results and Comments, incorporated within this report, was not verified for accuracy.

A handwritten signature in blue ink that reads "Beth Kelley".

Beth Kelley, CPA, CFE  
Deputy State Examiner

December 13, 2022

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CLERK-TREASURER  
TOWN OF POSEYVILLE

CLERK-TREASURER  
TOWN OF POSEYVILLE  
AUDIT RESULTS AND COMMENTS

**CAPITAL ASSETS**

The same comment also appeared in prior Report B54076.

*Condition and Context*

The Town, including the Water, Wastewater, and Gas Utilities, did not maintain a complete detailed listing of all capital assets owned which reflected their acquisition value and date.

*Criteria*

Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**INTERNAL CONTROLS**

A similar comment appeared in prior Report B54076, entitled *INTERNAL CONTROLS*.

*Condition and Context*

There were deficiencies in the internal control system of the Town related to financial transactions and reporting. The Town had not established an effective internal control system that separated incompatible activities related to cash and investments, receipts, disbursements, and financial close and reporting.

*Cash and Investments*

The Community Crossings Grant bank account was not included in the bank reconciliation process. There was no evidence of an oversight, review, or approval process to ensure the accuracy and completeness of the bank reconciliations.

*Receipts*

Receipts totaling \$123,216, \$326,324, and \$299,081 were received in 2019, 2020, and 2021, respectively, for the Community Crossings Grant and were not recorded in the Town's records. There was no evidence to indicate an oversight, review, or approval process to ensure that all Community Crossings Grant receipts were accurately recorded and reported.

*Disbursements*

Disbursements in the amount of \$122,922, \$281,835, and \$343,580 were made in 2019, 2020, and 2021, respectively, which primarily were from the State of Indiana's portion of the Community Crossings Grant and were not recorded in the Town's records. In addition, Accounts Payable Vouchers for these disbursements were not prepared, nor were they included on the Town's Accounts Payable Voucher Register to be approved by the Town Council. There was no evidence to indicate an oversight, review, or approval process to ensure that all disbursements of the Community Crossings Grant were accurately recorded, reported, and approved.

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

*Financial Close and Reporting*

Internal controls over financial transactions and reporting were properly designed and implemented; however, the internal controls were not effective in detecting that the Community Crossing Grant fund activity was not included in the Town's ledger, the Annual Financial Report, or the Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis for 2019, 2020, and 2021. The omission of the fund caused the Town's beginning and ending cash and investments balances, receipts, and disbursements to be understated for all three years of the audit period.

Year	Fund	Beginning Balance	Receipts	Disbursements	Ending Balance
2019	Community Crossing Grant	\$ -	\$ 123,216	\$ 122,922	\$ 294
2020	Community Crossing Grant	294	326,324	281,834	44,784
2021	Community Crossing Grant	44,784	299,081	343,580	285
Totals		<u>\$ 45,078</u>	<u>\$ 748,621</u>	<u>\$ 748,336</u>	<u>\$ 45,363</u>

Audit adjustments were proposed, accepted by the Town, and made to the financial statements.

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Indiana Code 5-13-6-1(e) states: "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."

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

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

CLERK-TREASURER  
TOWN OF POSEYVILLE  
EXIT CONFERENCE

The contents of this report were discussed on December 13 2022, with Christina Foster, Clerk-Treasurer; Michael A. Baehl, President of the Town Council; Bruce Baker, Town Council member; and Justin Rutledge, Town Council member.

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TOWN COUNCIL  
TOWN OF POSEYVILLE

TOWN COUNCIL  
TOWN OF POSEYVILLE  
AUDIT RESULT AND COMMENT

***CAPITAL ASSETS***

*Condition and Context*

The Town did not have a capital assets policy that detailed the threshold at which an item is considered a capital asset.

*Criteria*

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

TOWN COUNCIL  
TOWN OF POSEYVILLE  
EXIT CONFERENCE

The contents of this report were discussed on December 13, 2022, with Christina Foster, Clerk-Treasurer; Michael A. Baehl, President of the Town Council; Bruce Baker, Town Council member; and Justin Rutledge, Town Council member.