

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

EXAMINATION REPORT

OF

TOWN OF SEELYVILLE

VIGO COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED
03/08/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Tamara J. Caton	01-01-04 to 12-31-07
President of the Town Council	John Wade Jerry Jones	01-01-05 to 12-31-05 01-01-06 to 12-31-07
Water Utility Superintendent	Johnathan Allen	01-01-05 to 12-31-07
Wastewater Utility Superintendent	Craig Rudisel	01-01-05 to 12-31-07
Town Manager	Brent S. Spiers	01-01-05 to 12-31-07



STATE OF INDIANA
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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 SEELYVILLE, VIGO COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Seelyville (Town), for the period of January 1, 2005 to December 31, 2006. 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, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

January 29, 2007

TOWN OF SEELYVILLE
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, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 68,748	\$ 66,673	\$ 50,822	\$ 84,599
Motor Vehicle Highway	101,594	47,452	23,619	125,427
Local Road and Street	116,924	10,961	-	127,885
Park and Recreation	2,500	-	-	2,500
Law Enforcement Continuing Education	-	96	-	96
Riverboat	7,453	7,453	-	14,906
Rainy Day	-	7,980	-	7,980
Cumulative Capital Improvement	37,355	3,846	-	41,201
CEDIT	7,011	6,463	-	13,474
Proprietary Funds:				
Water Utility - Operating	592,181	1,259,232	973,019	878,394
Water Utility - Depreciation	285,240	8,349	1,413	292,176
Water Utility - Customer Deposit	15,879	3,800	4,225	15,454
Wastewater Utility - Operating	38,870	328,574	277,181	90,263
Wastewater Utility - Improvement	656,484	-	611,859	44,625
Fiduciary Fund:				
Payroll	-	362,012	362,012	-
Totals	<u>\$ 1,930,239</u>	<u>\$ 2,112,891</u>	<u>\$ 2,304,150</u>	<u>\$ 1,738,980</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 84,599	\$ 103,839	\$ 85,087	\$ 103,350
Motor Vehicle Highway	125,427	55,279	53,061	127,645
Local Road and Street	127,885	10,679	21,631	116,933
Park and Recreation	2,500	-	-	2,500
Law Enforcement Continuing Education	96	117	-	213
Riverboat	14,906	7,438	-	22,344
Rainy Day	7,980	-	-	7,980
Cumulative Capital Improvement	41,201	4,371	-	45,572
CEDIT	13,474	6,991	-	20,465
Proprietary Funds:				
Water Utility - Operating	878,394	1,246,400	1,294,626	830,168
Water Utility - Depreciation	292,176	8,069	-	300,245
Water Utility - Customer Deposit	15,454	4,000	2,300	17,154
Wastewater Utility - Operating	90,263	295,183	282,174	103,272
Wastewater Utility - Improvement	44,625	-	19,689	24,936
Fiduciary Fund:				
Payroll	-	392,686	392,679	7
Totals	<u>\$ 1,738,980</u>	<u>\$ 2,135,052</u>	<u>\$ 2,151,247</u>	<u>\$ 1,722,785</u>

The accompanying notes are an integral part of the schedules.

TOWN OF SEELYVILLE
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 and general administrative services.

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 SEELYVILLE
EXAMINATION RESULTS AND COMMENTS

MISSING UTILITY COLLECTIONS

The Utility collections received on October 18, 2006, in the amount of \$5,024.66 could not be located nor were they ever deposited to the bank. The records indicate the type of payment made by each customer - either cash or check. On December 29, 2006, the Clerk-Treasurer sent letters to all the customers who had paid with a check informing them that the checks had been destroyed before they could be cashed, that their utility accounts were going to be rebilled for the October amount, and that they would have to issue another payment for the outstanding balance.

The cash amount originally received of \$674.20 was not found. Lucille Nicholson, former Utility Clerk, the employee responsible for collecting and depositing the Utility collections was requested to reimburse the Utilities \$674.20. On February 6, 2007, Lucille Nicholson repaid the \$674.20 to the Town of Seelyville. (See Summary, page 9)

In addition to the instance above, on November 20, 2006, Lucille Nicholson repaid \$253 in cash that was missing from a November 15, 2006, deposit.

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)

COMPENSATION OVERPAID

During the years 2005 and 2006, the three Town Council members were overpaid by \$216.83 and \$242.92 each year. They have agreed to have these amounts taken out of their 2007 salaries.

All compensation and benefits paid to officials and employees must be included in the salary ordinance adopted by the legislative body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines for Cities and Towns, Chapter 7)

DEPOSITS

All payments from the State of Indiana, for various government distributions, were traced to the records and to the corresponding deposit. Since receipts were not issued (See Receipt Issuance), there was no record of the date that these distributions were received by the Town. We compared the distribution check dates to the dates of deposit. 49 of the 76 distribution checks were deposited more than eight days after the date of the check.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

DELINQUENT WASTEWATER ACCOUNTS

As reported in the prior Audit Report B26124, delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

TOWN OF SEELYVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

“(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) a list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
 - (A) the name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent;
 - (B) a description of the premises, as shown by the records of the county auditor; and
 - (C) the amount of the delinquent fees, together with the penalty; or
- (2) an individual instrument for each lot or parcel of real property on which the fees are delinquent.”

“(c) The officer shall record a copy of each list or each individual instrument with the county recorder. . . .”

“(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May. . . .”

APPROPRIATIONS

The records presented for audit of 2006 indicate that the budget was denied and no additional appropriations were approved resulting in expenditures exceeding appropriations by the following amounts:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
General Fund	2006	\$ 85,087
Local Road & Street	2006	21,631
Motor Vehicle Highway	2006	53,061

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.”

RECEIPT ISSUANCE

As reported in the prior Audit Report B26124, receipts were not issued for monies received by the Town.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF SEELYVILLE
EXIT CONFERENCE

The contents of this report were discussed on January 24, 2007, with Lucille Nicholson, former Utility Clerk.

The contents of this report were discussed on January 29, 2007, with Tamara J. Caton, Clerk-Treasurer; and Brent S. Spiers, Town Manager. The officials concurred with our findings.

TOWN OF SEELYVILLE
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Lucille Nicholson, former Utility Clerk, Missing Utility Collections, page 6	\$ 674.20	\$	\$
Paid By Lucille Nicholson, former Utility Clerk on February 6, 2007	<u> </u>	674.20	<u> </u> -
Totals	<u>\$ 674.20</u>	<u>\$ 674.20</u>	<u>\$ -</u>