

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF SEELYVILLE

VIGO COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED
09/18/2024

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Audit Results and Comments:	
Financial Transactions and Reporting	6-10
Annual Financial Report.....	10-11
Transfers and Unrecorded Transactions	12
Internal Controls over Compliance.....	12-13
Monthly and Annual Uploads	13-14
Late Submission of Annual Financial Report.....	14
Capital Assets	14-15
Supporting Documentation - Credit Card Clearing Fund	15
Fund Sources and Uses.....	15-16
Exit Conference	17

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Wayne Langman	01-01-23 to 12-31-24
President of the Town Council	John Hendrix	01-01-23 to 12-31-24
Utility Office Manager	Tamara J. Caton	01-01-23 to 12-31-24



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

TO: THE OFFICIALS OF THE TOWN OF SEELYVILLE, VIGO COUNTY, INDIANA

This report is supplemental to the audit report of the Town of Seelyville (Town), for the period from January 1, 2023 to December 31, 2023. 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 the Financial Statement Audit Report of the Town, which provides our opinions on the Town's financial statement. 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 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

August 29, 2024

(This page intentionally left blank.)

CLERK-TREASURER
TOWN OF SEELYVILLE

CLERK-TREASURER
TOWN OF SEELYVILLE
AUDIT RESULTS AND COMMENTS

FINANCIAL TRANSACTIONS AND REPORTING

A similar comment also appeared in prior Report 000001024S, entitled *ANNUAL FINANCIAL REPORT*; and in prior Reports B44775, B51961, and 000001024S, entitled *BANK ACCOUNT RECONCILIATIONS*.

Condition and Context

There were deficiencies in the internal control system of the Town related to financial transactions and reporting. The failure to establish a proper system of internal controls enabled material noncompliance in the form of misstatements to occur and remain undetected.

Risk Assessment

The Town did not have a process to identify and assess internal and external risks to the achievement of objectives and then establish risk tolerances. Accordingly, there was no basis for determining how risk would be managed.

Monitoring Activities

The Town did not conduct ongoing or periodic evaluations of its internal control system. As such, the Town had no means by which to determine whether each of the five components of internal controls were present and functioning or to make changes to existing policies and procedures as necessary.

Control Activities

There was a lack of segregation of duties as the Town had not separated incompatible activities related to financial close and reporting, cash and investments, and receipts.

Financial Close and Reporting

The Town had not established effective internal controls over the financial information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the Town's financial statement.

The Clerk-Treasurer prepared and entered the financial information into Gateway. There was no oversight, review, or approval process in place to prevent, or detect and correct, errors prior to submission to ensure the information entered was accurate. Due to the lack of effective internal controls, the financial statement presented for audit did not properly reflect the financial activity of the Town. The financial statement contained the following errors:

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

	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash Balance December 31, 2023</u>
General Fund	\$ 12,281	\$ -	\$ 12,281
Motor Vehicle Highway	8,069	-	8,069
MVH Restricted	(6,245)	-	(6,245)
Levy Excess	(89,615)	-	(89,615)
Credit Card Clearing	1,628	-	1,628
Sum Cap Imp - Cig Tax	(12,280)	-	(12,280)
Water Util Depreciation	210	-	210
2005 Water Ref Bond and Interest	(1,946)	-	(1,946)
Water Utility Operating	-	84	(84)
Sewage Utility Operation	30,004	-	30,004
Wastewater Bond and Interest	60,324	63,205	(2,881)
Wastewater Debt Service Reserve	4,757	3,748	1,009
2012 Water Bond and Interest	49,708	98,708	(49,000)
2012 Water Bond Reserve	5,680	22,233	(16,553)
	<u>\$ 62,575</u>	<u>\$ 187,978</u>	<u>\$ (125,403)</u>
Total	<u>\$ 62,575</u>	<u>\$ 187,978</u>	<u>\$ (125,403)</u>

In total, receipts were understated by \$62,575, the disbursements were understated by \$187,978, and the ending cash and investments balance was overstated by \$125,403.

Audit adjustments were proposed, accepted by the Town, and made to the financial statement and to the Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, presented as Other Information in the Financial Statement Audit Report of the Town.

Cash and Investments

The Clerk-Treasurer prepared the monthly bank reconcilements without a review or approval process to ensure that the reconcilements were complete and accurate. The Town was performing its monthly reconcilements using a template independent from the Town's accounting software that did not reconcile the bank balance to the fund ledger. Of the 16 bank accounts reconcilements tested each month, 11 did not reconcile to the Town's fund ledger from January to November 2023, and 8 did not reconcile to the Town's funds ledger for December 2023. As a result, material variances existed at year end between the reconciled bank balance and the year-end funds ledger balance. The reconciled bank balance of \$2,781,481 was \$227,592 less than the funds ledger balance. In addition, there were immaterial unidentified reconciling items per bank account at year end are as follows:

<u>Bank Account</u>	<u>Unidentified Reconciling Items</u>
Town	\$ (16,805)
Payroll	31,615
Credit Card Clearing	(674)
Water Operating	304
Sewage Works Operating	43,630
2012 Water Works BT-RD	39,426
Stormwater	<u>(101)</u>
Total	<u>\$ 97,395</u>

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

Other issues noted with the reconciliation prepared by the Town included:

- A \$89,615 posting error was not corrected timely, and, therefore, was included as a reconciling item at year end.
- There were 21 stale-dated outstanding checks, totaling \$31,858, that had not cleared the bank as of December 2023, that were not voided and receipted back into the fund ledger.
- There were 10 deposits in transit, totaling \$20,907, dated as early as December 2020, that had not been cleared as of the December 2023 reconcilements.

Receipts

The Town had not separated incompatible activities related to receipts originating from amounts received electronically as direct deposits into the Town's bank accounts. The Clerk-Treasurer reviewed the bank activity and posted the receipts to the ledger without an oversight, review, or approval process in place. In addition, for other nonutility receipts received in the utility office, funds were received and deposited by the utility office employees. The issued bank receipts were then provided to the Clerk-Treasurer for posting to the ledger. However, there was no documentation provided to the Clerk-Treasurer to ensure that all funds received by the utility office were deposited to the bank account.

Criteria

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 as set forth in the uniform compliance guidelines. 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](#)."

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."

Indiana Code 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void. . . ."

Indiana Code 5-11-10.5-3 states:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the:

- (1) board of finance of the political subdivision; or
- (2) fiscal body of a city or town.

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

The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

Indiana Code 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision. However, in the case of a school corporation, the warrant or check shall be receipted into the operations fund."

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. . . ."

"Risk is the possibility that an event will occur and adversely affect the achievement of objectives. Risk assessment is the process used to identify and assess internal and external risks to the achievement of objectives, and then establish risk tolerances. Each identified risk is evaluated in terms of its impact and likelihood of occurrence. Overall, risk assessment is the basis for determining how risk will be managed. . . ."

"Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators. . . ."

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

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

ANNUAL FINANCIAL REPORT

A similar comment also appeared in prior Report 000001024S, entitled *ANNUAL FINANCIAL REPORT*.

Condition and Context

Financial and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The Town had not established effective internal controls over the AFR information. The Clerk-Treasurer prepared and entered the financial information into Gateway. There was no oversight, review, or approval process in place to prevent, or detect and correct, errors prior to submission to ensure the information entered was accurate. Due to the lack of effective internal controls, the capital assets, payables and accounts receivables, leases and debt, and grant information entered into Gateway contained the following errors:

Capital Assets

The Town reported \$11,621,957 in total capital assets as of December 31, 2023, which did not agree to the Town's Capital Asset Ledger (Form 369) provided for review. The Town had not updated its capital asset ledger since 2017. The Town chose to omit the Schedule of Capital Assets from its Financial Statement Audit Report of the Town.

Payables and Receivables

The Town reported no payables or receivables at December 31, 2023, which did not agree to the supporting documentation provided for review. The Town chose to omit the Schedule of Payables and Receivables from its Financial Statement Audit Report of the Town.

Leases and Debt

The Town correctly reported that it had no leases at December 31, 2023, but the Town incorrectly reported the information on its outstanding debt at December 31, 2023, as follows:

- The ending principal balance and principal due within one year were understated by \$115,000 and \$55,000, respectively, for the Sewage Works Revenue Bonds of 2004.
- The ending principal balance and principal due within one year were understated by \$1,942,000 and \$46,000, respectively, for the Waterworks Revenue Bonds of 2012.

Adjustments were proposed, accepted by the Town, and made to the Schedule of Leases and Debt presented as Other Information in the Financial Statement Audit Report of the Town.

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

Grants

The Town had not established internal controls over the federal award information entered into the grant schedule on Gateway, which was the source of the Town's Schedule of Expenditures of Federal Awards (SEFA).

The Town did not properly review the federal grant information prepared and submitted in Gateway. The Clerk-Treasurer compiled, reviewed, and submitted the information into Gateway with no evidence of an oversight, review, or approval process to prevent, or detect and correct, errors on the SEFA.

Due to the lack of internal controls, the SEFA presented for audit included the following errors:

- The Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii were omitted from the SEFA, which understated expenditures by \$950,000.
- The Coronavirus State and Local Fiscal Recovery Funds expenditures were overstated by \$250,000 and were incorrectly reported as received from a pass-through entity when the award was a direct grant.

Audit adjustments were proposed, accepted by the Town, and made to the SEFA presented in the Town's Federal Compliance Audit Report of the Town.

Criteria

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 as set forth in the uniform compliance guidelines. 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](#)."

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. . . ."

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

TRANSFERS AND UNRECORDED TRANSACTIONS

A similar comment also appeared in prior Report 000001024S, entitled *ERRORS ON CLAIMS*.

Condition and Context

As noted above in the comment entitled, *FINANCIAL TRANSACTIONS AND REPORTING*, there was a lack of internal controls over financial close and reporting. As a result, the Town did not record all financial activity related to its Waterworks Revenue Bonds of 2012 and Sewage Works Revenue Bonds of 2004 during the audit period.

There were 12 disbursements totaling \$97,592 that were made from the Water Utility Operating fund, as required by the Town's bond covenant, for its Waterworks Revenue Bonds of 2012 which were properly reported by the Town as transfers in the Town's Annual Financial Report (AFR) in the Indiana Gateway for Government Units (Gateway) financial reporting system. However, the transfers, as well as the investment income earned, were never receipted into the 2012 Water Bond and Interest fund, while \$49,144 of those receipts were reported in the beginning balance on the AFR. Additionally, the associated debt payments that were automatically drafted as electronic funds transfers from the bank account were never recorded in the fund.

There were 13 disbursements, totaling \$56,402, that were made from the Sewer Utility Operating fund as required by the Town's bond covenant for its Waterworks Revenue Bonds of 2012 but were not properly reported by the Town as transfers in the Town's AFR Gateway. The financial statement was not misstated as a result of this error as it was a misclassification issue only during year-end reporting. However, the transfers, as well as the investment income earned, were never receipted into the Wastewater Bond and Interest fund. Additionally, the associated debt payments that were automatically drafted as electronic funds transfers from the bank account were never recorded in the fund.

The Town incorrectly reported two receipts, totaling \$403,549, as transfers into the CCMG - Mn. St. Water IOCRA Grants fund. Both transactions were distributions to the Town from the Comptroller of State. The financial statement was not misstated as a result of this error as it was a misclassification issue only during year-end reporting in the Town's AFR in Gateway.

Criteria

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)

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

INTERNAL CONTROLS OVER COMPLIANCE

Condition and Context

Internal control deficiencies resulted in the noncompliance Monthly and Annual Uploads, Late Submission of Annual Financial Report, Capital Assets, Supporting Documentation - Credit Card Clearing Fund, and Fund Source and Uses detailed further in the comments below.

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

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. . . ."

MONTHLY AND ANNUAL UPLOADS

The same comment also appeared in prior Report 000001024S.

Condition and Context

State Examiner Directive 2018-1 (Directive) requires that governmental units submit monthly and annual uploads in the Indiana Gateway for Government Units financial reporting system. The Town did not comply with the Directive and did not complete all required monthly and annual uploads.

The Town did not submit the following required monthly uploads:

- December 2023 bank reconcilements, bank statements, and outstanding check lists

The Town did not submit the following required annual uploads:

- Current year salary ordinance (or schedule) and amendments
- Annual Payroll History Report, without Social Security numbers

The Town submitted the following required annual uploads, which were determined to be inaccurate and incomplete:

- Annual detail of receipts
- Annual detail of disbursements

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

Criteria

Beginning with July 2018 files, which will be due September 15, 2018, **all** cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. . . . (State Examiner Directive 2018-1)

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the SBOA to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients. (Amended State Examiner Directive 2018-1, Updated November 9, 2020, and effective with uploads due February 15, 2021)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

LATE SUBMISSION OF ANNUAL FINANCIAL REPORT

Condition and Context

The Town's Annual Financial Report for 2023 was filed on March 25, 2024, which was 25 days past the due date.

Criteria

The Annual Financial Report (AFR) required under IC 5-11-1-4(a) shall be filed with the state examiner not later than sixty (60) days after the close of each fiscal year. (Accounting and Uniform Guidelines Compliance Manual for Cities and Towns, Chapter 1)

CAPITAL ASSETS

The same comment also appeared in prior Report 000001024S.

Condition and Context

The Town provided a capital asset listing for review, but the listing was incomplete and did not include all assets owned by the Town. The following capital assets were identified during the audit that were not included in the listing:

- \$700,000 in CIP/Infrastructure from the Town's Main Street project.
- A \$150,000 building from the Town's 2019 purchase of the Advantage Auto Repair facility.

The listing also did not support the amounts reported in for capital assets in the Indiana Gateway for Government Units financial reporting system as of December 31, 2023. The Town reported total capital assets at December 31, 2023, in the amount of \$11,621,957.

Additionally, the Town did not complete a physical inventory every two years as required.

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

Criteria

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. 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. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

SUPPORTING DOCUMENTATION - CREDIT CARD CLEARING FUND

A similar comment also appeared in prior Report 000001024S, entitled *ERRORS ON CLAIMS*.

Condition and Context

The Town utilized the Credit Card Clearing fund to post customers' credit card payments for utility services. Once any discrepancies were identified and corrected, the Town then disbursed the monies in the fund to the appropriate utility operating funds. Three of these disbursements were selected for testing. For two of the claims, totaling \$158,496, the Town was unable to provide supporting documentation to substantiate the amounts disbursed from the Credit Card Clearing fund and receipted into the utility operating funds.

Criteria

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination 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 1)

FUND SOURCES AND USES

Similar comments appeared in prior Report 000001024S, entitled *ERRORS ON CLAIMS* and *MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND*.

Condition and Context

The Town did not properly account for its July Motor Vehicle Highway (MVH) distribution from the State. Instead of posting 50 percent of the distribution to the Motor Vehicle Highway fund and 50 percent to the MVH Restricted fund, the Town posted the entire distribution, totaling \$3,803, to the Local Road & Street fund.

The Town also paid a portion of a claim for telephone service, totaling \$15, for the Town Marshal and Deputy Marshal from the Motor Vehicle Highway fund. This was not an allowable use of MVH funds.

Criteria

Indiana Code 8-14-1-5(c) states in part: "Except as provided in subsection (d), for funds distributed to a city or town from the motor vehicle highway account, the city or town shall use at least fifty percent (50%) of the money for the construction, reconstruction, and preservation of the city's or town's highways."

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

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/ resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

The purpose of this Directive is to authorize and require counties, cities, and towns that receive distributions from the State Motor Vehicle Highway Account to **create a new sub-fund within the MVH Fund** to properly manage and account for the usage restrictions that were included in House Enrolled Act 1002-2017 and House Enrolled Act 1290-2018.

The sub-fund will be referred to throughout this Directive as "MVH Restricted" and will be used to account for MVH monies which have been statutorily restricted for construction, reconstruction, and preservation purposes.

Starting on January 1, 2019, the political subdivision must post at the time of receipt of the distribution from the State Motor Vehicle Highway Account fifty percent (50%) of the distribution to MVH Restricted. . . .

(State Examiner Directive 2018-2)

CLERK-TREASURER
TOWN OF SEELYVILLE
EXIT CONFERENCE

The contents of this report were discussed on August 29, 2024, with Wayne Langman, Clerk-Treasurer; Don Fulk, Town Council member; and Tamara J. Caton, Utility Office Manager.