

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

EXAMINATION REPORT  
OF  
SEYMOUR STREET DEPARTMENT  
SPECIAL INVESTIGATION  
JACKSON COUNTY, INDIANA  
October 1, 2010 to December 31, 2011



**FILED**  
09/13/2012



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CITY OFFICIALS

| <u>Office</u>  | <u>Official</u>   | <u>Term</u>          |
|--|-------------------|----------------------|
| Clerk-Treasurer                                      | Fred D. Lewis     | 01-01-08 to 12-31-15 |
| Mayor  | Craig Luedeman    | 01-01-08 to 12-31-15 |
| Director of Public Works                             | Dick Wilde        | 01-01-10 to 12-31-12 |
| President of the Board of<br>Public Works and Safety | Craig Luedeman    | 01-01-10 to 12-31-12 |
| President of the Common Council                      | Michael T. Jordan | 01-01-10 to 12-31-12 |



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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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](http://www.in.gov/sboa)

TO: THE OFFICIALS OF CITY OF SEYMOUR, JACKSON COUNTY

We have examined the records of the Seymour Street Department for the period from October 1, 2010 to December 31, 2011, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Examination Results and Comments. The financial transactions of this office are reflected in the Annual Reports of City of Seymour for the years 2010 and 2011.

STATE BOARD OF ACCOUNTS

July 18, 2012

SEYMOUR STREET DEPARTMENT  
SPECIAL INVESTIGATION  
JACKSON COUNTY  
EXAMINATION RESULTS AND COMMENTS

**COLLECTIONS NOT REMITTED OR DEPOSITED**

During an investigation by Bill Abbott, Seymour Police Chief, it was determined that during 2010 some Seymour Department of Public Works employees approached Glen Niehaus, former Sanitation Supervisor, with a plan to provide employee bonuses by selling scrap obtained through the recycling program and keeping the receipts. Mr. Niehaus agreed to the plan and also agreed to keep track of the monies collected. At some point one of the City's scrap vendors contacted an employee of the City who contacted the Mayor regarding the situation. The Mayor and Police Chief performed an internal investigation and later informed the Clerk-Treasurer of the situation. The Clerk-Treasurer then contacted the Indiana State Board of Accounts regarding the possibility of missing funds.

The Seymour Police Chief contacted local scrap dealers doing business with the Seymour Street Department and obtained documentation of amounts paid to the Seymour Street Department. Ten receipts were obtained under the name of the City of Seymour and had been signed by Glen Niehaus. The following schedule shows the amount of the receipts obtained by Glen Niehaus that were never remitted or deposited with the City:

| <u>Receipt Date</u>                                     | <u>Recycling Company</u> | <u>Amount</u>      |
|---|--------------------------|--------------------|
| 10-04-10  | Franklin Surplus         | \$ 245.70          |
| 10-29-10  | Franklin Surplus         | 296.40             |
| 03-11-11  | Franklin Surplus         | 453.60             |
| 04-14-11  | Franklin Surplus         | 588.00             |
| 05-06-11  | Franklin Surplus         | 604.80             |
| 07-01-11  | Franklin Surplus         | 688.55             |
| 08-04-11  | Franklin Surplus         | 547.80             |
| 09-09-11  | Franklin Surplus         | 381.00             |
| 09-21-11  | Franklin Surplus         | 969.30             |
| 09-22-11  | Franklin Surplus         | <u>76.60</u>       |
| Total recycling receipts                                |                          | <u>4,851.75</u>    |
| Less receipts remitted and deposited with the City:     |                          |                    |
| Cash turned in by Glen Niehaus to                       |                          |                    |
| Dick Wilde, Director of Department of Public Works      |                          | 1,005.77           |
| Receipt from September 9, 2011, remitted by             |                          |                    |
| Dick Wilde, Director of Department of Public Works      |                          | <u>381.00</u>      |
| Total receipts remitted and deposited with the City     |                          | <u>1,386.77</u>    |
| Total receipts not remitted and deposited with the City |                          | <u>\$ 3,464.98</u> |

The Seymour Police Chief interviewed Glen Niehaus on October 6, 2011. During this interview, it was discussed how much money Mr. Niehaus had on hand at various times. Mr. Niehaus admitted that he counted the cash on hand in early July 2011 and had \$6,031. During the interview, Mr. Niehaus also indicated that he had borrowed \$200 from the cash on hand sometime in June 2011. The scrap dealers contacted were not able to provide receipt information prior to October 2010. The following schedule shows receipts not accounted for based on Mr. Niehaus's statement during the interview:

SEYMOUR STREET DEPARTMENT  
SPECIAL INVESTIGATION  
JACKSON COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

| Date  | Vendor           | Amount             |
|---|------------------|--------------------|
| Cash on hand counted by Glen Niehause in July 2011                      |                  | \$ 6,031.00        |
| Cash borrowed by Glen Niehause in June 2011                             |                  | <u>200.00</u>      |
| Total cash on hand from recycling receipts                              |                  | 6,231.00           |
| Documented receipts received as of July 2011:                           |                  |                    |
| 10-04-10  | Franklin Surplus | 245.70             |
| 10-29-10  | Franklin Surplus | 296.40             |
| 03-11-01  | Franklin Surplus | 453.60             |
| 04-14-11  | Franklin Surplus | 588.00             |
| 05-06-11  | Franklin Surplus | 604.80             |
| 07-01-11  | Franklin Surplus | <u>688.55</u>      |
| Total documented receipts as of the date of the cash count              |                  | <u>2,877.05</u>    |
| Total unaccounted for receipts based on statement<br>from Glen Niehause |                  | <u>\$ 3,353.95</u> |

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)

All collections made by any department or person connected with a city or town shall be turned in to the Clerk-Treasurer or Controller at least weekly. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 6)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

We have requested that Glen Niehause, former Sanitation Supervisor, reimburse the City of Seymour \$3,464.98 for scraps sales not remitted and deposited with the City. (See Summary of Charges, page 8)

**AUDIT COSTS**

Additional costs were incurred by the State of Indiana during the current examination due to the investigation of the misappropriated funds by Glen Niehause, former Sanitation Supervisor. The State of Indiana is requesting reimbursement of the additional costs incurred in the amount of \$1,732.49. (See Summary of Charges, page 8)

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)

SEYMOUR STREET DEPARTMENT  
SPECIAL INVESTIGATION  
JACKSON COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

***INSURANCE COVERAGE***

Glen Niehause, former Sanitation Supervisor, has insurance coverage under the City's crime policy. The following is a schedule of insurance coverage for the examination period:

| Surety                           | Policy Number    | Period of Coverage                   | Amount of Coverage |
|----------------------------------|------------------|--------------------------------------|--------------------|
| U.S. Specialty Insurance Company | PKG80410294      | February 1, 2010 to February 1, 2011 | \$ 50,000          |
| OneBeacon Insurance Group        | 791-00-03-75-000 | February 1, 2011 to February 1, 2012 | 50,000             |

SEYMOUR STREET DEPARTMENT  
SPECIAL INVESTIGATION  
JACKSON COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on May 3, 2012, with Craig Luedeman, Mayor; and Fred D. Lewis, Clerk-Treasurer. The officials concurred with our audit findings.

The contents of this report were discussed on July 18, 2012, with Glen Niehause, former Sanitation Supervisor, and William Dillon, Attorney for Mr. Niehause.

SEYMOUR STREET DEPARTMENT  
SPECIAL INVESTIGATION  
JACKSON COUNTY  
SUMMARY OF CHARGES

|  | <u>Charges</u>     | <u>Credits</u> | <u>Balance Due</u> |
|--|--------------------|----------------|--------------------|
| Glen Niehaus, former Sanitation Supervisor:          |                    |                |                    |
| Collections not Remitted or Deposited, pages 4 and 5 | \$ 3,464.98        | \$ -           | \$ 3,464.98        |
| Audit Costs, page 5                                  | <u>1,732.49</u>    | <u>-</u>       | <u>1,732.49</u>    |
| Totals   | <u>\$ 5,197.47</u> | <u>\$ -</u>    | <u>\$ 5,197.47</u> |

This report was forwarded to the Office of the Indiana Attorney General and local prosecuting attorney.

AFFIDAVIT

STATE OF INDIANA            )  
LAURET COUNTY) )

I, William A. Brown, CPA, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Seymour Street Department, Jackson County, Indiana, for the period from October 1, 2010 to December 31, 2011, is true and correct to the best of my knowledge and belief.

William A Brown, CPA  
Field Examiner

Subscribed and sworn to before me this 30<sup>TH</sup> day of July, 20  .

[Signature]  
Clerk of the Circuit Court