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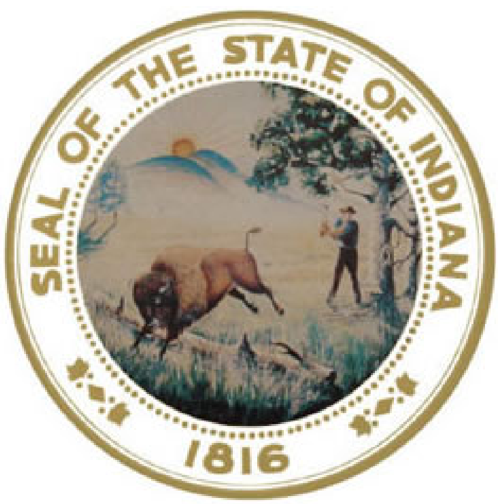
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF SEYMOUR
JACKSON COUNTY, INDIANA

January 1, 2012 to December 31, 2012



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07/25/2013

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SCHEDULE OF OFFICIALS

Office	Official	Term
Clerk-Treasurer	Fred D. Lewis	01-01-12 to 12-31-15
Mayor	Craig Luedeman	01-01-12 to 12-31-15
President of the Board of Public Works	Craig Luedeman	01-01-12 to 12-31-13
President of the Common Council	James W. Rebber	01-01-12 to 12-31-13

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AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF SEYMOUR, JACKSON COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the City of Seymour (City), which comprises the financial position and results of operations for the year ended December 31, 2012, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2012.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2012, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 27, 2013, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Accompanying Information

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records

INDEPENDENT AUDITOR'S REPORT
(Continued)

used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

Bruce Hartman
State Examiner

June 27, 2013

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE CITY OF SEYMOUR, JACKSON COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the City of Seymour (City), which comprises the financial position and results of operations for the year ended December 31, 2012, and the related notes to the financial statement, and have issued our report thereon dated June 27, 2013, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1 to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1.

City of Seymour's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bruce Hartman
State Examiner

June 27, 2013

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FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the City. The financial statement and notes are presented as intended by the City.

CITY OF SEYMOUR
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2012

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
GENERAL FUND	$ 340,789	$ 17,169,288	$ 17,074,024	$ 436,053
MOTOR VEHICLE HIGHWAY	156,016	728,770	724,122	160,664
LOCAL ROAD AND STREET	172,276	81,511	2,649	251,138
THOROUGHFARE	22,598	-	-	22,598
PARK AND RECREATION ACTIVITY NONREVERTING	101,276	15,970	12,555	104,691
ECONOMIC DEVELOPMENT	10,404	-	-	10,404
LANDFILL COST NONREVERTING	104,455	259,288	238,122	125,621
LAW ENFORCEMENT TRAINING	5,759	19,607	15,353	10,013
PARK AND RECREATION FUND	424,213	649,413	922,010	151,616
RAINY DAY FUND	426,522	-	380,332	46,190
FIRE DEPT. HAZARDOUS WASTE	19,236	-	774	18,462
POLICE SEIZURE FUND	49,468	13,025	11,171	51,322
LEVY EXCESS	23,877	6,068,468	6,000,000	92,345
CUMULATIVE CAPITAL DEVELOPMENT	240,066	304,551	238,399	306,218
RDC CAPITAL 2011	593,812	2,507	269,013	327,306
RDC BOND AND INTEREST 2011	501	95,749	95,749	501
CUMULATIVE FIRE EQUIPMENT	234,158	25,477	16,275	243,360
EDIT TAX FUND	153,501	646,557	740,000	60,058
CUMULATIVE CAPITAL IMPROVEMENT	133,060	46,422	46,815	132,667
TIF BURKART DR./1-65 ALLOCATION	582,570	1,025,023	1,470,462	137,131
POLICE PENSION	430,814	370,813	360,657	440,970
FIRE PENSION	419,418	480,518	502,051	397,885
ELECTRICAL LICENSING	13,760	4,645	4,457	13,948
POLICE DEPT. PETTY CASH	150	-	-	150
DEPT. OF PUBLIC WORKS PETTY CASH	100	-	-	100
RDC DEBT RESERVE 2011	165,225	226	-	165,451
INDIANA FIRE PENSION	20,214	115,579	147,101	(11,308)
INDIANA POLICE PENSION	30,551	109,514	140,653	(588)
BONDS AND INTEREST 2005 & 2010	128,980	722,845	626,038	225,787
RECYCLING FUND	259,736	150,284	395,460	14,560
POLICE SOFT DRINK NONREVERTING	820	1,877	2,481	216
FIRE DEPT. EDUCATIONAL NONREVERTING	28,877	2,843	3,433	28,287
CITY DEPT. OF PUBLIC WORKS	7,735	8,500	2,874	13,361
GRANT HOLDING FUND	214,518	439,396	557,083	96,831
REGION XI	30,083	5,094	3,711	31,466
SEYMOUR COMMUNITY CENTER	21,617	6,215	1,739	26,093
PARK AND RECREATION LEAGUE NONREVERTING	71,176	35,190	28,464	77,902
PARK AND RECREATION PETTY CASH	500	-	-	500
POLICE ALCOHOL AND DRUG	3,232	-	-	3,232
D.A.R.E. POLICE FUND	5,852	9,199	8,861	6,190
PAYROLL-FEDERAL W/H	(63)	910,368	910,367	(62)
PAYROLL-FICA	20	139,317	139,337	-
PAYROLL-MEDICARE	787	102,837	103,624	-
PAYROLL-STATE W/H	22,089	277,229	279,865	19,453
PAYROLL-COUNTY W/H	21,364	113,183	114,153	20,394
PAYROLL-PERF	37,539	3,048	3,401	37,186
GARNISHMENT 1	(6,260)	680	680	(6,260)
VSP VISION INSURANCE	(3,130)	22,192	25,377	(6,315)
PAYROLL-INDIANA POLICE	(1,075)	120,833	109,514	10,244
IRWIN UNION BANK SAVINGS	-	1,300	1,300	-
PAYROLL-IND FIRE PENSION	-	126,086	115,579	10,507
CHASE BANK	2,923	33,987	36,910	-
WOODFOREST NATIONAL BANK	-	22,916	22,916	-
GARNISHMENT 2	-	9,530	9,530	-
GARNISHMENT 3	-	2,860	2,860	-
GARNISHMENT 4	-	4,992	4,992	-
GARNISHMENT 5	-	6,933	6,933	-
GARNISHMENT 6	-	1,680	1,680	-
GARNISHMENT 7	161	-	-	161
PAYROLL-FILING FEES	-	572	572	-
PAYROLL-UNITED FUND	307	3,661	3,968	-
PAYROLL-CHRISTMAS CLUB	217	101,053	101,270	-
SCOTT COUNTY TAX	273	1,055	1,029	299
SIHO	49,491	1,455,979	1,445,506	59,964
PAYROLL-SAVINGS PLAN	807	126,228	127,035	-
PAYROLL-POLICE DUES	-	6,601	6,601	-
PAYROLL-FIRE DUES	-	9,600	9,600	-
PAYROLL-NATIONWIDE RET SO	-	43,495	43,495	-
PAYROLL-FRANKLIN LIFE	70	2,220	2,220	70

The notes to the financial statement are an integral part of this statement.

CITY OF SEYMOUR
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
PAYROLL-AFLAC	1,061	6,260	5,922	1,399
JENNINGS COUNTY TAX	478	3,446	3,637	287
CITY SHARE FICA	2,996	248,481	251,477	-
CITY SHARE MEDICARE	(3,418)	62,452	59,034	-
CITY SHARE PERF	(38,191)	630,260	579,555	12,514
CITY SHARE UNEMPLOYMENT	616	33,299	33,915	-
NET PAYROLL	(2,138)	1,901,978	1,906,596	(6,756)
FIRST HARRISON BANK	(50)	50	-	-
WASHINGTON COUNTY TAX	116	1,221	1,219	118
GARNISHMENT 8	(433)	-	-	(433)
GARNISHMENT 9	-	4,096	4,096	-
JACKSON COUNTY BANK	(9,474)	1,201,225	1,191,751	-
NATIONAL CITY BANK	2,114	459,317	461,431	-
INDIANA BANK AND TRUST CO.	-	1,038,779	1,038,779	-
CENTRA CREDIT UNION	-	519,063	519,063	-
IRWIN UNION BANK	-	227,022	227,022	-
REGIONS BANK (SALEM)	-	6,100	6,100	-
WELLS FARGO BANK	-	11,562	11,562	-
GARNISHMENT 10	-	2,340	2,340	-
DUPONT STATE BANK	-	69,623	69,623	-
GARNISHMENT 11	-	205	205	-
GARNISHMENT 12	-	1,170	1,170	-
OLD NATIONAL BANK	-	14,980	14,980	-
GARNISHMENT 13	-	11,316	11,316	-
GARNISHMENT 14	-	9,464	9,464	-
GARNISHMENT 15	-	9,387	9,387	-
AMSOUTH BANK OF FLORIDA	-	16,158	16,158	-
GARNISHMENT 16	-	8,476	8,476	-
GARNISHMENT 17	-	2,046	2,046	-
SAVINGS HOME FEDERAL BANK	25	710	735	-
PEOPLES BANK	(23)	206,698	206,675	-
BROKERS NATIONAL	(19,936)	95,401	98,140	(22,675)
DIRECT DEPOSIT-ELI LILLY	-	36,248	36,248	-
NATIONAL CITY BANK/SOUTHE	-	39,359	39,359	-
BANK OF AMERICA	-	24,648	24,648	-
GARNISHMENT 18	(101)	271	170	-
DD CENTRA CREDIT SAVINGS	-	24,829	24,829	-
GARNISHMENT 19	-	9,724	9,724	-
CLARK COUNTY TAX	159	373	532	-
MARION COUNTY TAX	(203)	808	808	(203)
AUL LOAN PAYBACK	-	4,531	4,531	-
GARNISHMENT 20	-	11,211	11,211	-
GARNISHMENT 21	-	1,925	1,925	-
BARTHOLOMEW COUNTY TAX	344	1,315	1,354	305
DD STATE BANK OF MEDORA	-	95,135	95,135	-
HUNTINGTON BANK	-	21,791	21,791	-
BLOOMFIELD STATE BANK	-	37,206	37,206	-
INDIANA MEMBERS CREDIT UNION	-	4,765	4,765	-
AUL DEFERRED COMP	-	104,606	104,606	-
AFLAC LIFE INSURANCE	(147)	618	565	(94)
MEMBERS CHOICE FCU	-	3,156	3,156	-
AFLAC/CAIC	1,215	23,277	25,262	(770)
MADISON COUNTY TAX	-	651	561	90
MIDLAND MORTGAGE	-	3,380	3,380	-
GARNISHMENT 22	-	1,038	1,038	-
MAIN SOURCE BANK	-	19,804	19,804	-
DECATUR COUNTY TAX	-	85	47	38
JEFFERSON COUNTY TAX	-	10	-	10
SRF CONSTRUCTION	-	4,831,321	4,831,321	-
SMSU OPERATING	5,424,135	17,353,333	18,659,885	4,117,583
SMSU ON-LINE PAYMENTS	10,954	231,320	219,897	22,377
SMSU IMPROVEMENT	70,651	-	-	70,651
SMSU SINKING	467,287	1,956,450	921,294	1,502,443
SMSU PETTY CASH	150	-	-	150
SMSU DEBT RESERVE	1,005,375	228,281	-	1,233,656
Totals	$ 12,686,997	$ 65,138,853	$ 66,530,128	$ 11,295,722

The notes to the financial statement are an integral part of this statement.

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides the following services: public safety (police and fire), highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, wastewater, trash, and urban redevelopment.

The accompanying financial statement presents the financial information for the City.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the City. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize the City 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.

Note 5. Risk Management

The City may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the City 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 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS 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:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

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

B. 1925 Police Officers' Pension Plan

Plan Description

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

On Behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

C. 1937 Firefighters' Pension Plan

Plan Description

The 1937 Firefighters' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

On Behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

D. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

INPRS 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:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

The contribution requirements of plan members and the City are established by the Board of Trustees of INPRS.

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. Cash deficits in the Indiana Fire and Indiana Police Pension Funds arose from posting errors that were not corrected until 2013. The remaining funds with cash deficits consisted of payroll withholding funds which had not been reconciled as of December 31, 2012, to determine the cause of the negative fund balances.

Note 8. Other Postemployment Benefits

The City provides to eligible police and fire retirees and their spouses health insurance benefits. These benefits pose a liability to the City for this year and in future years. Information regarding the benefits can be obtained by contacting the City.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City's Annual Report information can be found on the Gateway website: https://gateway.ifionline.org/.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the City which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the City. It is presented as intended by the City.

CITY OF SEYMOUR
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012

	GENERAL FUND	MOTOR VEHICLE HIGHWAY	LOCAL ROAD AND STREET	THOROUGHFARE	PARK AND RECREATION ACTIVITY NONREVERTING	ECONOMIC DEVELOPMENT	LANDFILL COST NONREVERTING	LAW ENFORCEMENT TRAINING
Cash and investments - beginning	$ 340,789	$ 156,016	$ 172,276	$ 22,598	$ 101,276	$ 10,404	$ 104,455	$ 5,759
Receipts:								
Taxes	6,559,659	236,495	-	-	-	-	-	-
Licenses and permits	142,238	-	-	-	-	-	-	8,750
Intergovernmental	3,704,871	474,887	81,511	-	-	-	-	-
Charges for services	57,722	-	-	-	15,700	-	258,533	5,626
Fines and forfeits	12,632	-	-	-	-	-	-	410
Utility fees	-	-	-	-	-	-	-	-
Other receipts	6,692,166	17,388	-	-	270	-	755	4,821
Total receipts	17,169,288	728,770	81,511	-	15,970	-	259,288	19,607
Disbursements:								
Personal services	8,197,225	563,535	-	-	-	-	-	-
Supplies	544,074	83,860	-	-	-	-	-	-
Other services and charges	1,839,155	6,496	2,649	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	53,529	3,605	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	6,440,041	66,626	-	-	12,555	-	238,122	15,353
Total disbursements	17,074,024	724,122	2,649	-	12,555	-	238,122	15,353
Excess (deficiency) of receipts over disbursements	95,264	4,648	78,862	-	3,415	-	21,166	4,254
Cash and investments - ending	$ 436,053	$ 160,664	$ 251,138	$ 22,598	$ 104,691	$ 10,404	$ 125,621	$ 10,013

CITY OF SEYMOUR
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

	PARK AND RECREATION FUND	RAINY DAY FUND	FIRE DEPT. HAZARDOUS WASTE	POLICE SEIZURE FUND	LEVY EXCESS	CUMULATIVE CAPITAL DEVELOPMENT	RDC CAPITAL 2011	RDC BOND AND INTEREST 2011
Cash and investments - beginning	$ 424,213	$ 426,522	$ 19,236	$ 49,468	$ 23,877	$ 240,066	$ 593,812	$ 501
Receipts:								
Taxes	425,692	-	-	-	-	288,039	2,507	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	29,928	-	-	-	-	16,512	-	-
Charges for services	71,933	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	121,860	-	-	13,025	6,068,468	-	-	95,749
Total receipts	649,413	-	-	13,025	6,068,468	304,551	2,507	95,749
Disbursements:								
Personal services	491,097	170,332	-	-	-	-	-	-
Supplies	103,769	-	774	-	-	-	-	-
Other services and charges	92,762	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	95,749
Capital outlay	29,845	210,000	-	-	-	238,399	269,013	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	204,537	-	-	11,171	6,000,000	-	-	-
Total disbursements	922,010	380,332	774	11,171	6,000,000	238,399	269,013	95,749
Excess (deficiency) of receipts over disbursements	(272,597)	(380,332)	(774)	1,854	68,468	66,152	(266,506)	-
Cash and investments - ending	$ 151,616	$ 46,190	$ 18,462	$ 51,322	$ 92,345	$ 306,218	$ 327,306	$ 501

CITY OF SEYMOUR
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

	CUMULATIVE FIRE EQUIPMENT	EDIT TAX FUND	CUMULATIVE CAPITAL IMPROVEMENT	TIF BURKART DR./1-65 ALLOCATION	POLICE PENSION	FIRE PENSION	ELECTRICAL LICENSING
Cash and investments - beginning	$ 234,158	$ 153,501	$ 133,060	$ 582,570	$ 430,814	$ 419,418	$ 13,760
Receipts:							
Taxes	20,388	-	-	1,025,023	-	-	-
Licenses and permits	-	-	-	-	-	-	4,645
Intergovernmental	1,433	646,557	46,422	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	41	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	3,615	-	-	-	370,813	480,518	-
Total receipts	25,477	646,557	46,422	1,025,023	370,813	480,518	4,645
Disbursements:							
Personal services	-	-	-	-	360,521	501,951	-
Supplies	16,275	-	-	-	17	-	-
Other services and charges	-	740,000	46,815	-	119	100	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	1,470,462	-	-	4,457
Total disbursements	16,275	740,000	46,815	1,470,462	360,657	502,051	4,457
Excess (deficiency) of receipts over disbursements	9,202	(93,443)	(393)	(445,439)	10,156	(21,533)	188
Cash and investments - ending	$ 243,360	$ 60,058	$ 132,667	$ 137,131	$ 440,970	$ 397,885	$ 13,948

CITY OF SEYMOUR
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

	POLICE DEPT. PETTY CASH	DEPT. OF PUBLIC WORKS PETTY CASH	RDC DEBT RESERVE 2011	INDIANA FIRE PENSION	INDIANA POLICE PENSION	BONDS AND INTEREST 2005 & 2010	RECYCLING FUND
Cash and investments - beginning	$ 150	$ 100	$ 165,225	$ 20,214	$ 30,551	$ 128,980	$ 259,736
Receipts:							
Taxes	-	-	-	-	-	680,943	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	41,729	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	226	115,579	109,514	173	150,284
Total receipts	-	-	226	115,579	109,514	722,845	150,284
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	395,460
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	625,138	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	147,101	140,653	900	-
Total disbursements	-	-	-	147,101	140,653	626,038	395,460
Excess (deficiency) of receipts over disbursements	-	-	226	(31,522)	(31,139)	96,807	(245,176)
Cash and investments - ending	$ 150	$ 100	$ 165,451	$ (11,308)	$ (588)	$ 225,787	$ 14,560

CITY OF SEYMOUR
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

	POLICE SOFT DRINK NONREVERTING	FIRE DEPT. EDUCATIONAL NONREVERTING	CITY DEPT. OF PUBLIC WORKS	GRANT HOLDING FUND	REGION XI	SEYMOUR COMMUNITY CENTER	PARK AND RECREATION LEAGUE NONREVERTING
Cash and investments - beginning	$ 820	$ 28,877	$ 7,735	$ 214,518	$ 30,083	$ 21,617	$ 71,176
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	58,000	-	-	-
Charges for services	-	-	-	-	-	6,215	35,190
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	1,877	2,843	8,500	381,396	5,094	-	-
Total receipts	1,877	2,843	8,500	439,396	5,094	6,215	35,190
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	400	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	2,481	3,433	2,874	557,083	3,311	1,739	28,464
Total disbursements	2,481	3,433	2,874	557,083	3,711	1,739	28,464
Excess (deficiency) of receipts over disbursements	(604)	(590)	5,626	(117,687)	1,383	4,476	6,726
Cash and investments - ending	$ 216	$ 28,287	$ 13,361	$ 96,831	$ 31,466	$ 26,093	$ 77,902

CITY OF SEYMOUR
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

	PARK AND RECREATION PETTY CASH	POLICE ALCOHOL AND DRUG	D.A.R.E. POLICE FUND	PAYROLL FEDERAL W/H	PAYROLL FICA	PAYROLL MEDICARE	PAYROLL STATE W/H
Cash and investments - beginning	$ 500	$ 3,232	$ 5,852	$ (63)	$ 20	$ 787	$ 22,089
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	9,199	910,368	139,317	102,837	277,229
Total receipts	-	-	9,199	910,368	139,317	102,837	277,229
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	8,861	910,367	139,337	103,624	279,865
Total disbursements	-	-	8,861	910,367	139,337	103,624	279,865
Excess (deficiency) of receipts over disbursements	-	-	338	1	(20)	(787)	(2,636)
Cash and investments - ending	$ 500	$ 3,232	$ 6,190	$ (62)	$ -	$ -	$ 19,453

CITY OF SEYMOUR
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

	PAYROLL COUNTY W/H	PAYROLL PERF	GARNISHMENT 1	VSP VISION INSURANCE	PAYROLL INDIANA POLICE	IRWIN UNION BANK SAVINGS	PAYROLL-IND FIRE PENSION
Cash and investments - beginning	$ 21,364	$ 37,539	$ (6,260)	$ (3,130)	$ (1,075)	$ -	$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	113,183	3,048	680	22,192	120,833	1,300	126,086
Total receipts	113,183	3,048	680	22,192	120,833	1,300	126,086
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	114,153	3,401	680	25,377	109,514	1,300	115,579
Total disbursements	114,153	3,401	680	25,377	109,514	1,300	115,579
Excess (deficiency) of receipts over disbursements	(970)	(353)	-	(3,185)	11,319	-	10,507
Cash and investments - ending	$ 20,394	$ 37,186	$ (6,260)	$ (6,315)	$ 10,244	$ -	$ 10,507

CITY OF SEYMOUR
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

	CHASE BANK	WOODFOREST NATIONAL BANK	GARNISHMENT 2	GARNISHMENT 3	GARNISHMENT 4	GARNISHMENT 5	GARNISHMENT 6
Cash and investments - beginning	$ 2,923	$ -	$ -	$ -	$ -	$ -	$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	33,987	22,916	9,530	2,860	4,992	6,933	1,680
Total receipts	33,987	22,916	9,530	2,860	4,992	6,933	1,680
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	36,910	22,916	9,530	2,860	4,992	6,933	1,680
Total disbursements	36,910	22,916	9,530	2,860	4,992	6,933	1,680
Excess (deficiency) of receipts over disbursements	(2,923)	-	-	-	-	-	-
Cash and investments - ending	$ -	$ -	$ -	$ -	$ -	$ -	$ -

CITY OF SEYMOUR
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

	GARNISHMENT 7	PAYROLL FILLING FEES	PAYROLL UNITED FUND	PAYROLL CHRISTMAS CLUB	SCOTT COUNTY TAX	SIHO	PAYROLL SAVINGS PLAN
Cash and investments - beginning	$ 161	$ -	$ 307	$ 217	$ 273	$ 49,491	$ 807
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	572	3,661	101,053	1,055	1,455,979	126,228
Total receipts	-	572	3,661	101,053	1,055	1,455,979	126,228
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	572	3,968	101,270	1,029	1,445,506	127,035
Total disbursements	-	572	3,968	101,270	1,029	1,445,506	127,035
Excess (deficiency) of receipts over disbursements	-	-	(307)	(217)	26	10,473	(807)
Cash and investments - ending	$ 161	$ -	$ -	$ -	$ 299	$ 59,964	$ -

CITY OF SEYMOUR
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

	PAYROLL POLICE DUES	PAYROLL FIRE DUES	PAYROLL NATIONWIDE RET SO	PAYROLL FRANKLIN LIFE	PAYROLL AFLAC	JENNINGS COUNTY TAX	CITY SHARE FICA
Cash and investments - beginning	$ -	$ -	$ -	$ 70	$ 1,061	$ 478	$ 2,996
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	6,601	9,600	43,495	2,220	6,260	3,446	248,481
Total receipts	6,601	9,600	43,495	2,220	6,260	3,446	248,481
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	6,601	9,600	43,495	2,220	5,922	3,637	251,477
Total disbursements	6,601	9,600	43,495	2,220	5,922	3,637	251,477
Excess (deficiency) of receipts over disbursements	-	-	-	-	338	(191)	(2,996)
Cash and investments - ending	$ -	$ -	$ -	$ 70	$ 1,399	$ 287	$ -

CITY OF SEYMOUR
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

	CITY SHARE MEDICARE	CITY SHARE PERF	CITY SHARE UNEMPLOYMENT	NET PAYROLL	FIRST HARRISON BANK	WASHINGTON COUNTY TAX	GARNISHMENT 8
Cash and investments - beginning	$ (3,418)	$ (38,191)	$ 616	$ (2,138)	$ (50)	$ 116	$ (433)
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	62,452	630,260	33,299	1,901,978	50	1,221	-
Total receipts	62,452	630,260	33,299	1,901,978	50	1,221	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	59,034	579,555	33,915	1,906,596	-	1,219	-
Total disbursements	59,034	579,555	33,915	1,906,596	-	1,219	-
Excess (deficiency) of receipts over disbursements	3,418	50,705	(616)	(4,618)	50	2	-
Cash and investments - ending	$ -	$ 12,514	$ -	$ (6,756)	$ -	$ 118	$ (433)

CITY OF SEYMOUR
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

	GARNISHMENT 9	JACKSON COUNTY BANK	NATIONAL CITY BANK	INDIANA BANK AND TRUST CO.	CENTRA CREDIT UNION	IRWIN UNION BANK	REGIONS BANK (SALEM)
Cash and investments - beginning	$ -	$ (9,474)	$ 2,114	$ -	$ -	$ -	$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	4,096	1,201,225	459,317	1,038,779	519,063	227,022	6,100
Total receipts	4,096	1,201,225	459,317	1,038,779	519,063	227,022	6,100
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	4,096	1,191,751	461,431	1,038,779	519,063	227,022	6,100
Total disbursements	4,096	1,191,751	461,431	1,038,779	519,063	227,022	6,100
Excess (deficiency) of receipts over disbursements	-	9,474	(2,114)	-	-	-	-
Cash and investments - ending	$ -	$ -	$ -	$ -	$ -	$ -	$ -

CITY OF SEYMOUR
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

	WELLS FARGO BANK	GARNISHMENT 10	DUPONT STATE BANK	GARNISHMENT 11	GARNISHMENT 12	OLD NATIONAL BANK	GARNISHMENT 13
Cash and investments - beginning	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	11,562	2,340	69,623	205	1,170	14,980	11,316
Total receipts	11,562	2,340	69,623	205	1,170	14,980	11,316
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	11,562	2,340	69,623	205	1,170	14,980	11,316
Total disbursements	11,562	2,340	69,623	205	1,170	14,980	11,316
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-
Cash and investments - ending	$ -	$ -	$ -	$ -	$ -	$ -	$ -

CITY OF SEYMOUR
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

	GARNISHMENT 14	GARNISHMENT 15	AMSOUTH BANK OF FLORIDA	GARNISHMENT 16	GARNISHMENT 17	SAVINGS HOME FEDERAL BANK	PEOPLES BANK
Cash and investments - beginning	$ -	$ -	$ -	$ -	$ -	$ 25	$ (23)
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	9,464	9,387	16,158	8,476	2,046	710	206,698
Total receipts	9,464	9,387	16,158	8,476	2,046	710	206,698
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	9,464	9,387	16,158	8,476	2,046	735	206,675
Total disbursements	9,464	9,387	16,158	8,476	2,046	735	206,675
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	(25)	23
Cash and investments - ending	$ -	$ -	$ -	$ -	$ -	$ -	$ -

CITY OF SEYMOUR
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

	BROKERS NATIONAL	DIRECT DEPOSIT-ELI LILLY	NATIONAL CITY BANK/SOUTHE	BANK OF AMERICA	GARNISHMENT 18	DD CENTRA CREDIT SAVINGS	GARNISHMENT 19
Cash and investments - beginning	$ (19,936)	$ -	$ -	$ -	$ (101)	$ -	$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	95,401	36,248	39,359	24,648	271	24,829	9,724
Total receipts	95,401	36,248	39,359	24,648	271	24,829	9,724
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	98,140	36,248	39,359	24,648	170	24,829	9,724
Total disbursements	98,140	36,248	39,359	24,648	170	24,829	9,724
Excess (deficiency) of receipts over disbursements	(2,739)	-	-	-	101	-	-
Cash and investments - ending	$ (22,675)	$ -	$ -	$ -	$ -	$ -	$ -

CITY OF SEYMOUR
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

	CLARK COUNTY TAX	MARION COUNTY TAX	AUL LOAN PAYBACK	GARNISHMENT 20	GARNISHMENT 21	BARTHOLOMEW COUNTY TAX	DD STATE BANK OF MEDORA
Cash and investments - beginning	$ 159	$ (203)	$ -	$ -	$ -	$ 344	$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	373	808	4,531	11,211	1,925	1,315	95,135
Total receipts	373	808	4,531	11,211	1,925	1,315	95,135
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	532	808	4,531	11,211	1,925	1,354	95,135
Total disbursements	532	808	4,531	11,211	1,925	1,354	95,135
Excess (deficiency) of receipts over disbursements	(159)	-	-	-	-	(39)	-
Cash and investments - ending	$ -	$ (203)	$ -	$ -	$ -	$ 305	$ -

CITY OF SEYMOUR
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

	HUNTINGTON BANK	BLOOMFIELD STATE BANK	INDIANA MEMBERS CREDIT UNION	AUL DEFERRED COMP	AFLAC LIFE INSURANCE	MEMBERS CHOICE FCU	AFLAC/CAIC
Cash and investments - beginning	$ -	$ -	$ -	$ -	$ (147)	$ -	$ 1,215
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	21,791	37,206	4,765	104,606	618	3,156	23,277
Total receipts	21,791	37,206	4,765	104,606	618	3,156	23,277
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	21,791	37,206	4,765	104,606	565	3,156	25,262
Total disbursements	21,791	37,206	4,765	104,606	565	3,156	25,262
Excess (deficiency) of receipts over disbursements	-	-	-	-	53	-	(1,985)
Cash and investments - ending	$ -	$ -	$ -	$ -	$ (94)	$ -	$ (770)

CITY OF SEYMOUR
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

	MADISON COUNTY TAX	MIDLAND MORTGAGE	GARNISHMENT 22	MAIN SOURCE BANK	DECATUR COUNTY TAX	JEFFERSON COUNTY TAX	SRF CONSTRUCTION
Cash and investments - beginning	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	651	3,380	1,038	19,804	85	10	4,831,321
Total receipts	651	3,380	1,038	19,804	85	10	4,831,321
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	561	3,380	1,038	19,804	47	-	4,831,321
Total disbursements	561	3,380	1,038	19,804	47	-	4,831,321
Excess (deficiency) of receipts over disbursements	90	-	-	-	38	10	-
Cash and investments - ending	$ 90	$ -	$ -	$ -	$ 38	$ 10	$ -

CITY OF SEYMOUR
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

	SMSU OPERATING	SMSU ON-LINE PAYMENTS	SMSU IMPROVEMENT	SMSU SINKING	SMSU PETTY CASH	SMSU DEBT RESERVE	TOTALS
Cash and investments - beginning	$ 5,424,135	$ 10,954	$ 70,651	$ 467,287	$ 150	$ 1,005,375	$ 12,686,997
Receipts:							
Taxes	-	-	-	-	-	-	9,238,746
Licenses and permits	-	-	-	-	-	-	155,633
Intergovernmental	-	-	-	-	-	-	5,101,850
Charges for services	-	-	-	-	-	-	450,919
Fines and forfeits	-	-	-	-	-	-	13,083
Utility fees	5,496,826	-	-	-	-	-	5,496,826
Other receipts	11,856,507	231,320	-	1,956,450	-	228,281	44,681,796
Total receipts	17,353,333	231,320	-	1,956,450	-	228,281	65,138,853
Disbursements:							
Personal services	-	-	-	-	-	-	10,284,661
Supplies	-	-	-	-	-	-	1,144,229
Other services and charges	-	-	-	-	-	-	2,728,096
Debt service - principal and interest	-	-	-	-	-	-	720,887
Capital outlay	48,609	-	-	-	-	-	853,400
Utility operating expenses	4,146,692	-	-	-	-	-	4,146,692
Other disbursements	14,464,584	219,897	-	921,294	-	-	46,652,163
Total disbursements	18,659,885	219,897	-	921,294	-	-	66,530,128
Excess (deficiency) of receipts over disbursements	(1,306,552)	11,423	-	1,035,156	-	228,281	(1,391,275)
Cash and investments - ending	$ 4,117,583	$ 22,377	$ 70,651	$ 1,502,443	$ 150	$ 1,233,656	$ 11,295,722

CITY OF SEYMOUR
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2012

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	$ 143,743	$ -
Seymour Municipal Sewage Utility	49,299	429,197
Totals	$ 193,042	$ 429,197

CITY OF SEYMOUR
SCHEDULE OF LEASES AND DEBT
December 31, 2012

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Seymour Redevelopment Authority	Public Works Facility	$ 333,000	06-14-12	01-15-32

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	General obligation bonds of 2001	$ 1,640,000	$ 201,975
General obligation bonds	Seymour facilities building bonds	3,095,000	434,206
Revenue bonds	TIF bonds 2011	1,350,000	189,248
Notes and loans payable	Police software	31,243	32,340
Notes and loans payable	Robo trash trucks	433,058	226,492
Total governmental activities		6,549,301	1,084,261
Seymour Municipal Sewage Utility:			
Revenue bonds	SRF loan of 2001	13,451,303	1,618,276
Revenue bonds	SRF loan of 2011	8,758,262	293,789
Total Seymour Municipal Sewage Utility		22,209,565	1,912,065
Totals		$ 28,758,866	$ 2,996,326

CITY OF SEYMOUR
SCHEDULE OF CAPITAL ASSETS
December 31, 2012

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance
Governmental activities:	
Land	$ 632,950
Buildings	6,358,390
Improvements other than buildings	3,064,000
Machinery, equipment, and vehicles	9,056,292
Total governmental activities	19,111,632
Seymour Municipal Sewage Utility:	
Land	112,575
Buildings	28,482,695
Improvements other than buildings	5,886,681
Machinery, equipment, and vehicles	2,774,740
Total Seymour Municipal Sewage Utility	37,256,691
Total capital assets	$ 56,368,323

ANNUAL REPORT

The annual report for 2012 did not properly report all of the City's Federal grant information and activity for inclusion in the Schedule of Expenditures of Federal Awards (SEFA).

We noted the following deficiencies:

1. Some Federal programs were not reported.

2. The pass-through entity and identifying number assigned by the pass-through entity for some Federal programs were not always included or were incorrect.

3. The amounts reported for Federal awards expended for some individual Federal programs were not correct.

4. The Federal awards reported for some individual Federal programs did not include the CFDA number.

Audit adjustments were proposed, accepted by the City, and made to the SEFA presented in this report for the deficiencies noted above. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

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

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality 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."

INTERNAL CONTROLS OVER THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The City did not have a proper system of internal control in place to prevent or detect and correct errors on the Schedule of Expenditures of Federal Awards (SEFA). The City should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

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.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OVERDRAWN CASH BALANCES

The financial statements presented in this report included the following funds with overdrawn cash balances at December 31, 2012:

Fund	2012
INDIANA FIRE PENSION	$ 11,308
INDIANA POLICE PENSION	588
PAYROLL-FEDERAL W/H	62
GARNISHMENT 1	6,260
VSP VISION INSURANCE	6,315
NET PAYROLL	6,756
GARNISHMENT 8	433
BROKERS NATIONAL	22,675
MARION COUNTY TAX	203
AFLAC LIFE INSURANCE	94
AFLAC/CAIC	770

The 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)

COLLECTION OF FINES FOR MOVING TRAFFIC VIOLATIONS

As stated in the 2008 Examination Report B35824, the 2009 Audit Report B37083, the 2010 Examination Report B39841, and the 2011 Audit Report B41032, the City collects fines for ordinance violations through an Ordinance Violations Bureau established in accordance with Indiana Code 33-36. If a citizen forgoes their right to a trial, the City collects the fine. During 2012, there were instances where the City collected fines for moving traffic violations through the Ordinance Violations Bureau.

Indiana Code 36-1-6-3 states:

"Sec. 3. (a) Certain ordinances may be enforced by a municipal corporation without proceeding in court through: (1) an admission of violation before the violations clerk under IC 33-36; or (2) administrative enforcement under section 9 of this chapter. (b) Except as provided in subsection (a), a proceeding to enforce an ordinance must be brought in accordance with IC 34-28-5, section 4 of this chapter, or both. (c) An ordinance defining a moving traffic violation may not be enforced under IC 33-36 and must be enforced in accordance with IC 34-28-5."

CONTRACTS

The City contracted with a financial consulting firm in May of 2008 for services for a one year period. Although the contract expired in 2009, the City has continued to pay for services each year. During 2012, payments totaling $77,759 were made for financial consulting services without a written contract.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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SUPPLEMENTAL AUDIT OF

FEDERAL AWARDS

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 AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF THE CITY OF SEYMOUR, JACKSON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the City of Seymour's (City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2012. The City's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2012.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Bruce Hartman
State Examiner

June 27, 2013

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying note presented were approved by management of the City. The schedule and note are presented as intended by the City.

CITY OF SEYMOUR
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2012

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
Department of Housing and Urban Development				
CDBG - State-Administered CDBG Cluster				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Indiana Office of Community and Rural Affairs			
Storm Drainage Study		14.228	PL10-022	$ 12,000
Total - CDBG - State-Administered CDBG Cluster				12,000
Total - Department of Housing and Urban Development				12,000
Department of Justice				
Bulletproof Vest Partnership Program	Direct Grant			
Police Vest Program		16.607	DJBX2631	279
Total - Department of Justice				279
Department of Transportation				
Highway Planning and Construction Cluster				
Highway Planning and Construction	Indiana Department of Transportation			
Second Street Road Reconstruction		20.205	DES#1005165	72,111
Total - Highway Planning and Construction Cluster				72,111
Highway Safety Cluster				
Alcohol Impaired Driving Countermeasures Incentive Grants I	Indiana Criminal Justice Institute			
Operation Pullover		20.601	OP12040262	4,108
Total - Highway Safety Cluster				4,108
Formula Grants for Other Than Urbanized Areas	Indiana Department of Transportation			
Operating FY 2011		20.509	18028A1700	25,079
Operating FY 2012		20.509	18028A1700	85,278
ARRA - Formula Grants for Other Than Urbanized Areas	Indiana Department of Transportation			
Transit Facility Project		20.509	86x0117S	22,464
Total - Formula Grants for Other Than Urbanized Areas				132,821
Total - Department of Transportation				209,040
Environmental Protection Agency				
Capitalization Grants for Clean Water State Revolving Funds	Indiana Finance Authority			
State Revolving Funds 2011		66.458	WW1003602	2,415,661
Total - Environmental Protection Agency				2,415,661
Department of Energy				
ARRA - State Energy Program	Office of Lieutenant Governor			
Alternative Fuel Vehicle		81.041	DE-EE-0000169	130,000
Total - Department of Energy				130,000
Department of Homeland Security				
Interoperable Emergency Communications	Indiana Department of Homeland Security			
Fire Department Radios		97.055	C44P-2-201A	3,615
Total - Department of Homeland Security				3,615
Total federal awards expended				$ 2,770,595

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF SEYMOUR
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Seymour and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

CITY OF SEYMOUR
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unqualified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major program:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	no

Identification of Major Program:

CFDA Number	Name of Federal Program or Cluster
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs: $300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2012-1 - INTERNAL CONTROLS OVER THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The City did not have a proper system of internal control in place to prevent or detect and correct errors on the Schedule of Expenditures of Federal Awards (SEFA). The City should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA, we noted the following errors:

1. Some Federal programs were not reported.

2. The pass-through entity and identifying number assigned by the pass-through entity for some Federal programs were not always included or were incorrect.

3. The amounts reported for Federal awards expended for some individual Federal programs were not correct.

4. The Federal awards reported for some individual Federal programs did not include the CFDA number.

Audit adjustments were proposed, accepted by the City, and made to the SEFA presented in this report. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

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.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for City and Towns, Chapter 7)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310 (b) states:

"(b) Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

(1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.

(2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.

(3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.

(4) Include notes that describe the significant accounting policies used in preparing the schedule.

(5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.

(6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

City of Seymour

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Phone: (812) 522-4020 • Fax: (812) 523-6687

June 14,2013

State Board of Accounts
302 W Washington St. Room E-418
Indianapolis, In 46204

RE: Corrective Action plan for Finding 2012-1

Dear Sirs,

I have been delivered a copy of the Finding 2012-1/Internal Controls over the schedule of Expenditures of Federal Rewards during our 2012 audit.

With the auditors instruction I, Fred Lewis Clerk-Treasurer, have made corrections to the 2012 annual report previously submitted to your office via Gateway. All entries now have proper CFDA numbers and proper dollar amounts.

We are also developing new procedures and controls to alleviate such problems so that we may accurately report federal rewards for 2013 SEFA.

Sincerely,

Fred D Lewis
Clerk-Treasurer

CITY OF SEYMOUR
EXIT CONFERENCE

The contents of this report were discussed on June 27, 2013, with Fred D. Lewis, Clerk-Treasurer; Craig Luedeman, Mayor; and James W. Rebber, President of the Common Council. The officials concurred with our audit findings.