

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF SEYMOUR

JACKSON COUNTY, INDIANA

January 1, 2022 to December 31, 2022



**FILED**

07/06/2023



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Clerk-Treasurer:	
Audit Results and Comments:	
Annual Financial Report.....	6-7
Motor Vehicle Highway (MVH) - Restricted Fund Disbursements .....	7
Exit Conference .....	8

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Darrin Boas	01-01-22 to 12-31-23
Mayor	Matthew Nicholson	01-01-22 to 12-31-23
President of the Board of Public Works and Safety	Matthew Nicholson	01-01-22 to 12-31-23
President Pro Tempore of the Common Council	David W. Earley	01-01-22 to 12-31-23



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

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

This report is supplemental to the audit report of the City of Seymour (City), for the period from January 1, 2022 to December 31, 2022. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the City. It should be read in conjunction with the Financial Statement Audit Report of the City, which provides our opinions on the City's financial statement. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE  
Deputy State Examiner

June 21, 2023

(This page intentionally left blank.)

CLERK-TREASURER  
CITY OF SEYMOUR

CLERK-TREASURER  
CITY OF SEYMOUR  
AUDIT RESULTS AND COMMENTS

**ANNUAL FINANCIAL REPORT**

*Condition and Context*

Financial, supplemental, and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The City had not established effective internal controls over the AFR information entered into Gateway, which resulted in the following error:

*Capital Assets*

The capital asset information entered into Gateway on the City's AFR contained material errors. The City failed to enter the prior period audit adjustments in Gateway, so the beginning balances did not agree to the prior audit report ending balances. Additions and deletions were properly reported, but the incorrect beginning balances caused material errors in the amount reported as the ending balances of the capital asset information.

Adjustments were proposed, and accepted by the City, and made to the Schedule of Capital Assets in the Financial Statement Audit Report, which is presented as Other Information.

*Criteria*

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

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

CLERK-TREASURER  
CITY OF SEYMOUR  
AUDIT RESULTS AND COMMENTS  
(Continued)

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

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

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

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

***MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND DISBURSEMENTS***

A similar comment appeared in prior Report B59897, entitled *MOTOR VEHICLE HIGHWAY FUNDS*.

*Condition and Context*

A review of the disbursements paid from the MVH Restricted fund found that one out of the ten disbursements tested was for an expense that was not related to construction, reconstruction, or preservation of the City's highways. The exceptions noted was for a payment made for an annual software subscription.

*Criteria*

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

CLERK-TREASURER  
CITY OF SEYMOUR  
EXIT CONFERENCE

The contents of this report were discussed on June 21, 2023, with Darrin Boas, Clerk-Treasurer; Matthew Nicholson, Mayor; and Jerry Hackney, Common Council member.