



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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November 28, 2023

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

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Town of Riley (Town), Vigo County, for the period of January 1, 2018 to December 31, 2022, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

Management is responsible for preparing and maintaining its accounting records and related documents, as well as compliance with applicable state laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Town's Annual Financial Reports filed by management can be found on the Gateway Website: www.gateway.ifionline.org.

The Comments contained herein describe the identified reportable instances of noncompliance found as a result of the procedures we performed. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Comments

BOARD MINUTES

This same comment appeared in a Management Letter addressed to the Town Council and Clerk-Treasurer of the Town of Riley for the audit period ending December 31, 2017.

Condition and Context

Minutes of meetings of the Town Council for 2018, 2019, 2020, and January to June 2021 were not presented for review.

Criteria

Indiana Code 5-14-1.5-4 states in part:

". . . (b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.

- (4) A record of all votes taken by individual members if there is a roll call.
- (5) Any additional information required under section 3.5 or 3.6 of this chapter or any other statute that authorizes a governing body to conduct a meeting using an electronic means of communication.

(c) The memoranda are to be available within a reasonable period of time after the meeting for the purpose of informing the public of the governing body's proceedings. The minutes, if any, are to be open for public inspection and copying."

ANNUAL FINANCIAL REPORT

Condition and Context

The Annual Financial Report (AFR) for 2018 included the Town of Riley Trust fund with a beginning balance of \$806,814. Based on the prior report and review of the records the beginning balance for 2018 should have been \$986,220.

The 2020 AFR submitted in the Indiana Gateway for Government Units financial reporting system omitted the Riley Investment Account and the Riley Sewage Disposal Fund, which resulted in an understatement of receipts in the amount of \$2,835,053, disbursements in the amount of \$351,000, and ending balances in the amount of \$2,484,053.

The Riley Investment Account and the Riley Sewage Disposal Fund were understated by \$69,291 and \$10,241, respectively, as of January 1, 2022. Beginning balances should agree to the prior year ending balances.

Criteria

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

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner 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](#)."

BANK ACCOUNT RECONCILIATIONS

Condition and Context

Depository reconciliations of the fund balances to the bank account balances were not presented for review in 2018, 2019, and 2020. Reconcilements were presented for December 31, 2021 and 2022; however, the reconciliations did not balance. As a result, the ending cash and investments balance were \$5,583 and \$49,429 less than the adjusted bank balance for year ending December 31, 2019 and 2020; \$981,627, \$75,016 and \$9,417 more than the adjusted bank balance for year ending December 31, 2018, 2021, and 2022. The bank statement for the account ending in 1026 was not presented for review in 2018.

Criteria

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

SUPPORTING DOCUMENTATION

Condition and Context

There were 14 of 35 claims tested that did not have adequate supporting documentation. These claims totaled \$297,441.

Criteria

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CONTRACTS

Condition and Context

Numerous payments were made for lawn care and professional services for which no contracts were presented for review.

Criteria

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

TRAINING ON INTERNAL CONTROL STANDARDS

A similar comment also appeared in prior Report B51939, entitled *ADOPTION OF AND TRAINING ON INTERNAL CONTROL STANDARDS*.

Condition and Context

Town employees whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the Town, had not received training over internal control standards that was developed or approved by the Indiana State Board of Accounts.

Criteria

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Report B51939.

Condition and Context

The Town certified on the 2018 and 2019 Annual Financial Reports submitted through the Indiana Gateway for Government Units financial reporting system that all personnel defined by Indiana Code 5-11-1-27(c) had received training concerning the internal control standards adopted by the Town; during the engagement, the Clerk-Treasurer indicated that all personnel had not received training concerning the internal control standards.

Criteria

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

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner 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](#)."

MONTHLY AND ANNUAL ENGAGEMENT UPLOADS

Condition and Context

The files and governmental unit information that are required to be uploaded monthly include the bank reconciliations, approved Town Council minutes and the funds ledger, summarizing total receipts, disbursements, and balances by fund.

Annual upload requirements include the year-end bank statement, year-end outstanding check list, year-end investments, detail of receipt activity, detail of disbursement activity, current year salary ordinance, and an annual vendor history report.

As of December 31, 2022, the Town had not uploaded any of the required monthly and annual engagement uploads for 2018, 2019, 2020, 2021, and 2022 into the Indiana Gateway for Government Units financial reporting system as required by Amended State Examiner Directive 2018-1.

Criteria

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

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

CAPITAL ASSETS

Condition and Context

The Town had not adopted a capital assets policy during the engagement period. In addition, the Town had not conducted a physical inventory or kept record of its capital assets.

Criteria

Every unit must have a capital asset policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

RECEIPTS

Condition and Context

The sale of the Wastewater Utility, totaling \$1,544,975, was not shown in the Town's financial statements. In addition, the general ledger for 2020 was not provided for review, so proper recording of receipts could not be verified.

Criteria

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

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

The Schedule of Cash and Investment Balances - Regulatory Basis is presented as other information. It has not been subjected to any auditing procedures, and, accordingly, we do not express an opinion or provide any assurance on it.

SCHEDULE OF CASH AND INVESTMENT
BALANCES - REGULATORY BASIS
As of December 31, 2022

Fund	Cash and Investments 12-31-22
Opioid Unrestricted	\$ 236
GENERAL FUND	161,574
MOTOR VEHICLE HIGHWAY	25,331
LOCAL ROAD AND STREET	18,859
MVH Restricted	9,643
CEDIT SPECIAL REVIEW	9,317
CUM CAP IMP - CIG TAX	7,727
RILEY INVESTMENT ACCOUNT	1,901,414
RILEY SEWAGE DISPOSAL FUND	84,483
AMERICAN RESCUE PLAN FUND	48,951
 Total	 \$ 2,267,535

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

The contents of this report were communicated to Clayton White, Clerk-Treasurer; Tracey Symon, President of the Town Council; and Sean Trevarthan, Town Council member, on November 20, 2023.

Respectfully,



Beth Kelley, CPA, CFE
Deputy State Examiner