

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

COMPLIANCE ENGAGEMENT REPORT

OF

TOWN OF BOSTON

WAYNE COUNTY, INDIANA

January 1, 2018 to December 31, 2022



**FILED**

04/26/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Harriett Marquis	01-01-18 to 12-31-24
President of the Town Council	Cheryl Wright Nick Ramsey	01-01-18 to 07-11-21 07-12-21 to 12-31-24



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF BOSTON, WAYNE 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 Boston (Town), for the period of January 1, 2018 to December 31, 2022. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the Town as this engagement was not conducted in accordance with any standards established by an authoritative standard setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The Comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the Comments incorporated within this report was not verified for accuracy.

The Schedule of Officials and Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statements) are informational only. The Statements have not been subjected to any procedures designed to express an opinion or provide any assurance on them, and, accordingly, we do not express an opinion or provide any assurance on them.

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. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the Town's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

The contents of this report were communicated to Harriett Marquis, Clerk-Treasurer, and Nick Ramsey, President of the Town Council, on April 19, 2024.



Beth Kelley, CPA, CFE  
Deputy State Examiner

March 20, 2024

TOWN OF BOSTON  
COMMENTS

**INTERNAL CONTROL DEFICIENCIES**

*Condition and Context*

Internal control deficiencies resulted in noncompliance over the Annual Financial Report; report of hours worked; penalties, interest, and other charges; Motor Vehicle Highway (MVH) - Restricted Fund; capital assets; ordinances and resolutions; supporting documentation; and monthly and annual uploads detailed further in the comments below.

*Criteria*

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

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

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

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

**ANNUAL FINANCIAL REPORT**

The same comment also appeared in prior Report B51257.

*Condition and Context*

Financial and other information is required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The information entered into Gateway contained the following errors:

- The Town reported the \$10,500 beginning balance of the Wastewater Util-Bond and Interest fund in the disbursements of the Wastewater Utility-Operating fund in 2020. The result of this error caused the 2020 Wastewater Utility-Operating fund disbursements to be overstated by \$10,500 and the ending cash balance of the Wastewater Utility-Operating fund to be understated in 2020, 2021, and 2022 by \$10,500.
- The Town reported incorrect balances for receipts, disbursements, and ending balance in the Wastewater Utility-Operating fund in 2022. The receipts for the fund were overstated by \$10,236, and the disbursements were understated by \$600. The resulting ending balance of the fund was overstated by \$2,664 at December 31, 2022.

TOWN OF BOSTON  
COMMENTS  
(Continued)

- The Town did not report the Wastewater Util-Debt Reserve fund in the beginning balance of 2022. The certificate of deposit (CD) held in the fund was not renewed in 2022 and the cash from the CD was not included in the annual report ending balance. This caused an understatement of the ending cash balance for the Town in the amount of \$22,800.
- The Town's AFRs for each year of the engagement period did not report any amounts for accounts payable or accounts receivable, the Town has a sewage utility that had delinquent customers averaging between \$1,000 and \$2,000 each year from 2018-2022.
- A detailed capital asset listing or policy was not provided by the Town. The Town reported in Gateway \$450,000 in Town assets and \$713,790 in wastewater assets. Without a capital asset listing we were unable to verify the amounts reported.
- The Town reported in Gateway that they did not receive any grants in 2021 and 2022 when the Town did receive grant money both years for Coronavirus Relief, totaling \$13,352.

*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](#)."

**ADOPTION OF, AND TRAINING ON, INTERNAL CONTROL STANDARDS**

*Condition and Context*

The Town had not adopted internal control standards.

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."

TOWN OF BOSTON  
COMMENTS  
(Continued)

**CERTIFICATION ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

The Town certified on the Indiana Gateway for Government Units (Gateway) financial reporting system that it had adopted the minimum internal control standards as required by Indiana Code 5-11-1-27(e); however, during the engagement, the Town could not provide supporting documentation showing the adoption of the minimum internal control standards.

The Town certified on Gateway that all personnel defined by Indiana Code 5-11-1-27(c) had received training concerning the internal control standards adopted by the Town; however, during the engagement, the Town could not provide supporting documentation showing all personnel had 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](#)."

**RECORD OF HOURS WORKED**

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

*Condition and Context*

No attendance or time records were presented for review for the Utility Clerk. A salary was approved for the Utility Clerk; however, no information was presented for review establishing the days or hours the employee was required to work to be entitled to the compensation.

*Criteria*

Indiana Code 5-11-9-4(b) states:

"The state board of accounts shall require that records be maintained showing which hours were worked each day by officers and employees:

- (1) covered by section 1 or 2 of this chapter; and
- (2) employed by more than one (1) public agency or in more than one (1) position by the same public agency described in section 1 or 2 of this chapter."

TOWN OF BOSTON  
COMMENTS  
(Continued)

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

General Form 99A, Employee's Service Record  
General Form 99B, Employee's Earnings Record  
General Form 99C, Employee's Weekly Earnings Record

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

### ***PENALTIES, INTEREST, AND OTHER CHARGES***

#### *Condition and Context*

The Town paid \$111 in penalties and interest to the Internal Revenue Service for the 1st and 2nd quarter taxes in 2018 that were not paid or filed until 2019.

#### *Criteria*

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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

#### *Condition and Context*

The Motor Vehicle Highway and Motor Vehicle Highway-Restricted funds were combined on the Annual Financial Reports of the Town.

#### *Criteria*

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

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

TOWN OF BOSTON  
COMMENTS  
(Continued)

**Together, MVH and MVH Restricted shall constitute the total MVH Fund.** MVH and MVH Restricted will be shown separately on the Annual Financial Report and Annual Operational Report.

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

(State Examiner Directive 2018-2)

### **CAPITAL ASSETS**

#### *Condition and Context*

The Town has not adopted a capital asset policy and did not properly maintain a complete listing of all capital assets owned which reflected their acquisition value. Additionally, the Town did not complete a physical inventory at least every two years. The Town reported in the Indiana Gateway for Government Units financial reporting system \$450,000 in Town assets and \$713,790 in wastewater assets. Without a capital asset listing, we were unable to verify the amounts reported.

#### *Criteria*

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

### **ORDINANCES AND RESOLUTIONS**

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

#### *Condition and Context*

The Town did not have an approved ordinance for the rates being charged for the wastewater utility. Additionally, the Town had not adopted an approved salary ordinance for any year of the engagement period.

#### *Criteria*

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

TOWN OF BOSTON  
COMMENTS  
(Continued)

**SUPPORTING DOCUMENTATION**

*Condition and Context*

The Town did not provide W-2s for two out of the five years of the engagement period.

*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 employees. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**MONTHLY AND ANNUAL UPLOADS**

*Condition and Context*

The files and governmental unit information that are required to be uploaded monthly include the bank reconciliements, approved Town Council Board 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.

The Town did not comply with the State Examiner Directive and failed to upload all of the monthly files in 2022, and the Town did not upload any annual files during the period 2018-2022 on the Indiana Gateway for Government Units financial reporting system for 2019.

*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)

STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH  
AND INVESTMENT BALANCES - REGULATORY BASIS

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TOWN OF BOSTON  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended December 31, 2018 and 2019

Fund	Cash and Investments			Cash and Investments			Cash and Investments
	01-01-18	Receipts	Disbursements	12-31-18	Receipts	Disbursements	
General	\$ 7,272	\$ 4,817	\$ 7,236	\$ 4,853	\$ 4,021	\$ 7,018	\$ 1,856
Motor Vehicle Highway	24,866	6,439	1,792	29,513	5,940	1,799	33,654
Local Road And Street	14,982	1,690	205	16,467	1,708	1,473	16,702
Rainy Day	1,545	-	-	1,545	-	-	1,545
loit	487	-	-	487	-	-	487
Cumulative Capital Improvement	12,956	323	3,850	9,429	315	-	9,744
Cedit Capital Projects	37,997	6,128	6,809	37,316	6,238	7,258	36,296
Dedicated Fire Fund	1,223	-	-	1,223	-	-	1,223
Wastewater Util-Debt Reserve	22,800	-	-	22,800	-	-	22,800
Wastewater Utility-Operating	86,012	41,925	47,751	80,186	42,310	44,961	77,535
Wastewater Util-Bond And Interest	9,000	22,128	21,128	10,000	22,439	21,939	10,500
Totals	<u>\$ 219,140</u>	<u>\$ 83,450</u>	<u>\$ 88,771</u>	<u>\$ 213,819</u>	<u>\$ 82,971</u>	<u>\$ 84,448</u>	<u>\$ 212,342</u>

TOWN OF BOSTON  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended December 31, 2020 and 2021

Fund	Cash and Investments 01-01-20	Receipts	Disbursements	Cash and Investments 12-31-20	Receipts	Disbursements	Cash and Investments 12-31-21
General	\$ 1,856	\$ 12,373	\$ 5,806	\$ 8,423	\$ 19,866	\$ 14,966	\$ 13,323
Motor Vehicle Highway	33,654	5,238	11,472	27,420	5,790	8,209	25,001
Local Road And Street	16,702	1,636	7,200	11,138	1,784	100	12,822
Rainy Day	1,545	-	-	1,545	-	-	1,545
loit	487	-	-	487	-	-	487
Cumulative Capital Improvement	9,744	299	2,074	7,969	284	-	8,253
Cedit Capital Projects	36,296	16,722	24,130	28,888	7,626	11,939	24,575
Coronavirus state and Local Recovery	-	-	-	-	6,766	-	6,766
Dedicated Fire Fund	1,223	-	-	1,223	-	-	1,223
Wastewater Util-Debt Reserve	22,800	-	-	22,800	-	-	22,800
Wastewater Utility-Operating	77,535	41,136	39,394	79,277	38,122	39,035	78,364
Wastewater Util-Bond And Interest	10,500	11,157	21,657	-	-	-	-
Totals	<u>\$ 212,342</u>	<u>\$ 88,561</u>	<u>\$ 111,733</u>	<u>\$ 189,170</u>	<u>\$ 80,238</u>	<u>\$ 74,249</u>	<u>\$ 195,159</u>

TOWN OF BOSTON  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended December 31, 2022

Fund	Cash and Investments 01-01-22	Receipts	Disbursements	Cash and Investments 12-31-22
General	\$ 13,323	\$ 9,437	\$ 9,178	\$ 13,582
Motor Vehicle Highway	25,001	6,160	4,865	26,296
Local Road And Street	12,822	1,992	37	14,777
Rainy Day	1,545	-	-	1,545
loit	487	-	-	487
Cumulative Capital Improvement	8,253	272	703	7,822
Cedit Capital Projects	24,575	6,919	10,345	21,149
Coronavirus state and Local Recovery	6,766	6,766	-	13,532
Dedicated Fire Fund	1,223	-	-	1,223
Wastewater Util-Debt Reserve	22,800	-	22,800	-
Wastewater Utility-Operating	78,364	75,411	71,574	82,201
Totals	\$ 195,159	\$ 106,957	\$ 119,502	\$ 182,614