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NEWS RELEASE

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Auditor of State Mary Mosiman today released a report on a special investigation of the City of Riverton for the period January 1, 2008 through February 28, 2015. The special investigation was performed as a result of concerns regarding certain financial transactions processed by the former City Clerk, Carol Jennings.

Mosiman reported the special investigation identified $330,997.70 of improper and unsupported disbursements and undeposited collections. The $144,076.99 of improper disbursements identified includes $78,404.26 of payments to or on behalf of Ms. Jennings, $16,298.90 of cash withdrawals from the City's bank accounts, and $46,695.59 of payments to Wal-Mart, Sam's Club, and other vendors. The $37,685.23 of unsupported disbursements identified includes $32,334.83 of purchases at various vendors for which the City could not locate supporting documentation. As a result, Mosiman reported it was not possible to determine if these payments were for City operations or personal in nature.

Mosiman also reported $149,235.48 of undeposited collections were identified, which included $114,803.47 of utility payments identified by comparing utility collections recorded in the City's utility payment register and the amounts deposited to the City's bank accounts between January 1, 2008 and January 31, 2015.

The undeposited collections identified also included $32,890.86 of City funds deposited to 2 unauthorized bank accounts. Mosiman reported Ms. Jennings established the 2 unauthorized bank accounts by providing bank officials with minutes which were purportedly from the City Council's meeting held on March 10, 2014. However, the minutes provided to the bank did not agree with minutes electronically maintained on the City's computer or a copy of minutes obtained from a City official. Ms. Jennings was the only authorized signer on the 2 bank accounts which were established with the City's employer identification number (EIN) and included the City's PO Box as the mailing address. City officials were not aware the accounts existed until Ms. Jennings was placed on administrative leave.

Mosiman reported it was not possible to determine if any additional amounts were improperly disbursed or if any additional collections were not properly deposited because adequate records were not available.

The report includes recommendations to strengthen the City's internal controls, such as improvements to segregation of duties, performing utility reconciliations, and ensuring all disbursements are properly supported, approved, and paid in a timely manner. Mosiman also recommended the City Council implement procedures to ensure compliance with applicable sections of the *Code of Iowa*; ensure appropriate payroll records are maintained, reviewed, and approved; and exercise due care and require and review pertinent information and documentation prior to making decisions affecting the City.

Copies of the report have been filed with the Fremont County Sheriff's Office, the Iowa Division of Criminal Investigation, the Fremont County Attorney's Office, and the Attorney General's Office. A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's web site at: https://auditor.iowa.gov/reports/1422-0342-BE00.

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