

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
TOWN OF RIVER FOREST
MADISON COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
09/22/2006

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Christ C. Blassaras

01-01-04 to 12-31-07

President of the Town Council

Frank Phelps
Christ C. Blassaras

01-01-04 to 12-31-05
01-01-06 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF RIVER FOREST, MADISON COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of River Forest (Town), for the period of January 1, 2004 to December 31, 2005. The Town's management is responsible for the schedules. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

August 22, 2006

TOWN OF RIVER FOREST
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 1,539	\$ 8,717	\$ 4,413	\$ 5,843
Motor Vehicle Highway	-	896	896	-
Local Road and Street	-	289	289	-
Riverboat	-	176	176	-
Cumulative Capital Improvement	-	119	119	-
Totals	<u>\$ 1,539</u>	<u>\$ 10,197</u>	<u>\$ 5,893</u>	<u>\$ 5,843</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 5,843	\$ 8,245	\$ 2,894	\$ 11,194
Motor Vehicle Highway	-	876	876	-
Local Road and Street	-	287	287	-
Riverboat	-	176	176	-
Cumulative Capital Improvement	-	110	110	-
Totals	<u>\$ 5,843</u>	<u>\$ 9,694</u>	<u>\$ 4,343</u>	<u>\$ 11,194</u>

The accompanying notes are an integral part of the schedules.

TOWN OF RIVER FOREST
NOTES TO SCHEDULES

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, and general administrative services.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. 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% 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 become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes the Town 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.

TOWN OF RIVER FOREST
EXAMINATION RESULTS AND COMMENTS

ERRORS ON CLAIMS

The following deficiencies were noted on claims examined:

There was no evidence indicating claims had the proper board approval on either Accounts Payable Voucher (General Form 39), Accounts Payable Voucher Register (General Form 364), or an approved alternate.

A similar comment appeared in prior Examination Report B22618.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services."

"(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

RECEIPTS AND DEPOSITS

In some instances receipts were not issued or recorded; and deposits were not made in a timely manner. In 2004 and 2005, 88% of the local tax distributions received by the unit were receipted and deposited 10 days or more after the date of distribution.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

TOWN OF RIVER FOREST
EXAMINATION RESULTS AND COMMENTS
(Continued)

TRANSFERS BETWEEN FUNDS

During the two year period ending December 31, 2005, all state distributions for the Motor Vehicle Highway, Local Road and Street, Riverboat, and Cumulative Capital Improvement Funds, were receipted to the General Fund without the proper ordinance or resolution being passed by the Town Council. A similar comment appeared in prior Examination Report B22618.

Indiana Code 36-5-4-13(a) states in part: ". . . This subsection applies to a town with a population of five hundred (500) or less. Notwithstanding the provisions of any other statute, a town may transfer money from any town fund to another town fund after the passage of an ordinance or a resolution by the town legislative body specifying the: (1) amount of the transfer; (2) funds involved; (3) date of the transfer; and (4) general purpose of the transfer."

CERTIFIED REPORT NOT FILED

The Town did not file a certified report of compensation of officers and employees (Form 100-R or its equivalent) with the State Board of Accounts for the years 2004 or 2005. A similar comment appeared in prior Reports B15122 and B22618.

Indiana Code 5-11-13-1 states, in part: "Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for audit.

Indiana Code 5-13-6-1(e) states in part: "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."

TOWN OF RIVER FOREST
EXIT CONFERENCE

The contents of this report were discussed on August 22, 2006, with Christ C. Blassaras, President of the Town Council/Clerk-Treasurer. The official concurred with our findings.