

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

EXAMINATION REPORT
OF
TOWN OF CADIZ
HENRY COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
01/15/2009

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5
Examination Results and Comments:	
Fund Sources and Uses	6
Capital Asset Records	7
Public Records Retention	7
Exit Conference.....	8

OFFICIALS

Office

Official

Term

Clerk-Treasurer

Leah A. Stevens

01-01-04 to 12-31-11

President of the
Town Council

Avis E. Stevens

01-01-06 to 12-31-09



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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF CADIZ, HENRY COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Cadiz (Town), for the period of January 1, 2006 to December 31, 2007. The Town's management is responsible for the financial information presented herein. 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 financial information presented herein 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 financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

December 30, 2008

TOWN OF CADIZ
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 6,560	\$ 8,834	\$ 8,219	\$ 7,175
Motor Vehicle Highway	336	5,946	5,151	1,131
Local Road and Street	1,500	3,260	1,000	3,760
Law Enforcement Continuing Education	91	355	-	446
Riverboat	1,048	1,497	1,500	1,045
Cumulative Capital Improvement	799	575	1,364	10
Tornado Siren Grant	-	15,560	15,560	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 10,334</u>	<u>\$ 36,027</u>	<u>\$ 32,794</u>	<u>\$ 13,567</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 7,175	\$ 8,962	\$ 7,675	\$ 8,462
Motor Vehicle Highway	1,131	5,825	5,343	1,613
Local Road and Street	3,760	3,378	1,615	5,523
Law Enforcement Continuing Education	446	237	63	620
Riverboat	1,045	1,016	700	1,361
Cumulative Capital Improvement	10	565	565	10
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 13,567</u>	<u>\$ 19,983</u>	<u>\$ 15,961</u>	<u>\$ 17,589</u>

The accompanying notes are an integral part of the financial information.

TOWN OF CADIZ
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, road and street maintenance, culture and recreation, 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 CADIZ
EXAMINATION RESULTS AND COMMENTS

FUND SOURCES AND USES

Disbursements from the Motor Vehicle Highway Fund for law enforcement purposes exceeded the 15% statutory limit in 2006 and 2007.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Indiana Code 8-14-1-5 limits the use of city and town Motor Vehicle Highway Account distributions to "their highways." Indiana Code 8-14-1-1(3) defines the term "highways" to include "roadway, rights of way, bridges, drainage structures, signs, guard rails, protective structures in connection with highways, drains, culverts, and bridges and the substructure and superstructure of bridges and approaches thereto and streets and alleys of cities or towns." Following is a listing of approved uses:

1. Construction and reconstruction of streets, alleys, and curbs.
2. Repair and maintenance of streets, alleys, and curbs.
3. Oiling, sprinkling, snow removal, weed and tree cutting and cleaning streets, alleys, and curbs.
4. Costs of the separation of the grades of crossing of public highways and railroads.
5. Purchase or lease of highway construction and maintenance equipment.
6. Purchase, erection, operation and maintenance of traffic signs and signals, and safety zones and devices.
7. Painting of structures, objects, surfaces and highways for the purpose of safety and traffic regulations.
8. Law enforcement purposes subject to the following limitations:
 - A. for cities and towns with a population of less than five thousand (5,000) no more than fifteen percent (15%) may be spent for law enforcement purposes.
 - B. for cities or towns other than those specified in (A), no more than ten percent (10%) may be spent for law enforcement purposes.

TOWN OF CADIZ
EXAMINATION RESULTS AND COMMENTS
(Continued)

CAPITAL ASSET RECORDS

The Town has material capital assets; however, no record of capital assets was presented for examination.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PUBLIC RECORDS RETENTION

Police Department records were not presented for examination.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, invoices, bills, contracts, and other public records must be available for audit 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 7)

TOWN OF CADIZ
EXIT CONFERENCE

The contents of this report were discussed on December 30, 2008, with Leah A. Stevens, Clerk-Treasurer; and Brady Shaff, Town Council member. The officials concurred with our findings.