

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, 2008 to December 31, 2009



FILED
02/09/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Leah Stevens	01-01-04 to 12-31-10
President of the Town Council	Avis Stevens	01-01-08 to 12-31-10



STATE OF INDIANA
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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, 2008 to December 31, 2009. 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, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

January 5, 2011

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, 2008 And 2009

	<u>Cash and Investments 01-01-08</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-08</u>
Governmental Funds:				
General	\$ 8,462	\$ 9,092	\$ 10,041	\$ 7,513
Motor Vehicle Highway	1,613	4,371	4,065	1,919
Local Road and Street	5,523	3,262	4,960	3,825
Law Enforcement Continuing Education	620	515	406	729
Riverboat	1,361	1,010	1,000	1,371
Cumulative Capital Improvement	10	524	-	534
	<u>17,589</u>	<u>18,774</u>	<u>20,472</u>	<u>15,891</u>
Totals	<u>\$ 17,589</u>	<u>\$ 18,774</u>	<u>\$ 20,472</u>	<u>\$ 15,891</u>
	<u>Cash and Investments 01-01-09</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-09</u>
Governmental Funds:				
General	\$ 7,513	\$ 8,715	\$ 9,279	\$ 6,949
Motor Vehicle Highway	1,919	4,288	1,537	4,670
Local Road and Street	3,825	2,917	1,353	5,389
Law Enforcement Continuing Education	729	407	450	686
Riverboat	1,371	1,008	1,000	1,379
Cumulative Capital Improvement	534	494	400	628
Rainy Day	-	161	-	161
	<u>15,891</u>	<u>17,990</u>	<u>14,019</u>	<u>19,862</u>
Totals	<u>\$ 15,891</u>	<u>\$ 17,990</u>	<u>\$ 14,019</u>	<u>\$ 19,862</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, health and social services, 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

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)

CLAIM PAID TWICE

A claim to pay for gas at the Cadiz Volunteer Fire Department was paid by check, which subsequently was thought to have been lost. Another check was issued and cleared to replace the original one. The original check also cleared the bank at some later date.

IC 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."

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
General	2008	\$ 1,674
Local Road and Street	2008	2,135

TOWN OF CADIZ
EXAMINATION RESULTS AND COMMENTS
(Continued)

IC 6-1.1-18-4 states in part:

". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest totaling \$37.77 were paid to the Internal Revenue Service for 2007.

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 governmental 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 governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ANNUAL REPORT

An annual report for 2009 was not presented for examination.

IC 5-3-1-3(a) states in part:

"Within sixty (60) days after the expiration of each calendar year, the fiscal officer of each civil city and town in Indiana shall publish an annual report of the receipts and expenditures of the city or town . . ."

OFFICIAL BOND

The Clerk Treasurer's bond was filed in the Office of the County Recorder; however, the bond did not satisfy the minimum coverage.

The clerk-treasurer shall file an individual official surety bond. The unit's board shall fix the amount of the bond. The amount of annual coverage may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount of annual coverage for the officer or employee according to IC 5-4-1-18.

The official bond shall be approved by the county auditor according to IC 5-4-1-8.

The bond shall be filed in the office of the county recorder in the county of residence of the clerk-treasurer according to IC 5-4-1-5.1.

TOWN OF CADIZ
EXIT CONFERENCE

The contents of this report were discussed on January 5, 2011, with Leah Stevens, Clerk-Treasurer, and Avis Stevens, President of the Town Council. The officials concurred with our findings.