

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

EXAMINATION REPORT  
OF  
TOWN OF CANNELBURG  
DAVISS COUNTY, INDIANA  
January 1, 2004 to December 31, 2005



**FILED**  
11/21/2006



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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Patsy Ann Lawyer

01-01-04 to 12-31-07

President of the Town Council

Dale DeLong

01-01-04 to 12-31-06



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF CANNELBURG, DAVIESS COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Cannelburg (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

October 4, 2006

TOWN OF CANNELBURG  
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	\$ 4,504	\$ 21,316	\$ 16,200	\$ 9,620
Motor Vehicle Highway	21,963	8,711	29,100	1,574
Local Road and Street	8,187	828	26	8,989
Cumulative Capital Improvement	8,954	793	-	9,747
Totals	<u>\$ 43,608</u>	<u>\$ 31,648</u>	<u>\$ 45,326</u>	<u>\$ 29,930</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 9,620	\$ 14,451	\$ 15,598	\$ 8,473
Motor Vehicle Highway	1,574	4,975	-	6,549
Local Road and Street	8,989	761	200	9,550
Riverboat	-	883	883	-
Cumulative Capital Improvement	9,747	433	-	10,180
Totals	<u>\$ 29,930</u>	<u>\$ 21,503</u>	<u>\$ 16,681</u>	<u>\$ 34,752</u>

The accompanying notes are an integral part of the schedules.

TOWN OF CANNELBURG  
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, highways and streets, 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.

Note 6. Subsequent Event

In June 2006, the Town was awarded a Community Focus Fund Grant in the amount of \$150,000 that will be used to purchase a new fire truck for the Cannelburg Volunteer Fire Department.

TOWN OF CANNELBURG  
EXAMINATION RESULTS AND COMMENTS

DEPOSITS

In numerous instances, state distributions were deposited a month after the date the checks were issued.

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."

A similar comment appeared in the prior examination report.

APPROPRIATIONS

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

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
General	2004	\$ 1,685
MVH	2004	20,200

Indiana Code 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."

RESIDENCY OF CLERK-TREASURER

The Clerk-Treasurer does not reside in the Town.

Indiana Code 36-5-6-3(a) states: "The clerk-treasurer must reside within the town as provided in Article 6, Section 6 of the Constitution of the State of Indiana. The clerk-treasurer forfeits office if the clerk-treasurer ceases to be a resident of the town."

TOWN OF CANNELBURG  
EXIT CONFERENCE

The contents of this report were discussed on October 4, 2006, with Patsy Ann Lawyer, Clerk-Treasurer. The official concurred with our findings.