



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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February 2, 2022

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

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Town of Cadiz (Town), Henry County, for the period of January 1, 2016 to December 31, 2020, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

Management is responsible for preparing and maintaining its accounting records and related documents, as well as compliance with applicable state laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Town's Annual Financial Reports filed by management can be found on the Gateway Website: www.gateway.ifionline.org.

The Comments contained herein describe the identified reportable instances of noncompliance found as a result of the procedures we performed. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Comments

DEPOSITS

The same comment appeared in the prior Report B48199.

Condition and Context

Receipts from Henry County for tax distributions were deposited later than the next business day. From 2016 to 2019, 8 of 11 receipts were not deposited timely, and ranged from 19 to 31 days after the issue date. In one instance, a check was not deposited up to 962 days after the check was issued by the County. Receipts were presented for review but were dated the date of deposit and not the date the funds were received.

Criteria

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Towns, Chapter 1)

Indiana Code 5-13-6-1(d) states in part:

"A 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."

Effective July 1, 2015, Indiana Code 5-13-6-1(g) states in part:

"The following are not required to deposit funds on the business day following receipt if the funds on hand do not exceed five hundred dollars (\$500): . . .

- (3) A city or a town required to deposit funds under subsection (d).

However, the funds on hand must be deposited not later than the business day following the day that the funds exceed five hundred dollars (\$500)."

MVH RESTRICTED FUND

Condition and Context

The Town did not follow State Examiner Directive 2018-2 regarding the Motor Vehicle Highway (MVH) fund and MVH sub-fund. The Town did not create the required MVH Restricted fund within its financial records, nor did they post 50 percent of the MVH distributions directly to the sub-fund in 2019.

In 2020, the Town created the MVH Restricted fund, but did not create an ordinance or resolution. The Town Council never approved an ordinance or resolution to create a sub-fund or to allocate more than 50 percent to the MVH Restricted fund.

Criteria

Indiana Code 8-14-1-5(c) states: "For funds distributed to a city or town from the motor vehicle highway account, the city or town shall use at least fifty percent (50%) of the money for the construction, reconstruction, and preservation of the city's or town's highways."

On the chart of accounts, the MVH Fund and MVH Restricted sub-fund shall be shown as follows:

...

Cities and Towns

Fund 201	MVH
Fund 203	MVH Restricted

Together, MVH and MVH Restricted shall constitute the total MVH Fund. MVH and MVH Restricted will be shown separately on the Annual Financial Report and Annual Operational Report.

Starting on January 1, 2019, the political subdivision must post at the time of receipt of the distribution from the State Motor Vehicle Highway Account fifty percent (50%) of the distribution to MVH Restricted.

The political subdivision, by ordinance or resolution, may elect to allocate more than fifty percent (50%) of the distributions to the MVH Restricted. . . . (State Examiner Directive 2018-2)

TRAINING ON INTERNAL CONTROL STANDARDS

Condition and Context

The Town has adopted the minimum level of internal control standards as defined by the Indiana State Board of Accounts. The Town was able to provide training certifications for the year 2020. However, the Town had not provided supporting documentation of training on internal controls for years 2016, 2017, 2018, and 2019.

Criteria

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that: . . .

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The Town certified on the Annual Financial Report that the Town had completed training on internal controls for years 2016, 2017, 2018, and 2019; however, no supporting documentation was provided for review.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

The Schedule of Cash and Investment Balances - Regulatory Basis, is presented as other information. It has not been subjected to any auditing procedures, and, accordingly, we do not express an opinion or provide any assurance on it.

SCHEDULE OF CASH AND INVESTMENT
BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2020

Fund	Cash and Investments 12-31-20
General	\$ 2,441
Motor Vehicle Highway	4,855
Local Road And Street	15,238
MVH Restricted	2,847
Riverboat	1,271
Rainy Day	242
Cumulative Capital Improvement	788
LIT Public Safety	394
Continued Education	1,239
Total	<u>\$ 29,315</u>

Any Official Response to the Comments, incorporated within this report, was not verified for accuracy.

The contents of this report were communicated to Brittany Dupart, Clerk-Treasurer, and Debra Shook, President of the Town Council, on January 28, 2022.

Respectfully,

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner