

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

TOWN OF VERA CRUZ

WELLS COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
10/31/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	(Vacant)	01-01-10 to 02-28-10
	Karen Neuenschwander	03-01-10 to 04-27-10
	(Vacant)	04-28-10 to 07-31-10
	Donald F. Bricker	08-01-10 to 12-31-11
	J. Ervin Schuman	01-01-12 to 12-31-15
President of the Town Council	Mary Ann Bricker	01-01-10 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF VERA CRUZ, WELLS COUNTY, INDIANA

We have examined the accompanying financial statements of the Town of Vera Cruz (Town), for the years ended December 31, 2010 and 2011. The financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statements 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the years ended December 31, 2010 and 2011, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Town's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Town's management, Town Council, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

October 2, 2012

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FINANCIAL STATEMENTS

The financial statements and accompanying notes were approved by management of the Town. The financial statements and notes are presented as intended by the Town.

TOWN OF VERA CRUZ
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 1,879	\$ 6,366	\$ 3,734	\$ 4,511
Motor Vehicle Highway	20,206	1,958	7,700	14,464
Local Road and Street	9,337	706	200	9,843
Cumulative Capital Development	8,656	516	-	9,172
Riverboat	2,424	344	-	2,768
Cumulative Capital Improvement	2,704	187	-	2,891
Rainy Day	1,872	-	-	1,872
CEDIT Special Revenue	4,368	647	45	4,970
Levy Excess	275	9	-	284
Wells County Foundation Grant	3,785	-	2,183	1,602
Vera Cruz Community Development	-	10,519	-	10,519
Wells County Chamber of Commerce	2,783	22	-	2,805
Wastewater Utility Operating	103,409	13,630	16,372	100,667
Wastewater Utility Bond and Interest	43,189	98	607	42,680
Wastewater Utility Debt Reserve	8,215	14	182	8,047
Wastewater Utility Penalty	-	212	212	-
Wastewater Utility Vera Cruz Operating 25%	4,617	4,987	-	9,604
Wastewater Utility Vera Cruz Original Operating	9,889	2,184	-	12,073
Wastewater Utility Replacement	33,568	743	286	34,025
Wastewater Utility Tap-In	21,011	464	198	21,277
Wastewater Utility Bluffton Line Purchase	2,299	79	-	2,378
Wastewater Utility State Park	5,140	369	-	5,509
Totals	<u>\$ 289,626</u>	<u>\$ 44,054</u>	<u>\$ 31,719</u>	<u>\$ 301,961</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF VERA CRUZ
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 4,511	\$ 6,165	\$ 3,808	\$ 6,868
Motor Vehicle Highway	14,464	2,466	1,100	15,830
Local Road and Street	9,843	627	-	10,470
Cumulative Capital Development	9,172	302	-	9,474
Riverboat	2,768	344	-	3,112
Rainy Day	1,872	-	-	1,872
CEDIT Special Revenue	4,970	330	428	4,872
Levy Excess	284	-	284	-
Cumulative Capital Improvement	2,891	160	-	3,051
Wells County Foundation Grant	1,602	-	-	1,602
Vera Cruz Community Development	10,519	9,080	-	19,599
Wells County Chamber of Commerce	2,805	-	-	2,805
Wastewater Utility Replacement	34,025	46,831	-	80,856
Wastewater Utility Tap-In	21,277	488	-	21,765
Wastewater Utility Bluffton Line Purchase	2,378	12,738	-	15,116
Wastewater Utility State Park	5,509	56,031	-	61,540
Wastewater Utility Vera Cruz Operating 25%	9,604	4,920	-	14,524
Wastewater Utility Vera Cruz Original Operating	12,073	21,072	-	33,145
Wastewater Utility Operating	100,667	17,455	105,275	12,847
Wastewater Utility Bond and Interest	42,680	-	42,680	-
Wastewater Utility Debt Reserve	8,047	-	8,047	-
Totals	<u>\$ 301,961</u>	<u>\$ 179,009</u>	<u>\$ 161,622</u>	<u>\$ 319,348</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF VERA CRUZ
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, and wastewater.

The accompanying financial statements present the financial information for the Town.

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

TOWN OF VERA CRUZ
NOTES TO FINANCIAL STATEMENTS
(Continued)

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Utility fees which are comprised mostly of charges for current services.

Penalties which include fees received for late payments.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The Town may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

TOWN OF VERA CRUZ
NOTES TO FINANCIAL STATEMENTS
(Continued)

G. Fund Accounting

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Town. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Town in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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 VERA CRUZ
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 5. Risk Management

The Town may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Sanitary Sewer System Lease

On February 13, 2007, the Town Council signed an agreement authorizing a lease of the sanitary sewer system to the City of Bluffton. The sewer works consist of transmission lines, a lift station and other equipment. The lease became effective January 1, 2007, and has a 99-year term. The City of Bluffton is responsible for all operating expenses, maintenance and repair of the Town's sanitary sewer system and shall directly bill and collect fees from Vera Cruz customers. The City of Bluffton is to pay the Town 25 percent of the gross revenue collected from Vera Cruz customers.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's 2010 Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Town's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Town which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was approved by management of the Town. It is presented as intended by the Town.

TOWN OF VERA CRUZ
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General	Motor Vehicle Highway	Local Road and Street	Cumulative Capital Development	Riverboat	Cumulative Capital Improvement
Cash and investments - beginning	\$ 1,879	\$ 20,206	\$ 9,337	\$ 8,656	\$ 2,424	\$ 2,704
Receipts:						
Intergovernmental	-	1,958	706	-	344	187
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	6,366	-	-	516	-	-
Total receipts	<u>6,366</u>	<u>1,958</u>	<u>706</u>	<u>516</u>	<u>344</u>	<u>187</u>
Disbursements:						
Utility operating expenses	-	-	-	-	-	-
Other disbursements	3,734	7,700	200	-	-	-
Total disbursements	<u>3,734</u>	<u>7,700</u>	<u>200</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>2,632</u>	<u>(5,742)</u>	<u>506</u>	<u>516</u>	<u>344</u>	<u>187</u>
Cash and investments - ending	<u>\$ 4,511</u>	<u>\$ 14,464</u>	<u>\$ 9,843</u>	<u>\$ 9,172</u>	<u>\$ 2,768</u>	<u>\$ 2,891</u>

TOWN OF VERA CRUZ
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Rainy Day	CEDIT Special Revenue	Levy Excess	Wells County Foundation Grant	Vera Cruz Community Development	Wells County Chamber of Commerce
Cash and investments - beginning	\$ 1,872	\$ 4,368	\$ 275	\$ 3,785	\$ -	\$ 2,783
Receipts:						
Intergovernmental	-	647	9	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	-	10,519	22
Total receipts	-	647	9	-	10,519	22
Disbursements:						
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	45	-	2,183	-	-
Total disbursements	-	45	-	2,183	-	-
Excess (deficiency) of receipts over disbursements	-	602	9	(2,183)	10,519	22
Cash and investments - ending	<u>\$ 1,872</u>	<u>\$ 4,970</u>	<u>\$ 284</u>	<u>\$ 1,602</u>	<u>\$ 10,519</u>	<u>\$ 2,805</u>

TOWN OF VERA CRUZ
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Wastewater Utility Operating	Wastewater Utility Bond and Interest	Wastewater Utility Debt Reserve	Wastewater Utility Penalty	Wastewater Utility Vera Cruz Operating 25%	Wastewater Utility Vera Cruz Original Operating
Cash and investments - beginning	\$ 103,409	\$ 43,189	\$ 8,215	\$ -	\$ 4,617	\$ 9,889
Receipts:						
Intergovernmental	-	-	-	-	-	-
Utility fees	-	-	-	-	-	2,184
Penalties	-	-	-	212	-	-
Other receipts	13,630	98	14	-	4,987	-
Total receipts	<u>13,630</u>	<u>98</u>	<u>14</u>	<u>212</u>	<u>4,987</u>	<u>2,184</u>
Disbursements:						
Utility operating expenses	-	-	-	212	-	-
Other disbursements	16,372	607	182	-	-	-
Total disbursements	<u>16,372</u>	<u>607</u>	<u>182</u>	<u>212</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(2,742)</u>	<u>(509)</u>	<u>(168)</u>	<u>-</u>	<u>4,987</u>	<u>2,184</u>
Cash and investments - ending	<u>\$ 100,667</u>	<u>\$ 42,680</u>	<u>\$ 8,047</u>	<u>\$ -</u>	<u>\$ 9,604</u>	<u>\$ 12,073</u>

TOWN OF VERA CRUZ
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Wastewater Utility Replacement	Wastewater Utility Tap-In	Wastewater Utility Bluffton Line Purchase	Wastewater Utility State Park	Totals
Cash and investments - beginning	\$ 33,568	\$ 21,011	\$ 2,299	\$ 5,140	\$ 289,626
Receipts:					
Intergovernmental	-	-	-	-	3,851
Utility fees	743	464	79	369	3,839
Penalties	-	-	-	-	212
Other receipts	-	-	-	-	36,152
Total receipts	<u>743</u>	<u>464</u>	<u>79</u>	<u>369</u>	<u>44,054</u>
Disbursements:					
Utility operating expenses	-	-	-	-	212
Other disbursements	286	198	-	-	31,507
Total disbursements	<u>286</u>	<u>198</u>	<u>-</u>	<u>-</u>	<u>31,719</u>
Excess (deficiency) of receipts over disbursements	<u>457</u>	<u>266</u>	<u>79</u>	<u>369</u>	<u>12,335</u>
Cash and investments - ending	<u>\$ 34,025</u>	<u>\$ 21,277</u>	<u>\$ 2,378</u>	<u>\$ 5,509</u>	<u>\$ 301,961</u>

TOWN OF VERA CRUZ
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	General	Motor Vehicle Highway	Local Road and Street	Cumulative Capital Development	Riverboat	Rainy Day
Cash and investments - beginning	\$ 4,511	\$ 14,464	\$ 9,843	\$ 9,172	\$ 2,768	\$ 1,872
Receipts:						
Taxes	3,404	-	-	302	-	-
Intergovernmental	1,668	1,528	627	-	344	-
Charges for services	121	-	-	-	-	-
Other receipts	972	938	-	-	-	-
Total receipts	6,165	2,466	627	302	344	-
Disbursements:						
Personal services	1,179	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	2,629	1,100	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	3,808	1,100	-	-	-	-
Excess (deficiency) of receipts over disbursements	2,357	1,366	627	302	344	-
Cash and investments - ending	\$ 6,868	\$ 15,830	\$ 10,470	\$ 9,474	\$ 3,112	\$ 1,872

TOWN OF VERA CRUZ
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	CEDIT Special Revenue	Levy Excess	Cumulative Capital Improvement	Wells County Foundation Grant	Vera Cruz Community Development	Wells County Chamber of Commerce
Cash and investments - beginning	\$ 4,970	\$ 284	\$ 2,891	\$ 1,602	\$ 10,519	\$ 2,805
Receipts:						
Taxes	-	-	-	-	-	-
Intergovernmental	330	-	160	-	-	-
Charges for services	-	-	-	-	-	-
Other receipts	-	-	-	-	9,080	-
Total receipts	<u>330</u>	<u>-</u>	<u>160</u>	<u>-</u>	<u>9,080</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	428	-	-	-	-	-
Other disbursements	-	284	-	-	-	-
Total disbursements	<u>428</u>	<u>284</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(98)</u>	<u>(284)</u>	<u>160</u>	<u>-</u>	<u>9,080</u>	<u>-</u>
Cash and investments - ending	<u>\$ 4,872</u>	<u>\$ -</u>	<u>\$ 3,051</u>	<u>\$ 1,602</u>	<u>\$ 19,599</u>	<u>\$ 2,805</u>

TOWN OF VERA CRUZ
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Wastewater Utility Replacement	Wastewater Utility Tap-In	Wastewater Utility Bluffton Line Purchase	Wastewater Utility State Park	Wastewater Utility Vera Cruz Operating 25%
Cash and investments - beginning	\$ 34,025	\$ 21,277	\$ 2,378	\$ 5,509	\$ 9,604
Receipts:					
Taxes	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Other receipts	<u>46,831</u>	<u>488</u>	<u>12,738</u>	<u>56,031</u>	<u>4,920</u>
Total receipts	<u>46,831</u>	<u>488</u>	<u>12,738</u>	<u>56,031</u>	<u>4,920</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Other disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>46,831</u>	<u>488</u>	<u>12,738</u>	<u>56,031</u>	<u>4,920</u>
Cash and investments - ending	<u>\$ 80,856</u>	<u>\$ 21,765</u>	<u>\$ 15,116</u>	<u>\$ 61,540</u>	<u>\$ 14,524</u>

TOWN OF VERA CRUZ
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Wastewater Utility Vera Cruz Original Operating	Wastewater Utility Operating	Wastewater Utility Bond and Interest	Wastewater Utility Debt Reserve	Totals
Cash and investments - beginning	\$ 12,073	\$ 100,667	\$ 42,680	\$ 8,047	\$ 301,961
Receipts:					
Taxes	-	-	-	-	3,706
Intergovernmental	-	-	-	-	4,657
Charges for services	-	15,311	-	-	15,432
Other receipts	<u>21,072</u>	<u>2,144</u>	<u>-</u>	<u>-</u>	<u>155,214</u>
Total receipts	<u>21,072</u>	<u>17,455</u>	<u>-</u>	<u>-</u>	<u>179,009</u>
Disbursements:					
Personal services	-	1,840	-	-	3,019
Supplies	-	1,286	-	-	1,286
Other services and charges	-	5,834	-	-	9,991
Other disbursements	<u>-</u>	<u>96,315</u>	<u>42,680</u>	<u>8,047</u>	<u>147,326</u>
Total disbursements	<u>-</u>	<u>105,275</u>	<u>42,680</u>	<u>8,047</u>	<u>161,622</u>
Excess (deficiency) of receipts over disbursements	<u>21,072</u>	<u>(87,820)</u>	<u>(42,680)</u>	<u>(8,047)</u>	<u>17,387</u>
Cash and investments - ending	<u>\$ 33,145</u>	<u>\$ 12,847</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 319,348</u>

TOWN OF VERA CRUZ
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2011

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance
Governmental activities:	
Buildings	\$ 15,000
Wastewater:	
Land	1,000
Buildings	71,240
Improvements other than buildings	746,218
Machinery, equipment and vehicles	1,788
Total Wastewater	820,246
Total capital assets	\$ 835,246

TOWN OF VERA CRUZ
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORTS

The Annual Reports prepared for 2010 and 2011 did not accurately reflect the financial activity of the Town. A similar comment appeared in prior Report B37840.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PRESCRIBED FORMS

The following prescribed or approved forms were not always in use: (1) Register of Investments (Form 350), and (2) Ledger of Receipts, Disbursements and Balances (Form 208). A similar comment appeared in prior Report B37840.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CONDITION OF RECORDS – RECORDING OF DISTRIBUTIONS

During the examination period, wheel tax and surtax distributions from the County Auditor were receipted to the Town General Fund.

The distributions of surtax and wheel tax to cities and towns should be receipted to the Motor Vehicle Highway Fund (Street Fund), . . . (Cities and Towns Bulletin, March 2004)

Indiana Code 6-3.5-4-13(d) states: "A county, city, or town may only use the surtax revenues it receives under this section to construct, reconstruct, repair, or maintain streets and roads under its jurisdiction."

Indiana Code 6-3.5-5-15(d) states: "A county, city, or town may only use the wheel tax revenues it receives under this section: (1) to construct, reconstruct, repair, or maintain streets and roads under its jurisdiction; or (2) as a contribution to an authority established under IC 36-7-23."

DEPOSITS

In numerous instances, receipts were deposited later than the next business day. In a test of receipts to deposits, we found 13 instances where local distributions were deposited anywhere from 15 to 27 days after the date of the check.

TOWN OF VERA CRUZ
EXAMINATION RESULTS AND COMMENTS
(Continued)

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."

INTEREST ON INVESTMENTS

Interest earned on some investments was automatically added to the principal and not recorded in the records.

Interest on investments should not be automatically added into the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CERTIFIED REPORT (FORM 100R) NOT FILED

The Town did not file a Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100R or its equivalent) with the State Board of Accounts for the year 2010 in a timely manner and no report was filed for the year 2011.

Indiana Code 5-11-13-1(a) 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 business 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."

APPROPRIATIONS

The General Fund expenditures were \$3,734 in excess of budgeted appropriations for 2010.

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."

TOWN OF VERA CRUZ
EXIT CONFERENCE

The contents of this report were discussed on October 2, 2012, with J. Ervin Schuman, Clerk-Treasurer. The official concurred with our findings.