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

EXAMINATION REPORT

OF

TOWN OF VERA CRUZ

WELLS COUNTY, INDIANA

January 1, 2008 to December 31, 2009



**FILED**  
11/16/2010



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Debra Klopfenstein	01-01-08 to 12-31-09
	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
President of the Town Council	Mary Ann Bricker	01-01-08 to 12-31-10



**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](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Town of Vera Cruz (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.

The Schedule of Capital Assets, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

September 1, 2010

TOWN OF VERA CRUZ  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES  
As Of And For The Years Ended December 31, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 3,873	\$ 4,708	\$ 4,702	\$ 3,879
Motor Vehicle Highway	15,866	2,519	-	18,385
Local Road and Street	8,215	775	-	8,990
Chamber of Commerce	2,531	413	-	2,944
Riverboat	1,734	345	-	2,079
Rainy Day	169	75	-	244
Wells County Foundation Grant	3,785	-	-	3,785
Levy Excess	275	-	-	275
Cumulative Capital Improvement	2,332	178	170	2,340
Cumulative Capital Development	6,751	1,645	-	8,396
Economic Development Income Tax	3,661	546	43	4,164
Proprietary Funds:				
Wastewater Utility - Operating	105,569	15,724	12,623	108,670
Wastewater Utility - Replacement	31,882	1,310	-	33,192
Wastewater Utility - Bond and Interest	41,677	1,116	3	42,790
Wastewater Utility - Depreciation	7,956	196	-	8,152
Wastewater Utility - Tap-In Fee	20,226	589	-	20,815
Wastewater Utility - State Park	2,423	269	-	2,692
Wastewater Utility - City of Bluffton	544	1,199	-	1,743
Totals	<u>\$ 259,469</u>	<u>\$ 31,607</u>	<u>\$ 17,541</u>	<u>\$ 273,535</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 3,879	\$ 2,613	\$ 4,613	\$ 1,879
Motor Vehicle Highway	18,385	2,371	550	20,206
Local Road and Street	8,990	697	350	9,337
Chamber of Commerce	2,944	14	175	2,783
Riverboat	2,079	345	-	2,424
Rainy Day	244	1,628	-	1,872
Wells County Foundation Grant	3,785	-	-	3,785
Flood Relief	-	1,800	1,800	-
Levy Excess	275	-	-	275
Cumulative Capital Improvement	2,340	364	-	2,704
Cumulative Capital Development	8,396	260	-	8,656
Economic Development Income Tax	4,164	251	47	4,368
Proprietary Funds:				
Wastewater Utility - Operating	108,670	15,974	6,729	117,915
Wastewater Utility - Replacement	33,192	375	-	33,567
Wastewater Utility - Bond and Interest	42,790	399	-	43,189
Wastewater Utility - Depreciation	8,152	63	-	8,215
Wastewater Utility - Tap-In Fee	20,815	195	-	21,010
Wastewater Utility - State Park	2,692	2,448	-	5,140
Wastewater Utility - City of Bluffton	1,743	556	-	2,299
Totals	<u>\$ 273,535</u>	<u>\$ 30,353</u>	<u>\$ 14,264</u>	<u>\$ 289,624</u>

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

TOWN OF VERA CRUZ  
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: highways and streets, culture and recreation, public improvement, planning and zoning, general administrative services, and wastewater.

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.

TOWN OF VERA CRUZ  
NOTES TO FINANCIAL INFORMATION  
(Continued)

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. 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% of the gross revenue collected from Vera Cruz customers.

TOWN OF VERA CRUZ  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2009

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.

General infrastructure assets completed in the current years have been reported. Retroactive reporting of general infrastructure assets is not required.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Buildings	\$ 15,000
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 1,000
Buildings	71,240
Improvements other than buildings	746,218
Machinery and equipment	1,788
Total Wastewater Utility capital assets	<u>\$ 820,246</u>

TOWN OF VERA CRUZ  
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT

The City Town Annual Report (CTAR) prepared for years 2008 and 2009 did not accurately reflect the financial activity of the Town.

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)

PRESCRIBED FORMS

The following City and Town prescribed or approved forms were not always in use:

Ledger of Receipts, Disbursements and Balances (Form 208)

Ledger of Appropriations, Encumbrances, Disbursements and Balances (Form 209)

Clerk-Treasurer's Receipt (Form 217)

Simplified Cash Journal - Wastewater Utility – Class C (Form 323)

Register of Investments (Form 350)

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)

TOWN OF VERA CRUZ  
EXIT CONFERENCE

The contents of this report were discussed on September 1, 2010, with Mary Ann Bricker, President of the Town Council, and Debra Klopfenstein, former Clerk-Treasurer.