

B40653

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

CITY OF BRAZIL  
CLAY COUNTY, INDIANA

January 1, 2011 to December 31, 2011



**FILED**  
07/31/2012



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### SCHEDULE OF OFFICIALS

| <u>Office</u>  | <u>Official</u>                      | <u>Term</u>                                  |
|--|--------------------------------------|--|
| Clerk-Treasurer                                      | Karen L. McQueen                     | 01-01-08 to 12-31-15                         |
| Mayor  | A. Ann Bradshaw<br>Brian L. Wyndham  | 01-01-08 to 12-31-11<br>01-01-12 to 12-31-15 |
| President of the Board of<br>Public Works and Safety | A. Ann Bradshaw<br>Brian L. Wyndham  | 01-01-08 to 12-31-11<br>01-01-12 to 12-31-15 |
| President of the Common Council                      | Samuel N. Glover                     | 01-01-11 to 12-31-12                         |
| Superintendent of Water Utility                      | Jacob D. Raubach                     | 01-01-11 to 12-31-12                         |
| Co-Superintendents of<br>Wastewater Utility          | Jerry D. Robison<br>Terry L. Robison | 01-01-11 to 12-31-12<br>01-01-11 to 12-31-12 |
| Utility Office Manager                               | Sheryl J. Hill                       | 01-01-11 to 12-31-12                         |



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF BRAZIL, CLAY COUNTY, INDIANA

We have audited the accompanying financial statement of the City of Brazil (City), for the year ended December 31, 2011. This financial statement is the responsibility of the City's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the City prepares its financial statement 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.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated July 9, 2012, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the City's management, City Council, others within the entity, federal awarding agencies, and pass-through entities 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

July 9, 2012



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
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Telephone: (317) 232-2513  
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE CITY OF BRAZIL, CLAY COUNTY, INDIANA

We have audited the financial statement of the City of Brazil (City), for the year ended December 31, 2011, and have issued our report thereon dated July 9, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the City's management, City Council, others within the entity, federal awarding agencies, and pass-through entities 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

July 9, 2012

## FINANCIAL STATEMENT

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

CITY OF BRAZIL  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2011

| Fund                                       | Cash and<br>Investments<br>01-01-11 | Receipts             | Disbursements        | Cash and<br>Investments<br>12-31-11 |
|--|-------------------------------------|----------------------|----------------------|-------------------------------------|
| General                                    | \$ (133,443)                        | \$ 2,390,255         | \$ 2,409,812         | \$ (153,000)                        |
| MVH  | 72,172                              | 345,300              | 375,583              | 41,889                              |
| LRS  | 10,184                              | 31,503               | 54,506               | (12,819)                            |
| Parks Non-Reverting                        | 19,030                              | 4,438                | 4,808                | 18,660                              |
| Economic Development Fund                  | 22,039                              | -                    | -                    | 22,039                              |
| Sanitation                                 | 189,740                             | 452,398              | 406,781              | 235,357                             |
| Law Enforcement Continuing Education Fund  | 6,400                               | 3,053                | 3,668                | 5,785                               |
| Unsafe Building Fund                       | 24,621                              | 6,542                | 45,147               | (13,984)                            |
| Parks and Recreation                       | 26,247                              | 234,468              | 242,118              | 18,597                              |
| Rainy Day                                  | 165,727                             | -                    | 75,000               | 90,727                              |
| K9 Fund                                    | 105                                 | -                    | 77                   | 28                                  |
| Levy Excess Fund                           | 6,245                               | -                    | -                    | 6,245                               |
| CCI  | 15,373                              | 23,514               | -                    | 38,887                              |
| CCD  | 91,299                              | 86,979               | 23,891               | 154,387                             |
| Redevelopment Bond                         | 67,545                              | 81,106               | 77,598               | 71,053                              |
| Cumulative Drainage Fund                   | (1,601)                             | -                    | -                    | (1,601)                             |
| Police Pension                             | 38,179                              | 52,575               | 86,459               | 4,295                               |
| Fire Pension                               | 535,750                             | 109,740              | 197,495              | 447,995                             |
| Cemetery                                   | 4,941                               | 60,507               | 78,944               | (13,496)                            |
| GO Bond Fund Series 2002                   | 97,702                              | 44,877               | 73,700               | 68,879                              |
| Cemetery Non-Reverting                     | 15,656                              | 2                    | -                    | 15,658                              |
| Police Bike Fund                           | 19                                  | -                    | -                    | 19                                  |
| Emergency Response Team Fund               | (2,306)                             | -                    | -                    | (2,306)                             |
| NSP Grant Fund                             | -                                   | 462,334              | 462,334              | -                                   |
| Police Education Fund                      | 21,553                              | 5,882                | 1,273                | 26,162                              |
| Police Grant Fund                          | 23,185                              | 3,454                | 1,900                | 24,739                              |
| Police Deferral Fund                       | 29,333                              | 23,330               | 14,550               | 38,113                              |
| Golf Fund                                  | 16,859                              | 295,826              | 321,930              | (9,245)                             |
| Shop With A Cop Fund                       | 2,688                               | 11,575               | 10,750               | 3,513                               |
| Traffic Safety Fund                        | 6,033                               | -                    | -                    | 6,033                               |
| Fire Education Fund                        | 160                                 | -                    | -                    | 160                                 |
| Fire Special Fund                          | 46,604                              | 14,000               | -                    | 60,604                              |
| Public Works Loan of 2007                  | 8,714                               | 128,300              | 112,875              | 24,139                              |
| GO/SD Bonds of 2008                        | 74,625                              | 29,762               | 70,438               | 33,949                              |
| Sidewalk Construction Bond Fund            | 1,219                               | -                    | -                    | 1,219                               |
| Sidewalk Construction Bond Fund II         | 13,998                              | -                    | -                    | 13,998                              |
| Due to City Sanitation                     | 66,904                              | 4,395                | 30,914               | 40,385                              |
| Payroll                                    | 73,449                              | 699,980              | 711,420              | 62,009                              |
| Health Claim Fund                          | 904                                 | -                    | -                    | 904                                 |
| Health Reimbursement Fund                  | 16,509                              | -                    | -                    | 16,509                              |
| Public Safety Local Option Income Tax Fund | -                                   | 276,157              | 276,157              | -                                   |
| Sewage Bond and Interest                   | 2,236                               | 992,430              | 992,430              | 2,236                               |
| Sewer-Operating                            | (156,228)                           | 2,624,262            | 2,476,684            | (8,650)                             |
| Sewer-Debt Service Reserve                 | 1,005,000                           | -                    | -                    | 1,005,000                           |
| Water Bond and Interest (BoNY)             | 72,670                              | 1,488,163            | 1,443,161            | 117,672                             |
| Water Debt Service Reserve                 | 32,640                              | 65,256               | -                    | 97,896                              |
| Water Meter Deposit                        | 253,096                             | 5,830                | -                    | 258,926                             |
| Water Construction                         | 15,847                              | 3,613,712            | 3,376,808            | 252,751                             |
| Water Utility-Operating                    | 207,944                             | 3,900,057            | 3,778,367            | 329,634                             |
| Totals                                     | <u>\$ 3,107,566</u>                 | <u>\$ 18,571,962</u> | <u>\$ 18,237,578</u> | <u>\$ 3,441,950</u>                 |

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

CITY OF BRAZIL  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, storm water, trash, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the City.

*B. Basis of Accounting*

The financial statement is 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 statement. 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 City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

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,

CITY OF BRAZIL  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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.

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.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

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 statement. 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.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

CITY OF BRAZIL  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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 City 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.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the City. 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 City. 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 City 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 City 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 City 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.

CITY OF BRAZIL  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**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 City 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 5. Risk Management**

The City 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 City 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. These risks may also be mitigated by the City by recording as a disbursement any replacement items purchased.

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

CITY OF BRAZIL  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

*B. 1925 Police Officers' Pension Plan*

*Plan Description*

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

*Funding Policy*

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

*On Behalf Payments*

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

*C. 1937 Firefighters' Pension Plan*

*Plan Description*

The 1937 Firefighters' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

*Funding Policy*

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

*On Behalf Payments*

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

CITY OF BRAZIL  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*D. 1977 Police Officers' and Firefighters' Pension and Disability Fund*

*Plan Description*

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy*

The contribution requirements of plan members and the City are established by the Board of Trustees of INPRS.

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City'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 statement contained in this report and the financial information presented in the Annual Report of the City which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

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

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

|  | General             | MVH              | LRS                | Parks<br>Non-Reverting | Economic<br>Development<br>Fund | Sanitation        | Law<br>Enforcement<br>Continuing<br>Education<br>Fund |
|--|---------------------|------------------|--------------------|------------------------|---------------------------------|-------------------|---|
| Cash and investments - beginning                   | \$ (133,443)        | \$ 72,172        | \$ 10,184          | \$ 19,030              | \$ 22,039                       | \$ 189,740        | \$ 6,400  |
| Receipts:  |                     |                  |                    |                        |                                 |                   |   |
| Taxes  | 1,130,846           | 117,068          | -                  | -                      | -                               | -                 | -   |
| Licenses and permits                               | 27,929              | -                | -                  | -                      | -                               | -                 | -   |
| Intergovernmental                                  | 1,079,802           | 206,921          | 31,075             | -                      | -                               | -                 | -   |
| Charges for services                               | 15,233              | -                | -                  | -                      | -                               | 430,787           | -   |
| Fines and forfeits                                 | 2,770               | -                | -                  | -                      | -                               | -                 | -   |
| Utility fees                                       | -                   | -                | -                  | -                      | -                               | -                 | -   |
| Penalties  | -                   | -                | -                  | -                      | -                               | -                 | -   |
| Other receipts                                     | 133,675             | 21,311           | 428                | 4,438                  | -                               | 21,611            | 3,053   |
| Total receipts                                     | <u>2,390,255</u>    | <u>345,300</u>   | <u>31,503</u>      | <u>4,438</u>           | <u>-</u>                        | <u>452,398</u>    | <u>3,053</u>  |
| Disbursements:                                     |                     |                  |                    |                        |                                 |                   |   |
| Personal services                                  | 1,731,453           | 212,971          | -                  | -                      | -                               | 188,046           | -   |
| Supplies   | 90,283              | 54,971           | 54,506             | 4,808                  | -                               | 68,920            | 3,668   |
| Other services and charges                         | 531,967             | 82,618           | -                  | -                      | -                               | 123,015           | -   |
| Debt service - principal and interest              | -                   | 1,000            | -                  | -                      | -                               | 26,800            | -   |
| Capital outlay                                     | -                   | 24,023           | -                  | -                      | -                               | -                 | -   |
| Utility operating expenses                         | -                   | -                | -                  | -                      | -                               | -                 | -   |
| Other disbursements                                | 56,109              | -                | -                  | -                      | -                               | -                 | -   |
| Total disbursements                                | <u>2,409,812</u>    | <u>375,583</u>   | <u>54,506</u>      | <u>4,808</u>           | <u>-</u>                        | <u>406,781</u>    | <u>3,668</u>  |
| Excess (deficiency) of receipts over disbursements | <u>(19,557)</u>     | <u>(30,283)</u>  | <u>(23,003)</u>    | <u>(370)</u>           | <u>-</u>                        | <u>45,617</u>     | <u>(615)</u>  |
| Cash and investments - ending                      | <u>\$ (153,000)</u> | <u>\$ 41,889</u> | <u>\$ (12,819)</u> | <u>\$ 18,660</u>       | <u>\$ 22,039</u>                | <u>\$ 235,357</u> | <u>\$ 5,785</u>                                       |

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

|  | Unsafe<br>Building<br>Fund | Parks<br>and<br>Recreation | Rainy<br>Day     | K9<br>Fund   | Levy<br>Excess<br>Fund | CCI              | CCD               |
|--|----------------------------|----------------------------|------------------|--------------|------------------------|------------------|-------------------|
| Cash and investments - beginning                   | \$ 24,621                  | \$ 26,247                  | \$ 165,727       | \$ 105       | \$ 6,245               | \$ 15,373        | \$ 91,299         |
| Receipts:  |                            |                            |                  |              |                        |                  |                   |
| Taxes  | -                          | 170,419                    | -                | -            | -                      | -                | 73,568            |
| Licenses and permits                               | -                          | -                          | -                | -            | -                      | -                | -                 |
| Intergovernmental                                  | -                          | 13,026                     | -                | -            | -                      | 23,514           | 5,623             |
| Charges for services                               | 6,542                      | 35,624                     | -                | -            | -                      | -                | -                 |
| Fines and forfeits                                 | -                          | -                          | -                | -            | -                      | -                | -                 |
| Utility fees                                       | -                          | -                          | -                | -            | -                      | -                | -                 |
| Penalties  | -                          | -                          | -                | -            | -                      | -                | -                 |
| Other receipts                                     | -                          | 15,399                     | -                | -            | -                      | -                | 7,788             |
| Total receipts                                     | <u>6,542</u>               | <u>234,468</u>             | <u>-</u>         | <u>-</u>     | <u>-</u>               | <u>23,514</u>    | <u>86,979</u>     |
| Disbursements:                                     |                            |                            |                  |              |                        |                  |                   |
| Personal services                                  | -                          | 108,274                    | -                | -            | -                      | -                | -                 |
| Supplies   | -                          | 27,777                     | -                | 77           | -                      | -                | -                 |
| Other services and charges                         | 45,147                     | 106,035                    | -                | -            | -                      | -                | 23,891            |
| Debt service - principal and interest              | -                          | -                          | -                | -            | -                      | -                | -                 |
| Capital outlay                                     | -                          | -                          | 75,000           | -            | -                      | -                | -                 |
| Utility operating expenses                         | -                          | -                          | -                | -            | -                      | -                | -                 |
| Other disbursements                                | -                          | 32                         | -                | -            | -                      | -                | -                 |
| Total disbursements                                | <u>45,147</u>              | <u>242,118</u>             | <u>75,000</u>    | <u>77</u>    | <u>-</u>               | <u>-</u>         | <u>23,891</u>     |
| Excess (deficiency) of receipts over disbursements | <u>(38,605)</u>            | <u>(7,650)</u>             | <u>(75,000)</u>  | <u>(77)</u>  | <u>-</u>               | <u>23,514</u>    | <u>63,088</u>     |
| Cash and investments - ending                      | <u>\$ (13,984)</u>         | <u>\$ 18,597</u>           | <u>\$ 90,727</u> | <u>\$ 28</u> | <u>\$ 6,245</u>        | <u>\$ 38,887</u> | <u>\$ 154,387</u> |

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

|  | Redevelopment<br>Bond | Cumulative<br>Drainage<br>Fund | Police<br>Pension | Fire<br>Pension   | Cemetery           | GO<br>Bond<br>Fund<br>Series<br>2002 |
|--|-----------------------|--------------------------------|-------------------|-------------------|--------------------|--------------------------------------|
| Cash and investments - beginning                   | \$ 67,545             | \$ (1,601)                     | \$ 38,179         | \$ 535,750        | \$ 4,941           | \$ 97,702                            |
| Receipts:  |                       |                                |                   |                   |                    |                                      |
| Taxes  | 75,347                | -                              | 7,519             | 94,026            | 45,758             | 37,090                               |
| Licenses and permits                               | -                     | -                              | -                 | -                 | -                  | -                                    |
| Intergovernmental                                  | 5,759                 | -                              | 521               | -                 | 3,498              | 7,787                                |
| Charges for services                               | -                     | -                              | -                 | -                 | 7,875              | -                                    |
| Fines and forfeits                                 | -                     | -                              | -                 | -                 | -                  | -                                    |
| Utility fees                                       | -                     | -                              | -                 | -                 | -                  | -                                    |
| Penalties  | -                     | -                              | -                 | -                 | -                  | -                                    |
| Other receipts                                     | -                     | -                              | 44,535            | 15,714            | 3,376              | -                                    |
| Total receipts                                     | <u>81,106</u>         | <u>-</u>                       | <u>52,575</u>     | <u>109,740</u>    | <u>60,507</u>      | <u>44,877</u>                        |
| Disbursements:                                     |                       |                                |                   |                   |                    |                                      |
| Personal services                                  | -                     | -                              | 78,179            | 197,255           | 49,333             | -                                    |
| Supplies   | -                     | -                              | -                 | -                 | 202                | -                                    |
| Other services and charges                         | -                     | -                              | 240               | 240               | 29,409             | -                                    |
| Debt service - principal and interest              | 77,598                | -                              | -                 | -                 | -                  | 73,700                               |
| Capital outlay                                     | -                     | -                              | -                 | -                 | -                  | -                                    |
| Utility operating expenses                         | -                     | -                              | -                 | -                 | -                  | -                                    |
| Other disbursements                                | -                     | -                              | 8,040             | -                 | -                  | -                                    |
| Total disbursements                                | <u>77,598</u>         | <u>-</u>                       | <u>86,459</u>     | <u>197,495</u>    | <u>78,944</u>      | <u>73,700</u>                        |
| Excess (deficiency) of receipts over disbursements | <u>3,508</u>          | <u>-</u>                       | <u>(33,884)</u>   | <u>(87,755)</u>   | <u>(18,437)</u>    | <u>(28,823)</u>                      |
| Cash and investments - ending                      | <u>\$ 71,053</u>      | <u>\$ (1,601)</u>              | <u>\$ 4,295</u>   | <u>\$ 447,995</u> | <u>\$ (13,496)</u> | <u>\$ 68,879</u>                     |

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

|  | Cemetery<br>Non-Reverting | Police<br>Bike<br>Fund | Emergency<br>Response<br>Team<br>Fund | NSP<br>Grant<br>Fund | Police<br>Education<br>Fund | Police<br>Grant<br>Fund |
|--|---------------------------|------------------------|---------------------------------------|----------------------|-----------------------------|-------------------------|
| Cash and investments - beginning                   | \$ 15,656                 | \$ 19                  | \$ (2,306)                            | \$ -                 | \$ 21,553                   | \$ 23,185               |
| Receipts:  |                           |                        |                                       |                      |                             |                         |
| Taxes  | -                         | -                      | -                                     | -                    | -                           | -                       |
| Licenses and permits                               | -                         | -                      | -                                     | -                    | 1,860                       | -                       |
| Intergovernmental                                  | -                         | -                      | -                                     | 462,334              | -                           | 3,454                   |
| Charges for services                               | -                         | -                      | -                                     | -                    | 4,022                       | -                       |
| Fines and forfeits                                 | -                         | -                      | -                                     | -                    | -                           | -                       |
| Utility fees                                       | -                         | -                      | -                                     | -                    | -                           | -                       |
| Penalties  | -                         | -                      | -                                     | -                    | -                           | -                       |
| Other receipts                                     | 2                         | -                      | -                                     | -                    | -                           | -                       |
| Total receipts                                     | <u>2</u>                  | <u>-</u>               | <u>-</u>                              | <u>462,334</u>       | <u>5,882</u>                | <u>3,454</u>            |
| Disbursements:                                     |                           |                        |                                       |                      |                             |                         |
| Personal services                                  | -                         | -                      | -                                     | -                    | -                           | 1,900                   |
| Supplies   | -                         | -                      | -                                     | -                    | -                           | -                       |
| Other services and charges                         | -                         | -                      | -                                     | 462,334              | 1,273                       | -                       |
| Debt service - principal and interest              | -                         | -                      | -                                     | -                    | -                           | -                       |
| Capital outlay                                     | -                         | -                      | -                                     | -                    | -                           | -                       |
| Utility operating expenses                         | -                         | -                      | -                                     | -                    | -                           | -                       |
| Other disbursements                                | -                         | -                      | -                                     | -                    | -                           | -                       |
| Total disbursements                                | <u>-</u>                  | <u>-</u>               | <u>-</u>                              | <u>462,334</u>       | <u>1,273</u>                | <u>1,900</u>            |
| Excess (deficiency) of receipts over disbursements | <u>2</u>                  | <u>-</u>               | <u>-</u>                              | <u>-</u>             | <u>4,609</u>                | <u>1,554</u>            |
| Cash and investments - ending                      | <u>\$ 15,658</u>          | <u>\$ 19</u>           | <u>\$ (2,306)</u>                     | <u>\$ -</u>          | <u>\$ 26,162</u>            | <u>\$ 24,739</u>        |

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

|  | Police<br>Deferral<br>Fund | Golf<br>Fund      | Shop<br>With<br>A<br>Cop<br>Fund | Traffic<br>Safety<br>Fund | Fire<br>Education<br>Fund | Fire<br>Special<br>Fund |
|--|----------------------------|-------------------|----------------------------------|---------------------------|---------------------------|-------------------------|
| Cash and investments - beginning                   | \$ 29,333                  | \$ 16,859         | \$ 2,688                         | \$ 6,033                  | \$ 160                    | \$ 46,604               |
| Receipts:  |                            |                   |                                  |                           |                           |                         |
| Taxes  | -                          | -                 | -                                | -                         | -                         | -                       |
| Licenses and permits                               | -                          | -                 | -                                | -                         | -                         | -                       |
| Intergovernmental                                  | -                          | -                 | -                                | -                         | -                         | -                       |
| Charges for services                               | -                          | 255,484           | -                                | -                         | -                         | -                       |
| Fines and forfeits                                 | 23,330                     | -                 | -                                | -                         | -                         | -                       |
| Utility fees                                       | -                          | -                 | -                                | -                         | -                         | -                       |
| Penalties  | -                          | -                 | -                                | -                         | -                         | -                       |
| Other receipts                                     | -                          | 40,342            | 11,575                           | -                         | -                         | 14,000                  |
| Total receipts                                     | <u>23,330</u>              | <u>295,826</u>    | <u>11,575</u>                    | <u>-</u>                  | <u>-</u>                  | <u>14,000</u>           |
| Disbursements:                                     |                            |                   |                                  |                           |                           |                         |
| Personal services                                  | -                          | 164,584           | -                                | -                         | -                         | -                       |
| Supplies   | 1,470                      | 37,029            | -                                | -                         | -                         | -                       |
| Other services and charges                         | 13,080                     | 92,947            | 10,750                           | -                         | -                         | -                       |
| Debt service - principal and interest              | -                          | -                 | -                                | -                         | -                         | -                       |
| Capital outlay                                     | -                          | 27,245            | -                                | -                         | -                         | -                       |
| Utility operating expenses                         | -                          | -                 | -                                | -                         | -                         | -                       |
| Other disbursements                                | -                          | 125               | -                                | -                         | -                         | -                       |
| Total disbursements                                | <u>14,550</u>              | <u>321,930</u>    | <u>10,750</u>                    | <u>-</u>                  | <u>-</u>                  | <u>-</u>                |
| Excess (deficiency) of receipts over disbursements | <u>8,780</u>               | <u>(26,104)</u>   | <u>825</u>                       | <u>-</u>                  | <u>-</u>                  | <u>14,000</u>           |
| Cash and investments - ending                      | <u>\$ 38,113</u>           | <u>\$ (9,245)</u> | <u>\$ 3,513</u>                  | <u>\$ 6,033</u>           | <u>\$ 160</u>             | <u>\$ 60,604</u>        |

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

|  | Public<br>Works<br>Loan<br>of<br>2007 | GO/SD<br>Bonds<br>of<br>2008 | Sidewalk<br>Construction<br>Bond<br>Fund | Sidewalk<br>Construction<br>Bond<br>Fund<br>II | Due<br>to<br>City<br>Sanitation | Payroll          |
|--|---------------------------------------|------------------------------|--|--|---------------------------------|------------------|
| Cash and investments - beginning                   | \$ 8,714                              | \$ 74,625                    | \$ 1,219                                 | \$ 13,998                                      | \$ 66,904                       | \$ 73,449        |
| Receipts:  |                                       |                              |  |  |                                 |                  |
| Taxes  | 123,790                               | 27,649                       | -  | -  | -                               | -                |
| Licenses and permits                               | -                                     | -                            | -  | -  | -                               | -                |
| Intergovernmental                                  | 4,510                                 | 2,113                        | -  | -  | -                               | -                |
| Charges for services                               | -                                     | -                            | -  | -  | -                               | -                |
| Fines and forfeits                                 | -                                     | -                            | -  | -  | -                               | -                |
| Utility fees                                       | -                                     | -                            | -  | -  | -                               | -                |
| Penalties  | -                                     | -                            | -  | -  | -                               | -                |
| Other receipts                                     | -                                     | -                            | -  | -  | 4,395                           | 699,980          |
| Total receipts                                     | <u>128,300</u>                        | <u>29,762</u>                | <u>-</u>                                 | <u>-</u>                                       | <u>4,395</u>                    | <u>699,980</u>   |
| Disbursements:                                     |                                       |                              |  |  |                                 |                  |
| Personal services                                  | -                                     | -                            | -  | -  | -                               | 9,660            |
| Supplies   | -                                     | -                            | -  | -  | -                               | -                |
| Other services and charges                         | -                                     | -                            | -  | -  | -                               | -                |
| Debt service - principal and interest              | 112,875                               | 59,675                       | -  | -  | -                               | -                |
| Capital outlay                                     | -                                     | -                            | -  | -  | -                               | -                |
| Utility operating expenses                         | -                                     | -                            | -  | -  | -                               | -                |
| Other disbursements                                | -                                     | 10,763                       | -  | -  | 30,914                          | 701,760          |
| Total disbursements                                | <u>112,875</u>                        | <u>70,438</u>                | <u>-</u>                                 | <u>-</u>                                       | <u>30,914</u>                   | <u>711,420</u>   |
| Excess (deficiency) of receipts over disbursements | <u>15,425</u>                         | <u>(40,676)</u>              | <u>-</u>                                 | <u>-</u>                                       | <u>(26,519)</u>                 | <u>(11,440)</u>  |
| Cash and investments - ending                      | <u>\$ 24,139</u>                      | <u>\$ 33,949</u>             | <u>\$ 1,219</u>                          | <u>\$ 13,998</u>                               | <u>\$ 40,385</u>                | <u>\$ 62,009</u> |

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

|  | Health<br>Claim<br>Fund | Health<br>Reimbursement<br>Fund | Public<br>Safety<br>Local Option<br>Income Tax<br>Fund | Sewage<br>Bond<br>and<br>Interest | Sewer-Operating | Sewer-Debt<br>Service<br>Reserve |
|--|-------------------------|---------------------------------|--|-----------------------------------|-----------------|----------------------------------|
| Cash and investments - beginning                   | \$ 904                  | \$ 16,509                       | \$ -   | \$ 2,236                          | \$ (156,228)    | \$ 1,005,000                     |
| Receipts:  |                         |                                 |  |                                   |                 |                                  |
| Taxes  | -                       | -                               | -  | -                                 | -               | -                                |
| Licenses and permits                               | -                       | -                               | -  | -                                 | -               | -                                |
| Intergovernmental                                  | -                       | -                               | 276,157  | -                                 | -               | -                                |
| Charges for services                               | -                       | -                               | -  | -                                 | -               | -                                |
| Fines and forfeits                                 | -                       | -                               | -  | -                                 | -               | -                                |
| Utility fees                                       | -                       | -                               | -  | -                                 | 2,367,189       | -                                |
| Penalties  | -                       | -                               | -  | -                                 | 63,711          | -                                |
| Other receipts                                     | -                       | -                               | -  | 992,430                           | 193,362         | -                                |
| Total receipts                                     | -                       | -                               | 276,157  | 992,430                           | 2,624,262       | -                                |
| Disbursements:                                     |                         |                                 |  |                                   |                 |                                  |
| Personal services                                  | -                       | -                               | 276,157  | -                                 | -               | -                                |
| Supplies   | -                       | -                               | -  | -                                 | -               | -                                |
| Other services and charges                         | -                       | -                               | -  | -                                 | -               | -                                |
| Debt service - principal and interest              | -                       | -                               | -  | 992,430                           | -               | -                                |
| Capital outlay                                     | -                       | -                               | -  | -                                 | 114,403         | -                                |
| Utility operating expenses                         | -                       | -                               | -  | -                                 | 1,237,562       | -                                |
| Other disbursements                                | -                       | -                               | -  | -                                 | 1,124,719       | -                                |
| Total disbursements                                | -                       | -                               | 276,157  | 992,430                           | 2,476,684       | -                                |
| Excess (deficiency) of receipts over disbursements | -                       | -                               | -  | -                                 | 147,578         | -                                |
| Cash and investments - ending                      | \$ 904                  | \$ 16,509                       | \$ -   | \$ 2,236                          | \$ (8,650)      | \$ 1,005,000                     |

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

|  | Water<br>Bond<br>and<br>Interest<br>(BoNY) | Water<br>Debt<br>Service<br>Reserve | Water<br>Meter<br>Deposit | Water<br>Construction | Water<br>Utility-Operating | Totals       |
|--|--|-------------------------------------|---------------------------|-----------------------|----------------------------|--------------|
| Cash and investments - beginning                   | \$ 72,670                                  | \$ 32,640                           | \$ 253,096                | \$ 15,847             | \$ 207,944                 | \$ 3,107,566 |
| Receipts:  |  |                                     |                           |                       |                            |              |
| Taxes  | -  | -                                   | -                         | -                     | -                          | 1,903,080    |
| Licenses and permits                               | -  | -                                   | -                         | -                     | -                          | 29,789       |
| Intergovernmental                                  | -  | -                                   | -                         | -                     | -                          | 2,126,094    |
| Charges for services                               | -  | -                                   | -                         | -                     | -                          | 755,567      |
| Fines and forfeits                                 | -  | -                                   | -                         | -                     | -                          | 26,100       |
| Utility fees                                       | -  | -                                   | -                         | -                     | 1,709,767                  | 4,076,956    |
| Penalties  | -  | -                                   | -                         | -                     | -                          | 63,711       |
| Other receipts                                     | 1,488,163                                  | 65,256                              | 5,830                     | 3,613,712             | 2,190,290                  | 9,590,665    |
| Total receipts                                     | 1,488,163                                  | 65,256                              | 5,830                     | 3,613,712             | 3,900,057                  | 18,571,962   |
| Disbursements:                                     |  |                                     |                           |                       |                            |              |
| Personal services                                  | -  | -                                   | -                         | -                     | -                          | 3,017,812    |
| Supplies   | -  | -                                   | -                         | -                     | -                          | 343,711      |
| Other services and charges                         | -  | -                                   | -                         | -                     | -                          | 1,522,946    |
| Debt service - principal and interest              | 236,398                                    | -                                   | -                         | -                     | -                          | 1,580,476    |
| Capital outlay                                     | -  | -                                   | -                         | 3,376,719             | 16,000                     | 3,633,390    |
| Utility operating expenses                         | -  | -                                   | -                         | -                     | 1,178,202                  | 2,415,764    |
| Other disbursements                                | 1,206,763                                  | -                                   | -                         | 89                    | 2,584,165                  | 5,723,479    |
| Total disbursements                                | 1,443,161                                  | -                                   | -                         | 3,376,808             | 3,778,367                  | 18,237,578   |
| Excess (deficiency) of receipts over disbursements | 45,002                                     | 65,256                              | 5,830                     | 236,904               | 121,690                    | 334,384      |
| Cash and investments - ending                      | \$ 117,672                                 | \$ 97,896                           | \$ 258,926                | \$ 252,751            | \$ 329,634                 | \$ 3,441,950 |

CITY OF BRAZIL  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2011

| <u>Government or Enterprise</u> | <u>Accounts Payable</u> | <u>Accounts Receivable</u> |
|---------------------------------|-------------------------|----------------------------|
| Governmental activities         | \$ 627,384              | \$ 3,393,177               |
| Wastewater                      | 46,121                  | 272,043                    |
| Water                           | <u>653,683</u>          | <u>52,051</u>              |
| Totals                          | <u>\$ 1,327,188</u>     | <u>\$ 3,717,271</u>        |

CITY OF BRAZIL  
SCHEDULE OF LEASES AND DEBT  
December 31, 2011

| Lessor                                     | Purpose  | Annual<br>Lease<br>Payment     | Lease<br>Beginning<br>Date                          | Lease<br>Ending<br>Date |
|--|--|--------------------------------|---|-------------------------|
| Governmental activities:<br>City of Brazil | Golf Cart Lease  | \$ 21,001                      | 09-26-11  | 07-15-16                |
| Total of annual lease payments             |  | <u>\$ 21,001</u>               |   |                         |
| Type                                       | Description of Debt<br>Purpose                                   | Ending<br>Principal<br>Balance | Principal and<br>Interest Due<br>Within One<br>Year |                         |
| Governmental activities:                   |  |                                |   |                         |
| General obligation bonds                   | GO Bonds Series 2002   | \$ 435,000                     | \$ 71,300   |                         |
| General obligation bonds                   | GO Bonds Series 2008   | 310,000                        | 19,474  |                         |
| General obligation bonds                   | Special Taxing District Bonds Series 2002                        | 480,000                        | 80,325  |                         |
| Notes and loans payable                    | Public Works Project Loan of 2007                                | <u>200,000</u>                 | <u>108,210</u>                                      |                         |
| Total governmental activities              |  | <u>1,425,000</u>               | <u>279,309</u>                                      |                         |
| Wastewater:                                |  |                                |   |                         |
| Revenue bonds                              | Sewage Works Refunding Revenue Bonds of 2004                     | 4,795,000                      | 996,910   |                         |
| Notes and loans payable                    | Capital Lease - Guaranteed Energy Savings Performance Contract   | <u>1,240,700</u>               | <u>91,413</u>                                       |                         |
| Total Wastewater                           |  | <u>6,035,700</u>               | <u>1,088,323</u>                                    |                         |
| Water:                                     |  |                                |   |                         |
| Revenue bonds                              | Waterworks Revenue Bonds of 2010 Series A                        | 4,670,000                      | 136,364   |                         |
| Revenue bonds                              | Supplemental Waterworks Refunding Revenue Bonds of 2010 Series B | <u>145,000</u>                 | <u>147,876</u>                                      |                         |
| Total Water                                |  | <u>4,815,000</u>               | <u>284,240</u>                                      |                         |
| Totals                                     |  | <u>\$ 12,275,700</u>           | <u>\$ 1,651,872</u>                                 |                         |

CITY OF BRAZIL  
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<br>Balance |
|-----------------------------------|-------------------|
| Governmental activities:          |                   |
| Total governmental activities     | \$ -              |
| Wastewater:                       |                   |
| Infrastructure                    | 27,004,592        |
| Machinery, equipment and vehicles | 12,027            |
| Total Wastewater                  | 27,016,619        |
| Water:                            |                   |
| Land                              | 16,000            |
| Infrastructure                    | 6,637,263         |
| Machinery, equipment and vehicles | 12,192            |
| Construction in progress          | 5,625,834         |
| Total Water                       | 12,291,289        |
| Total capital assets              | \$ 39,307,908     |

CITY OF BRAZIL  
AUDIT RESULTS AND COMMENTS

***ANNUAL REPORT – (Applies to City)***

An annual report for 2011 was presented for audit; however, the Schedule of Leases and Debt and the Schedule of Capital Assets were incomplete.

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

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality 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."

***APPROPRIATIONS – (Applies to City)***

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

| Fund                 | Year | Excess<br>Amount<br>Expended |
|----------------------|------|------------------------------|
| General              | 2011 | \$ 81,785                    |
| MVH                  | 2011 | 50,592                       |
| LRS                  | 2011 | 17,056                       |
| Parks and Recreation | 2011 | 18,668                       |
| Rainy Day            | 2011 | 75,000                       |
| Cemetery             | 2011 | 12,654                       |

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."

***BANK ACCOUNT RECONCILIATIONS – (Applies to City and Utilities)***

Depository reconciliations of the fund balances to the bank account balances were incorrect for the Park Non-Reverting Account, Fire Special Fund Account, Police Pension Account, Fire Pension Account, Payroll Account, City General Treasury Account, and Utilities Pooled Cash Account.

On many of the aforementioned bank account reconciliations, except for the Utilities Pooled Cash Account, reconciling items exist that have been present for an extended period, some as far back as 2005, which should have cleared by year-end.

In the case of the Utilities Pooled Cash Account, the detailed December 31, 2011 deposit-in-transit and outstanding check totals did not agree with the control totals used to reconcile by \$32,018. The difference can be traced to three book adjustments made before 2011.

CITY OF BRAZIL  
AUDIT RESULTS AND COMMENTS  
(Continued)

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***CAPITAL ASSET RECORDS - (Applies to City)***

The following deficiencies have been noted with the City's capital asset records:

The City has an incomplete capital assets ledger, maintained on the proper prescribed City and Town Form 211, but it has not been updated since 2010. Additions and disposals in 2011 have not been recorded. Additionally, a capital assets ledger on the proper prescribed form has not been prepared for all City offices and departments, such as the Mayor's and Clerk-Treasurer's offices, the Park Department, the Street Department, and the Planning and Zoning Department.

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)

***CONDITION OF RECORDS - (Applies to City)***

As stated in prior Report B39001, financial records presented for audit were incomplete and not reflective of the activity of the K9 Fund. The records presented did not provide sufficient information to audit receipts, disbursements, and ending balances, or the accuracy or correctness of the transactions. On April 7, 2010, the K9 Fund account at First Financial Bank was closed and the balance was deposited into the General Fund bank account, instead of the other existing account at Riddell National Bank, and receipted to the General Fund. As of the date of this report, this error has not been corrected.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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)

***CUSTOMER DEPOSIT REGISTER – (Applies to Utility)***

The detailed customer deposit register does not reconcile with the customer deposit amount recorded on the general ledger as of December 31, 2011.

CITY OF BRAZIL  
AUDIT RESULTS AND COMMENTS  
(Continued)

The general ledger balance as of December 31, 2011, for cash and investments exceeds the detailed customer deposit register's open accounts by \$13,453. Also, the general ledger balance as of December 31, 2011, for customer deposits payable is less than the detailed customer deposit register's open accounts by (\$3,226).

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***FUND SOURCES AND USES – (Applies to City)***

A local road and street distribution of \$2,430 from the State was incorrectly recorded in the MVH Fund.

The City was advised to make the appropriate transfer from the MVH Fund to the LRS Fund in 2012.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***OLD OUTSTANDING CHECKS (WARRANTS) – (Applies to City)***

Our review of the bank reconciliements as of December 31, 2011, revealed checks outstanding in excess of two years for the Golf Account.

Indiana Code 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void."

Indiana Code 5-11-10.5-3 states:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the: (1) board of finance of the political subdivision; or (2) the fiscal body of a city or town. The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

Indiana Code 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

CITY OF BRAZIL  
AUDIT RESULTS AND COMMENTS  
(Continued)

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision."

***OVERDRAWN CASH BALANCES – (Applies to City and Utility)***

The cash balance of the General Fund, LRS Fund, Unsafe Building Fund, Cumulative Drainage Fund, Cemetery Fund, Emergency Response Team Fund, Golf Fund, and Sewer-Operating Fund were overdrawn in 2011.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE CITY OF BRAZIL, CLAY COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Brazil (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 2011. The City's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2011.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the City's management, City Council, others within the entity, federal awarding agencies, and pass-through entities 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

July 9, 2012

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying note presented were approved by management of the City. The schedule and note are presented as intended by the City.

CITY OF BRAZIL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2011

| Federal Grantor Agency/Pass-Through Entity<br>Cluster Title/Program Title/Project Title   | Federal<br>CFDA<br>Number | Pass-Through<br>Entity (or Other)<br>Identifying<br>Number | Total<br>Federal Awards<br>Expended |
|---|---------------------------|--|-------------------------------------|
| <u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>   |                           |  |                                     |
| Pass Through Indiana Office of Community and Rural Affairs<br>CDBG - State Administered CDBG Cluster<br>Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii<br>Disaster Assistance Program - Water Main Project | 14.228                    | DR2-09-152   | \$ 2,152,536                        |
| Pass Through Indiana Housing and Community Development Authority<br>Neighborhood Stabilization Program<br>Homeowner Repair and Improvements   |                           | NSP-1-009-002<br>HD-008-028                                | 438,839<br><u>23,495</u>            |
| Total for federal grantor agency  |                           |  | <u>2,614,870</u>                    |
| <u>U.S. DEPARTMENT OF TRANSPORTATION</u>  |                           |  |                                     |
| Pass-Through Indiana Criminal Justice Institute<br>Highway Safety Cluster<br>State and Community Highway Safety   | 20.600                    |  | <u>2,411</u>                        |
| Safety Belt Performance Grant   | 20.609                    |  | <u>1,000</u>                        |
| Total for federal grantor agency  |                           |  | <u>3,411</u>                        |
| <u>U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY</u>   |                           |  |                                     |
| Pass-Through Indiana Finance Authority<br>Capitalization Grants for Drinking Water State Revolving Funds  | 66.468                    |  | <u>662,747</u>                      |
| <u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>   |                           |  |                                     |
| Pass Through Indiana Department of Homeland Security<br>Disaster Grants-Public Assistance (Presidentially Declared Disasters)   | 97.036                    |  | <u>9,140</u>                        |
| Total federal awards expended   |                           |  | <u>\$ 3,290,168</u>                 |

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF BRAZIL  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

***Basis of Presentation***

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Brazil and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

CITY OF BRAZIL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I – Summary of Auditor's Results**

Financial Statement:

|  |               |
|--|---------------|
| Type of auditor's report issued:                     | Unqualified   |
| Internal control over financial reporting:           |               |
| Material weaknesses identified?                      | no            |
| Significant deficiencies identified?                 | none reported |
| Noncompliance material to financial statement noted? | no            |

Federal Awards:

|  |               |
|--|---------------|
| Internal control over major programs:  |               |
| Material weaknesses identified?  | no            |
| Significant deficiencies identified?   | none reported |
| Type of auditor's report issued on compliance for major programs:  | Unqualified   |
| Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? | no            |

Identification of Major Programs:

\_\_\_\_\_  
Name of Federal Program or Cluster  
CDBG – State-Administered CDBG Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

**Section II – Financial Statement Findings**

No matters are reportable.

**Section III – Federal Award Findings and Questioned Costs**

No matters are reportable.

CITY OF BRAZIL  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2010-2

Original SBA Audit Report Number: B39001  
Fiscal Year: 2010  
Auditee Contact Person: Karen McQueen  
Title of Contact Person: Clerk-Treasurer, City of Brazil  
Phone Number: 812-448-8403  
Status of Finding: Corrective action was taken.

Signature: *Karen McQueen*

Date: April 26, 2012

CITY OF BRAZIL  
EXIT CONFERENCE

The contents of this report were discussed on July 9, 2012, with Brian L. Wyndham, Mayor; Karen L. McQueen, Clerk-Treasurer; Lori A. Brown, Deputy Clerk-Treasurer; Sheryl J. Hill, Utility Office Manager; and Traci M. Lawson, City Attorney. The officials concurred with our audit findings.

The contents of this report were also discussed on July 9, 2012, with A. Ann Bradshaw, former Mayor and current member of the Common Council.