



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B46503

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June 28, 2016

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

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Town of Vera Cruz (Town), for the period of January 1, 2012 to December 31, 2015, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

Our procedures were designed solely to satisfy the requirements of Indiana Code 5-11-1. Because our procedures were not designed to opine on the Town's financial statement, we did not follow auditing standards generally accepted in the United States of America. Accordingly, we do not express an opinion on any basic financial statement of the Town.

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

The Annual Financial Reports filed by the Town can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

***Unresolved Comment from Prior Report***

- *Receipts were deposited later than the next business day following the receipt of funds for all 2013 tax distributions. Receipts were deposited as late as 28 days past the date the check was issued by the county.*

***Current Period Comments***

- *Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliations contained errors. In 2012, 2013, 2014, and 2015, record balances did not include investments. There were a number of errors in the 2014 and 2015 depository reconciliations.*
- *The Annual Financial Report filed for 2012, 2013, 2014, and 2015 did not match the Town's records as follows:*


Years	Fund	Category	Amount Per AFR	Amount Per Ledger	Difference
2012	Wastewater Utility-State Park	Beginning Balance	\$ 61,540	\$ 40	\$ 61,500
2012	Wastewater Utility Replacement	Beginning Balance	80,856	356	80,500
2012	Wastewater Utility Tap In	Beginning Balance	21,765	265	21,500
2012	Wastewater Utility Bluffton Line Purchase	Beginning Balance	15,116	116	15,000
2012	VC Original Operating	Beginning Balance	33,145	145	33,000
2012	Wastewater Utility-State Park	Receipts	61,687	187	61,500
2012	Wastewater Utility Bluffton Line Purchase	Receipts	15,062	62	15,000
2012	Wastewater Utility-State Park	Disbursements	61,500	-	61,500
2012	Wastewater Utility Replacement	Disbursements	80,500	81,000	(500)
2012	Wastewater Utility Bluffton Line Purchase	Disbursements	15,000	-	15,000
2012	Wastewater Utility-State Park	Ending Balance	61,727	227	61,500
2012	Wastewater Utility Replacement	Ending Balance	81,519	519	81,000
2012	Wastewater Utility Tap In	Ending Balance	21,870	370	21,500
2012	Wastewater Utility Bluffton Line Purchase	Ending Balance	15,178	178	15,000
2012	VC Original Operating	Ending Balance	33,306	306	33,000
2013	Wastewater Utility-State Park	Beginning Balance	61,727	227	61,500
2013	Wastewater Utility Replacement	Beginning Balance	81,519	519	81,000
2013	Wastewater Utility Tap In	Beginning Balance	21,870	370	21,500
2013	Wastewater Utility Bluffton Line Purchase	Beginning Balance	15,178	178	15,000
2013	VC Original Operating	Beginning Balance	33,306	306	33,000
2013	VC Original Operating	Receipts	-	112	(112)
2013	Wastewater Utility-State Park	Ending Balance	61,813	313	61,500
2013	Wastewater Utility Replacement	Ending Balance	81,960	960	81,000
2013	Wastewater Utility Tap In	Ending Balance	21,943	443	21,500
2013	Wastewater Utility Bluffton Line Purchase	Ending Balance	15,207	207	15,000
2013	VC Original Operating	Ending Balance	33,306	418	32,888
2014	Motor Vehicle Highway	Receipts	-	4,010	(4,010)
2014	Local Road and Street	Receipts	-	715	(715)
2014	Wastewater Utility Replacement	Receipts	-	84	(84)
2014	Community Development	Receipts	-	119	(119)
2014	Riverboat	Receipts	-	473	(473)
2014	Cedit Special Revenue	Receipts	-	493	(493)
2014	Community Improvement	Receipts	-	242	(242)
2014	Special Revenue Other #2	Receipts	-	4,000	(4,000)
2014	LOIT Public Safety	Receipts	-	667	(667)
2014	Special Revenue Other #2	Disbursements	-	5,473	(5,473)
2014	General	Ending Balance	9,214	8,817	397
2014	Motor Vehicle Highway	Ending Balance	21,317	25,327	(4,010)
2014	Local Road and Street	Ending Balance	11,866	12,642	(776)
2014	Wastewater Utility Replacement	Ending Balance	960	1,044	(84)
2014	Operating	Ending Balance	10,252	10,314	(62)
2014	Community Development	Ending Balance	5,777	5,896	(119)
2014	Riverboat	Ending Balance	4,060	4,533	(473)
2014	Cedit Special Revenue	Ending Balance	5,675	6,168	(493)
2014	Community Improvement	Ending Balance	3,478	3,720	(242)
2014	Special Revenue Other #2	Ending Balance	1,602	129	1,473
2014	LOIT Public Safety	Ending Balance	-	667	(667)
2015	Motor Vehicle Highway	Beginning Balance	21,317	25,327	(4,010)
2015	Local Road and Street	Beginning Balance	11,866	12,642	(776)
2015	Wastewater Utility Replacement	Beginning Balance	960	1,044	(84)
2015	Operating	Beginning Balance	10,252	10,314	(62)
2015	Community Development	Beginning Balance	5,777	5,896	(119)
2015	Riverboat	Beginning Balance	4,060	4,533	(473)
2015	Cedit Special Revenue	Beginning Balance	5,675	6,168	(493)
2015	Community Improvement	Beginning Balance	3,478	3,720	(242)
2015	Special Revenue Other #2	Beginning Balance	1,602	133	1,469
2015	LOIT Public Safety	Beginning Balance	-	953	(953)
2015	VC Original Operating	Receipts	-	86	(86)
2015	Special Revenue Other	Receipts	324	-	324
2015	General	Ending Balance	6,880	5,808	1,072
2015	Motor Vehicle Highway	Ending Balance	25,001	29,448	(4,447)
2015	Local Road and Street	Ending Balance	12,601	13,468	(867)
2015	Wastewater Utility Replacement	Ending Balance	960	1,044	(84)
2015	Operating	Ending Balance	16,568	16,766	(198)
2015	Community Development	Ending Balance	5,777	5,896	(119)
2015	Riverboat	Ending Balance	4,534	5,007	(473)
2015	Cedit Special Revenue	Ending Balance	7,022	7,515	(493)
2015	VC Original Operating	Ending Balance	417	503	(86)
2015	Community Improvement	Ending Balance	3,678	3,920	(242)
2015	Special Revenue Other #2	Ending Balance	1,602	133	1,469
2015	VC Community Development	Ending Balance	10,815	10,714	101
2015	Special Revenue Other #2	Ending Balance	3,091	2,767	324
2015	LOIT Public Safety	Ending Balance	-	1,277	(1,277)

- *The Ledger of Receipts, Disbursements and Balances (City and Town Form No. 208) was not used. The Ledger of Appropriations, Encumbrances, Disbursements and Balances (City and Town Form No. 209) was used in place of Form 208. The Form 209 was not maintained to track disbursements of budgeted funds. Ending ledger balances at December 31, 2014, did not agree with beginning ledger balances at January 1, 2015, for the General fund and the LOIT Public Safety fund. Record balances for Wastewater funds did not include fund investments for the review period. The total of the expenditures columns of the Simplified Cash Journal did not agree with the total Operating fund disbursements for the review period. The records contained several mathematical errors in computing ending balances and yearly receipts and disbursements for the review period.*
- *County and state distributions were not properly posted. The following errors were noted: some LOIT public safety distributions were posted to the General fund in 2012, 2013, and 2014; some surtax and wheel tax distributions were posted to the General fund in 2012, 2013, and 2014; some County Economic Development Income Tax distributions were posted to the General fund in 2014; some surtax and wheel tax distributions were posted to the Local Road and Street fund in 2014; some motor vehicle highway and local road and street state distributions were posted to the General fund in 2014; a cigarette tax distribution for Cumulative Capital Improvement was posted to the General fund in 2014. Local and state distributions for 2015 were traced to the deposit only and were not traced to the records due to all the errors noted in the earlier years.*
- *Mowing services, all office supplies, all accounting services, electrical repairs for Town Hall, park expenses, Christmas lights, economic development services, tree removals, etc., were paid from the Wastewater Utility Operating fund.*
- *Several payments were observed which were not supported by adequate documentation, such as receipts, invoices, and other public records. Statements were attached to claims rather than individual invoices in many instances.*
- *Beginning in 2014, Council minutes did not clearly indicate actions taken by the Town Council, were not approved by the Town Council, and were not placed in a permanent record book.*
- *The Town did not have a Nepotism Policy.*
- *The Town did not have a Contracting Policy.*
- *The Town did not have a credit card policy approved by the Town Council.*
- *The AFR for 2012 and 2013 were not filed electronically until May 7, 2013, and April 1, 2014, respectively, which was 67 days and 31 days past the respective due date.*
- *The Clerk-Treasurer did not timely file a Certified Reports of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R or its equivalent) with the Indiana State Board of Account for 2012, 2013, and 2014. The 2012, 2013, and 2014 reports were filed on July 18, 2013, February 12, 2014, and March 18, 2015, respectively, which was 168 days, 12 days, and 46 days past the respective due dates.*
- *Payments made for mowing, snow plowing, and the cleaning of Town Hall and park were not supported by a written contract in 2012, 2013, and 2014.*
- *Internal Revenue Service Forms 1099Misc were not prepared for the years 2012, 2013, 2014, and 2015.*

- *Wastewater Utility records such as billings, penalties, and adjustments were not available for review for the review period. These functions were performed by the City of Bluffton per an agreement between the Town and the City of Bluffton.*
- *Delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property since 2013.*
- *Wastewater Utility rates were not approved by the Town Council.*
- *The City of Bluffton failed to remit \$7,649, as required by agreement, to the Town for utility collections received January 1, 2014 through June 30, 2014. The City of Bluffton failed to remit \$12,000, as required by agreement, to the Town for collections of sewer tap fees received as far back as 2008.*

This letter is intended for the information and use of the governing body and management of the Town. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

The contents of this letter were discussed on May 11, 2016, with Nola Marie Masterson, Clerk-Treasurer; Sheila Flotow, President of the Town Council; and Malvra Groves, member of the Town Council. Any Official Response attached to this letter was not verified for accuracy.

  
Paul D. Joyce, CPA  
State Examiner