

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

EXAMINATION REPORT  
OF  
TOWN OF BROOKSBURG  
JEFFERSON COUNTY, INDIANA  
January 1, 2003 to December 31, 2005



**FILED**  
10/04/2006



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report .....	3
Schedules of Receipts, Disbursements, and Cash and Investment Balances.....	4
Notes to Schedules .....	5-6
Examination Results and Comments:	
Accounts Payable Voucher.....	7
Contracts Not Available for Review .....	7
Federal and State Agencies – Compliance Requirements.....	7
Loan Between Town Funds .....	7-8
Conflict of Interest.....	8-9
Exit Conference.....	10

OFFICIALS

Office

Official

Term

Clerk-Treasurer

Pamela Sue Dowdy

01-01-02 to 12-31-06

President of the Town Council

Anna Kay Gross

01-01-03 to 12-31-06



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF BROOKSBURG, JEFFERSON COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Brooksburg (Town), for the period of January 1, 2003 to December 31, 2005. The Town's management is responsible for the schedules. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2003, 2004, and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

August 30, 2006

TOWN OF BROOKSBURG  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES  
As Of And For The Years Ended December 31, 2003, 2004, And 2005

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Funds:				
General	\$ 1,497	\$ 1,983	\$ 2,177	\$ 1,303
Motor Vehicle Highway	4,621	2,258	4,040	2,839
Local Road and Street	1,452	652	1,975	129
Community Capital Improvement	-	268	268	-
Proprietary Fund:				
Wastewater Operating	2,260	33,869	36,523	(394)
Fiduciary Fund:				
Levy Excess	243	-	243	-
Totals	<u>\$ 10,073</u>	<u>\$ 39,030</u>	<u>\$ 45,226</u>	<u>\$ 3,877</u>

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 1,303	\$ 4,289	\$ 3,576	\$ 2,016
Motor Vehicle Highway	2,839	2,355	3,733	1,461
Local Road and Street	129	683	414	398
Community Capital Improvement	-	276	276	-
Proprietary Funds:				
Wastewater Operating	(394)	35,636	34,908	334
Wastewater Debt Service Reserve	-	476	35	441
Totals	<u>\$ 3,877</u>	<u>\$ 43,715</u>	<u>\$ 42,942</u>	<u>\$ 4,650</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 2,016	\$ 6,576	\$ 3,233	\$ 5,359
Motor Vehicle Highway	1,461	2,302	3,749	14
Local Road and Street	398	687	614	471
Community Capital Improvement	-	229	229	-
County Economic Development Income Tax	-	3,604	3,604	-
Proprietary Funds:				
Wastewater Operating	334	49,574	44,382	5,526
Wastewater Debt Service Reserve	441	2,299	440	2,300
Totals	<u>\$ 4,650</u>	<u>\$ 65,271</u>	<u>\$ 56,251</u>	<u>\$ 13,670</u>

The accompanying notes are an integral part of the schedules.

TOWN OF BROOKSBURG  
NOTES TO SCHEDULES

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety (fire), highways and streets, public improvements, general administrative services and wastewater.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively.

TOWN OF BROOKSBURG  
NOTES TO SCHEDULES  
(Continued)

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Long-Term Debt

The Town has entered into a loan for the Wastewater Utility. The outstanding principal at December 31, 2005, was \$53,678.

Note 7. Town Pledged EDIT Revenues for County Jail Project

On July 7, 2005, the Town Council adopted Ordinance No. 2005-1 irrevocably pledging a portion of the Town's distributive share of Economic Development Income Tax (EDIT) revenues to the payment of a lease entered into by Jefferson County to finance the renovation of the county's current jail facilities and to construct additions to the current jail facility. The amount pledged is \$202.20 per year of the lease. The "Lease Pledge" is irrevocable during the term of the lease.

Note 8. Subsequent Event

On June 23, 2006, the Indiana Department of Transportation awarded \$428,000 of the Transportation Enhancement Program funds to provide a historic bridge to Hi-Acres, a small residential community near the Town of Brooksburg. The Town agreed to act as a pass-through agent for the award.

TOWN OF BROOKSBURG  
EXAMINATION RESULTS AND COMMENTS

ACCOUNTS PAYABLE VOUCHER (Applies to Clerk-Treasurer)

Due to a misunderstanding, the Clerk-Treasurer stopped using the required Accounts Payable Voucher (Town Form 39) after April 2004. The Accounts Payable Voucher (claim) was replaced with the Accounts Payable Voucher Register (General Form 364).

The Accounts Payable Voucher Register is to be used along with the claim to allow the board members and Clerk-Treasurer to sign one form instead of every claim.

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)

CONTRACTS NOT AVAILABLE FOR REVIEW (Applies to Town Council)

The following contracts were not presented for review: Wastewater Plant Operator contract with Scott Williams, Brendas Accounting Service Inc., mowing, and maintenance contracts.

Supporting documentation such as receipts, canceled checks, invoices, bills, contracts, etc., must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS (Applies to Clerk-Treasurer)

The Town did not report the salary amounts paid to the Clerk-Treasurer on a federal W-2 form for the years 2004 and 2005. The Clerk-Treasurer's salary is \$1,200 a year.

In addition, the Town did not report on a federal form 1099 the amounts paid to individuals that perform work for the Town for mowing and maintenance.

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

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

LOAN BETWEEN TOWN FUNDS (Applies to Town Council)

A temporary loan of \$4,000 was made in 2001 from the General Fund to the Wastewater Utility and was not repaid in the prescribed period. The Wastewater Utility has repaid \$500 on this loan.

TOWN OF BROOKSBURG  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Indiana Code 36-1-8-4 concerning temporary loans states in part:

"(a) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs and (4) The amount transferred must be returned to the other fund at the end of the prescribed period."

"(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following:

- (1) Passes an ordinance or a resolution that contains the following:
  - (A) A statement that the fiscal body has determined that an emergency exists.
  - (B) A brief description of the grounds for the emergency.
  - (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs.
- (2) Immediately forwards the ordinance or resolution to the state board of accounts and department of local government finance."

CONFLICT OF INTEREST (Applies to Town Council Board Member)

A "Uniform Conflict of Interest Disclosure Statement" was not presented for Town Council Board member, Gary Dowdy. Gary Dowdy does work for the Town and was also a contracted wastewater plant operator in 2003 and 2004.

Indiana Code 35-44-1-3 states in part:

"(a) A public servant who knowingly or intentionally: (1) has a pecuniary interest in; or (2) derives a profit from; a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Class D felony. . . ."

"(c) This section does not prohibit a public servant from having a pecuniary interest in or deriving a profit from a contract or purchase connected with the governmental entity served . . . (3) if the public servant; (A) is an elected public servant . . . and (B) makes a disclosure under subsection (d)(1) through (d)(6)."

"(d) A disclosure required by this section must: (1) be in writing; (2) describe the contract or purchase to be made by the governmental entity; (3) describe the pecuniary interest that the public servant has in the contract or purchase; (4) be affirmed under penalty of perjury; (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity prior to final action on the contract or purchase; (6) be filed within fifteen (15) days after final action on the contract or purchase with: (A) the state board of accounts; and (B) . . . the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase . . ."

TOWN OF BROOKSBURG  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

"(g) A public servant has a pecuniary interest in a contract or purchase if the contract or purchase will result or is intended to result in an ascertainable increase in the income or net worth of: (1) the public servant; or (2) a dependent of the public servant who: (A) is under the direct or indirect administrative control of the public servant; or (B) receives a contract or purchase order that is reviewed, approved, or directly or indirectly administered by the public servant. . . ."

"(k) As used in this section, 'dependent' means any of the following: (1) The spouse of a public servant. (2) A child, stepchild, or adoptee (as defined in IC 31-9-2-2) of a public servant who is: (A) unemancipated; and (B) less than eighteen (18) years of age. (3) Any individual more than one-half (1/2) of whose support is provided during a year by the public servant."

TOWN OF BROOKSBURG  
EXIT CONFERENCE

The contents of this report were discussed on August 30, 2006, with Pamela Sue Dowdy, Clerk-Treasurer; and Anna Kay Gross, President of the Town Council.