

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

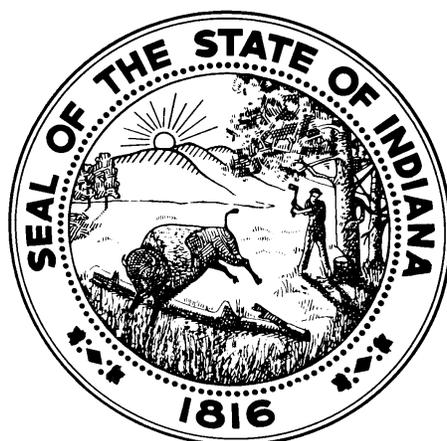
AUDIT REPORT

OF

TOWN OF BROOKSTON

WHITE COUNTY, INDIANA

January 1, 2007 to December 31, 2008



**FILED**  
09/28/2009



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Ginger E. Brown	01-01-04 to 12-31-11
President of the Town Council	Joseph E. Butz	01-01-07 to 12-31-09
Superintendent of Utilities	Max Eldridge	01-01-07 to 12-31-09



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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE TOWN OF BROOKSTON, WHITE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Brookston (Town), as of and for the years ended December 31, 2007 and 2008, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 opinions.

As discussed in Note I, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2007 and 2008, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated August 31, 2009, on our consideration of the Town'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 audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Town has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt, are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

August 31, 2009



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE TOWN OF BROOKSTON, WHITE COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Brookston (Town), as of and for the years ended December 31, 2007 and 2008, which collectively comprise the Town's basic financial statements and have issued our report thereon dated August 31, 2009. 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 Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in item 2008-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We consider item 2008-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are 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.

The Town's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management and 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

August 31, 2009

TOWN OF BROOKSTON  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2007

<u>Functions/Programs</u>	Program Receipts			Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Capital Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Totals
Primary government:						
Governmental activities:						
General government	\$ 228,189	\$ 10,448	\$ -	\$ (217,741)	\$ -	\$ (217,741)
Public safety	270	-	-	(270)	-	(270)
Highways and streets	78,257	-	-	(78,257)	-	(78,257)
Economic development	21,646	-	-	(21,646)	-	(21,646)
Capital outlay	517,600	-	491,600	(26,000)	-	(26,000)
Total governmental activities	845,962	10,448	491,600	(343,914)	-	(343,914)
Business-type activities:						
Water	1,508,863	270,839	-	-	(1,238,024)	(1,238,024)
Wastewater	281,683	292,887	-	-	11,204	11,204
Electric	919,372	764,764	-	-	(154,608)	(154,608)
Total business-type activities	2,709,918	1,328,490	-	-	(1,381,428)	(1,381,428)
Total primary government	\$ 3,555,880	\$ 1,338,938	\$ 491,600	(343,914)	(1,381,428)	(1,725,342)
General receipts:						
Property taxes				47,894	-	47,894
Other local sources				180,129	-	180,129
Bonds and loans				-	1,372,000	1,372,000
Unrestricted investment earnings				5,830	51,142	56,972
Total general receipts				233,853	1,423,142	1,656,995
Change in net assets				(110,061)	41,714	(68,347)
Net assets - beginning				520,868	1,202,941	1,723,809
Net assets - ending				\$ 410,807	\$ 1,244,655	\$ 1,655,462
<u>Assets</u>						
Cash and investments				\$ 73,380	\$ 435,671	509,051
Restricted assets:						
Cash and investments				337,427	808,984	1,146,411
Total assets				\$ 410,807	\$ 1,244,655	\$ 1,655,462
<u>Net Assets</u>						
Restricted for:						
Culture and recreation				\$ 3,210	-	\$ 3,210
Debt service				-	378,918	378,918
Other purposes				334,217	430,066	764,283
Unrestricted				73,380	435,671	509,051
Total net assets				\$ 410,807	\$ 1,244,655	\$ 1,655,462

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

TOWN OF BROOKSTON  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2007

	General	Motor Vehicle Highway	CDBG Water	Other Governmental Funds	Totals
Receipts:					
Taxes	\$ 24,091	\$ 6,496	\$ -	\$ 17,307	\$ 47,894
Intergovernmental	60,774	64,611	491,600	43,811	660,796
Charges for services	7,048	-	-	3,400	10,448
Fines and forfeits	265	-	-	544	809
Other	7,226	3,145	-	5,533	15,904
<b>Total receipts</b>	<b>99,404</b>	<b>74,252</b>	<b>491,600</b>	<b>70,595</b>	<b>735,851</b>
Disbursements:					
General government	228,189	-	-	-	228,189
Public safety	-	-	-	270	270
Highways and streets	-	72,257	-	6,000	78,257
Urban redevelopment and housing	-	-	-	21,646	21,646
Capital outlay:					
Highways, streets, equipment, and other	-	-	491,600	26,000	517,600
<b>Total disbursements</b>	<b>228,189</b>	<b>72,257</b>	<b>491,600</b>	<b>53,916</b>	<b>845,962</b>
Excess (deficiency) of receipts over disbursements	(128,785)	1,995	-	16,679	(110,111)
Other financing sources:					
Other receipts	-	-	-	50	50
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(128,785)	1,995	-	16,729	(110,061)
Cash and investment fund balance - beginning	202,165	70,277	-	248,426	520,868
Cash and investment fund balance - ending	<u>\$ 73,380</u>	<u>\$ 72,272</u>	<u>\$ -</u>	<u>\$ 265,155</u>	<u>\$ 410,807</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ 73,380	\$ -	\$ -	\$ -	\$ 73,380
Restricted assets:					
Cash and investments	-	72,272	-	265,155	337,427
<b>Total cash and investment assets - December 31</b>	<b><u>\$ 73,380</u></b>	<b><u>\$ 72,272</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 265,155</u></b>	<b><u>\$ 410,807</u></b>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Culture and recreation	\$ -	\$ -	\$ -	\$ 3,210	\$ 3,210
Other purposes	-	72,272	-	261,945	334,217
Unrestricted	73,380	-	-	-	73,380
<b>Total cash and investment fund balance - December 31</b>	<b><u>\$ 73,380</u></b>	<b><u>\$ 72,272</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 265,155</u></b>	<b><u>\$ 410,807</u></b>

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

TOWN OF BROOKSTON  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As Of And For The Year Ended December 31, 2007

	Water Utility	Wastewater Utility	Electric Utility	Totals
Operating receipts:				
Metered water receipts:				
Residential	\$ 234,891	\$ 275,234	\$ 745,542	\$ 1,255,667
Fire protection receipts	23,487	-	-	23,487
Penalties	2,374	7,710	5,965	16,049
Other	6,387	9,943	8,082	24,412
	<u>267,139</u>	<u>292,887</u>	<u>759,589</u>	<u>1,319,615</u>
Total operating receipts				
Operating disbursements:				
Equipment and capital improvements	1,257,536	-	-	1,257,536
Water - operations and maintenance	58,509	-	-	58,509
Treatment and disposal disbursements - operations and maintenance	-	47,402	-	47,402
Operations and maintenance	-	-	29,605	29,605
Administration and general	16,538	16,538	-	33,076
Salaries and wages	28,786	28,321	48,963	106,070
Employee pensions and benefits	18,074	15,312	26,685	60,071
Purchased power	-	-	734,822	734,822
Material and supplies	20,522	23,104	25,355	68,981
Insurance disbursements	7,258	6,412	8,676	22,346
Miscellaneous disbursements	12,731	63	40,996	53,790
	<u>1,419,954</u>	<u>137,152</u>	<u>915,102</u>	<u>2,472,208</u>
Total operating disbursements				
Excess (deficiency) of operating receipts over operating disbursements	<u>(1,152,815)</u>	<u>155,735</u>	<u>(155,513)</u>	<u>(1,152,593)</u>
Nonoperating receipts (disbursements):				
Bond proceeds	1,372,000	-	-	1,372,000
Interest and investment receipts	37,129	4,653	9,360	51,142
Miscellaneous receipts	3,700	-	5,175	8,875
Debt service of principal	(55,000)	(81,203)	-	(136,203)
Interest and investment disbursement	(29,690)	(63,328)	-	(93,018)
Miscellaneous disbursements	(4,219)	-	(4,270)	(8,489)
	<u>1,323,920</u>	<u>(139,878)</u>	<u>10,265</u>	<u>1,194,307</u>
Total nonoperating receipts (disbursements)				
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	171,105	15,857	(145,248)	41,714
Cash and investment fund balance - beginning	<u>476,597</u>	<u>215,745</u>	<u>510,599</u>	<u>1,202,941</u>
Cash and investment fund balance - ending	<u>\$ 647,702</u>	<u>\$ 231,602</u>	<u>\$ 365,351</u>	<u>\$ 1,244,655</u>
<u>Cash and Investment Assets - December 31</u>				
Cash and investments	\$ 119,076	\$ 97,399	\$ 219,196	\$ 435,671
Restricted assets:				
Cash and investments	528,626	134,203	146,155	808,984
Total cash and investment assets - December 31	<u>\$ 647,702</u>	<u>\$ 231,602</u>	<u>\$ 365,351</u>	<u>\$ 1,244,655</u>
<u>Cash and Investment Fund Balance - December 31</u>				
Restricted for:				
Debt service	\$ 265,126	\$ 113,792	\$ -	\$ 378,918
Other purposes	263,500	20,411	146,155	430,066
Unrestricted	119,076	97,399	219,196	435,671
Total cash and investment fund balance - December 31	<u>\$ 647,702</u>	<u>\$ 231,602</u>	<u>\$ 365,351</u>	<u>\$ 1,244,655</u>

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

TOWN OF BROOKSTON  
STATEMENT OF CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2007

	<u>Agency Funds</u>
Cash and investment fund balance - ending	\$ <u>4,697</u>

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

TOWN OF BROOKSTON  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2008

Functions/Programs	Program Receipts			Net (Disbursement) Receipt and Changes in Net Assets Primary Government		
	Disbursements	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Primary government:						
Governmental activities:						
General government	\$ 239,884	\$ 7,073	\$ -	\$ (232,811)	\$ -	\$ (232,811)
Public safety	3,525	-	3,050	(475)	-	(475)
Highways and streets	143,377	-	-	(143,377)	-	(143,377)
Economic development	9,508	-	-	(9,508)	-	(9,508)
Culture and recreation	850	-	-	(850)	-	(850)
Capital outlay	8,400	6,800	-	(1,600)	-	(1,600)
Total governmental activities	<u>405,544</u>	<u>13,873</u>	<u>3,050</u>	<u>(388,621)</u>	<u>-</u>	<u>(388,621)</u>
Business-type activities:						
Water	436,198	326,775	-	-	(109,423)	(109,423)
Wastewater	276,220	292,136	-	-	15,916	15,916
Electric	953,349	1,015,163	-	-	61,814	61,814
Total business-type activities	<u>1,665,767</u>	<u>1,634,074</u>	<u>-</u>	<u>-</u>	<u>(31,693)</u>	<u>(31,693)</u>
Total primary government	<u>\$ 2,071,311</u>	<u>\$ 1,647,947</u>	<u>\$ 3,050</u>	<u>(388,621)</u>	<u>(31,693)</u>	<u>(420,314)</u>
General receipts:						
Property taxes				216,829	-	216,829
Other local sources				188,528	-	188,528
Unrestricted investment earnings				4,358	20,702	25,060
Total general receipts				<u>409,715</u>	<u>20,702</u>	<u>430,417</u>
Change in net assets				21,094	(10,991)	10,103
Net assets - beginning				<u>410,807</u>	<u>1,244,655</u>	<u>1,655,462</u>
Net assets - ending				<u>\$ 431,901</u>	<u>\$ 1,233,664</u>	<u>\$ 1,665,565</u>
<u>Assets</u>						
Cash and investments				\$ 83,859	\$ 489,167	\$ 573,026
Restricted assets:						
Cash and investments				<u>348,042</u>	<u>744,497</u>	<u>1,092,539</u>
Total assets				<u>\$ 431,901</u>	<u>\$ 1,233,664</u>	<u>\$ 1,665,565</u>
<u>Net Assets</u>						
Restricted for:						
Culture and recreation				\$ 2,425	\$ -	\$ 2,425
Debt service				-	443,161	443,161
Other purposes				345,617	301,336	646,953
Unrestricted				<u>83,859</u>	<u>489,167</u>	<u>573,026</u>
Total net assets				<u>\$ 431,901</u>	<u>\$ 1,233,664</u>	<u>\$ 1,665,565</u>

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

TOWN OF BROOKSTON  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2008

	General	Motor Vehicle Highway	CDBG Water	Other Governmental Funds	Totals
Receipts:					
Taxes	\$ 155,251	\$ 41,617	\$ -	\$ 19,961	\$ 216,829
Intergovernmental	82,455	50,519	8,400	35,747	177,121
Charges for services	7,073	-	-	6,800	13,873
Fines and forfeits	-	-	-	8,401	8,401
Other	4,988	1,351	-	4,025	10,364
	<u>249,767</u>	<u>93,487</u>	<u>8,400</u>	<u>74,934</u>	<u>426,588</u>
Total receipts					
Disbursements:					
General government	239,288	-	-	596	239,884
Public safety	-	-	-	3,525	3,525
Highways and streets	-	143,377	-	-	143,377
Culture and recreation	-	-	-	850	850
Urban redevelopment and housing	-	-	-	9,508	9,508
Capital outlay:					
Highways, streets, equipment, and other	-	-	8,400	-	8,400
	<u>239,288</u>	<u>143,377</u>	<u>8,400</u>	<u>14,479</u>	<u>405,544</u>
Total disbursements					
Excess (deficiency) of receipts over disbursements	<u>10,479</u>	<u>(49,890)</u>	<u>-</u>	<u>60,455</u>	<u>21,044</u>
Other financing sources:					
Other receipts	-	-	-	50	50
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	10,479	(49,890)	-	60,505	21,094
Cash and investment fund balance - beginning	<u>73,380</u>	<u>72,272</u>	<u>-</u>	<u>265,155</u>	<u>410,807</u>
Cash and investment fund balance - ending	<u>\$ 83,859</u>	<u>\$ 22,382</u>	<u>\$ -</u>	<u>\$ 325,660</u>	<u>\$ 431,901</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ 83,859	\$ -	\$ -	\$ -	\$ 83,859
Restricted assets:					
Cash and investments	-	22,382	-	325,660	348,042
Total cash and investment assets - December 31	<u>\$ 83,859</u>	<u>\$ 22,382</u>	<u>\$ -</u>	<u>\$ 325,660</u>	<u>\$ 431,901</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Culture and recreation	\$ -	\$ -	\$ -	\$ 2,425	\$ 2,425
Other purposes	-	22,382	-	323,235	345,617
Unrestricted	83,859	-	-	-	83,859
Total cash and investment fund balance - December 31	<u>\$ 83,859</u>	<u>\$ 22,382</u>	<u>\$ -</u>	<u>\$ 325,660</u>	<u>\$ 431,901</u>

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

TOWN OF BROOKSTON  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As Of And For The Year Ended December 31, 2008

	Water Utility	Wastewater Utility	Electric Utility	Totals
Operating receipts:				
Metered water receipts:				
Residential	\$ 262,349	\$ 282,075	\$ 972,389	\$ 1,516,813
Fire protection receipts	23,487	-	-	23,487
Penalties	2,757	8,100	6,677	17,534
Other	35,057	1,961	31,772	68,790
Total operating receipts	<u>323,650</u>	<u>292,136</u>	<u>1,010,838</u>	<u>1,626,624</u>
Operating disbursements:				
Equipment and capital improvements	141,119	-	-	141,119
Water - operations and maintenance	46,046	-	-	46,046
Treatment and disposal disbursements - operations and maintenance	-	36,100	-	36,100
Operations and maintenance	-	-	52,156	52,156
Administration and general	17,956	17,956	17,956	53,868
Salaries and wages	30,935	32,699	31,018	94,652
Employee pensions and benefits	19,625	16,311	28,422	64,358
Purchased power	-	-	734,099	734,099
Material and supplies	18,465	21,902	25,527	65,894
Insurance disbursements	6,220	5,453	7,229	18,902
Miscellaneous disbursements	17,391	-	54,047	71,438
Total operating disbursements	<u>297,757</u>	<u>130,421</u>	<u>950,454</u>	<u>1,378,632</u>
Excess of operating receipts over operating disbursements	<u>25,893</u>	<u>161,715</u>	<u>60,384</u>	<u>247,992</u>
Nonoperating receipts (disbursements):				
Interest and investment receipts	10,068	4,072	6,562	20,702
Miscellaneous receipts	3,125	-	4,325	7,450
Debt service of principal	(55,000)	(85,000)	-	(140,000)
Interest and investment disbursement	(81,336)	(60,799)	-	(142,135)
Miscellaneous disbursements	(2,105)	-	(2,895)	(5,000)
Total nonoperating receipts (disbursements)	<u>(125,248)</u>	<u>(141,727)</u>	<u>7,992</u>	<u>(258,983)</u>
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	(99,355)	19,988	68,376	(10,991)
Cash and investment fund balance - beginning	<u>647,702</u>	<u>231,602</u>	<u>365,351</u>	<u>1,244,655</u>
Cash and investment fund balance - ending	<u>\$ 548,347</u>	<u>\$ 251,590</u>	<u>\$ 433,727</u>	<u>\$ 1,233,664</u>
<u>Cash and Investment Assets - December 31</u>				
Cash and investments	\$ 140,524	\$ 69,241	\$ 279,402	\$ 489,167
Restricted assets:				
Cash and investments	<u>407,823</u>	<u>182,349</u>	<u>154,325</u>	<u>744,497</u>
Total cash and investment assets - December 31	<u>\$ 548,347</u>	<u>\$ 251,590</u>	<u>\$ 433,727</u>	<u>\$ 1,233,664</u>
<u>Cash and Investment Fund Balance - December 31</u>				
Restricted for:				
Debt service	\$ 282,663	\$ 160,498	\$ -	\$ 443,161
Other purposes	125,160	21,851	154,325	301,336
Unrestricted	<u>140,524</u>	<u>69,241</u>	<u>279,402</u>	<u>489,167</u>
Total cash and investment fund balance - December 31	<u>\$ 548,347</u>	<u>\$ 251,590</u>	<u>\$ 433,727</u>	<u>\$ 1,233,664</u>

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

TOWN OF BROOKSTON  
STATEMENT OF CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2008

	<u>Agency Funds</u>
Cash and investment fund balance - ending	\$ <u>4,064</u>

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

TOWN OF BROOKSTON  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides 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, electric, water, and wastewater.

The Town's financial reporting entity is composed of the following:

Primary Government: Town of Brookston

In determining the financial reporting entity, the Town complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The motor vehicle highway fund is used to maintain the streets of the Town.

The cdbg water fund is used to account for the activity related to a community development block grant obtained to finance improvements to the water utility facilities.

The Town reports the following major proprietary funds:

The water utility fund accounts for the operation of the water distribution system.

TOWN OF BROOKSTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations, and collection systems.

The electric utility fund accounts for the operation of the electric distribution system.

Additionally, the Town reports the following fund type:

Agency funds account for assets held by the Town as an agent for others and serve as control of accounts for certain cash transactions during the time they are the liability to the Town.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, 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 cash and investment 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. Investment transactions are not presented on the financial statements.

If the Town utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in-lieu-of taxes and other charges between the Town and Utilities. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government. The Town does not have any internal service funds.

TOWN OF BROOKSTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and in 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.

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

5. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the Town's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

TOWN OF BROOKSTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the Town submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the Town receives approval of the Indiana Department of Local Government Finance.

The Town's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of

TOWN OF BROOKSTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Statutory Authorization for Investments

Indiana Code 5-13-9 authorizes the Town to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the Town to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

IV. Other Information

A. Risk Management

The Town is 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; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Workers Compensation Insurance

During 1992, the Town joined with other governmental entities in the Indiana Public Employees' Plan (IPEP), a public entity risk pool currently operating as a common risk management and insurance program for member governmental entities. This risk pool was formed in 1990. The purpose of the risk pool is to provide a medium for the funding and administration of group workers compensation insurance plans for the benefit of the members' employees. The Town pays an annual premium to the risk pool for its compensation coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$1,000,000 limit.

B. Rate Structure – Enterprise Funds

Water Utility

On August 8, 1983, the Town Council adopted Ordinance No. 5-1983 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on March 28, 2007.

TOWN OF BROOKSTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Wastewater Utility

The current rate structure was approved by the Town Council on October 22, 2008.

Electric Utility

On August 8, 1983, the Town Council adopted Ordinance No. 5-1983 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on October 22, 2008.

C. Pension Plan

Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), 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 the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the Town 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 member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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. The report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The Town's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the Town and the Utilities is not available.

TOWN OF BROOKSTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 20,273
Interest on net pension obligation	(365)
Adjustment to annual required contribution	416
Annual pension cost	20,324
Contributions made	24,481
Increase (decrease) in net pension obligation	(4,157)
Net pension obligation, beginning of year	(5,038)
Net pension obligation, end of year	\$ (9,195)

	PERF
Contribution rates:	
Town	8.50%
Plan members	3%
Actuarial valuation date	07-01-07
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

<u>Actuarial Assumptions</u>	PERF
Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-06	\$ 20,637	94%	\$ (1,889)
	06-30-07	18,728	117%	(5,038)
	06-30-08	20,324	120%	(9,195)

TOWN OF BROOKSTON  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 311,121	\$ 413,478	\$ (102,357)	75%	\$ 196,361	(52%)
07-01-07	363,514	469,385	(105,871)	77%	211,120	(50%)
07-01-08	417,518	530,089	(112,571)	79%	167,445	(67%)

TOWN OF BROOKSTON  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2007

	Local Road and Street	Local Law Enforcement Continuing Education	Park and Recreation	County Economic Development Income Tax	Bicentennial Donation
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ 17,307	\$ -
Intergovernmental	6,883	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	544	-	-	-
Other	-	-	40	-	11
	<u>6,883</u>	<u>544</u>	<u>40</u>	<u>17,307</u>	<u>11</u>
Total receipts	<u>6,883</u>	<u>544</u>	<u>40</u>	<u>17,307</u>	<u>11</u>
Disbursements:					
Public safety	-	-	-	-	-
Highways and streets	6,000	-	-	-	-
Urban redevelopment and housing	-	-	-	1,846	-
Capital outlay:					
Highways, streets, equipment, and other	-	-	-	-	-
	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>1,846</u>	<u>-</u>
Total disbursements	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>1,846</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>883</u>	<u>544</u>	<u>40</u>	<u>15,461</u>	<u>11</u>
Other financing sources:					
Other receipts	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	883	544	40	15,461	11
Cash and investment fund balance - beginning	<u>4,415</u>	<u>878</u>	<u>3,170</u>	<u>14,911</u>	<u>514</u>
Cash and investment fund balance - ending	<u>\$ 5,298</u>	<u>\$ 1,422</u>	<u>\$ 3,210</u>	<u>\$ 30,372</u>	<u>\$ 525</u>
<u>Cash and Investment Assets - December 31</u>					
Restricted assets:					
Cash and investments	<u>\$ 5,298</u>	<u>\$ 1,422</u>	<u>\$ 3,210</u>	<u>\$ 30,372</u>	<u>\$ 525</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Culture and recreation	\$ -	\$ -	\$ 3,210	\$ -	\$ -
Other purposes	<u>5,298</u>	<u>1,422</u>	<u>-</u>	<u>30,372</u>	<u>525</u>
Total cash and investment fund balance - December 31	<u>\$ 5,298</u>	<u>\$ 1,422</u>	<u>\$ 3,210</u>	<u>\$ 30,372</u>	<u>\$ 525</u>

TOWN OF BROOKSTON  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2007  
 (Continued)

	Development Guide	Indiana Criminal Justice Grant	Riverboat	Rainy Day	Planning Grant
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	270	10,827	-	19,800
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Other	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total receipts	-	270	10,827	-	19,800
Disbursements:					
Public safety	-	270	-	-	-
Highways and streets	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	19,800
Capital outlay:					
Highways, streets, equipment, and other	-	-	10,000	10,000	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total disbursements	-	270	10,000	10,000	19,800
Excess (deficiency) of receipts over disbursements	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	827	(10,000)	-
Other financing sources:					
Other receipts	50	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	50	-	827	(10,000)	-
Cash and investment fund balance - beginning	1,100	-	13,316	16,295	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Cash and investment fund balance - ending	\$ 1,150	\$ -	\$ 14,143	\$ 6,295	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Cash and Investment Assets - December 31</u>					
Restricted assets:					
Cash and investments	\$ 1,150	\$ -	\$ 14,143	\$ 6,295	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	1,150	-	14,143	6,295	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total cash and investment fund balance - December 31	\$ 1,150	\$ -	\$ 14,143	\$ 6,295	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

TOWN OF BROOKSTON  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2007  
 (Continued)

	Cumulative Capital Improvement	Centurytel Grant	Wood and South Street	Community Van Gift	Totals
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 17,307
Intergovernmental	6,031	-	-	-	43,811
Charges for services	-	-	3,400	-	3,400
Fines and forfeits	-	-	-	-	544
Other	-	-	4,004	1,478	5,533
<b>Total receipts</b>	<b>6,031</b>	<b>-</b>	<b>7,404</b>	<b>1,478</b>	<b>70,595</b>
Disbursements:					
Public safety	-	-	-	-	270
Highways and streets	-	-	-	-	6,000
Urban redevelopment and housing	-	-	-	-	21,646
Capital outlay:					
Highways, streets, equipment, and other	6,000	-	-	-	26,000
<b>Total disbursements</b>	<b>6,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53,916</b>
Excess (deficiency) of receipts over disbursements	31	-	7,404	1,478	16,679
Other financing sources:					
Other receipts	-	-	-	-	50
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	31	-	7,404	1,478	16,729
Cash and investment fund balance - beginning	5,038	500	180,844	7,445	248,426
Cash and investment fund balance - ending	<u>\$ 5,069</u>	<u>\$ 500</u>	<u>\$ 188,248</u>	<u>\$ 8,923</u>	<u>\$ 265,155</u>
<u>Cash and Investment Assets - December 31</u>					
Restricted assets:					
Cash and investments	<u>\$ 5,069</u>	<u>\$ 500</u>	<u>\$ 188,248</u>	<u>\$ 8,923</u>	<u>\$ 265,155</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ 3,210
Other purposes	5,069	500	188,248	8,923	261,945
<b>Total cash and investment fund balance - December 31</b>	<b><u>\$ 5,069</u></b>	<b><u>\$ 500</u></b>	<b><u>\$ 188,248</u></b>	<b><u>\$ 8,923</u></b>	<b><u>\$ 265,155</u></b>

TOWN OF BROOKSTON  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2007

	<u>Federal Withholdings</u>	<u>Social Security</u>	<u>Medicare</u>	<u>Indiana Gross Income</u>	<u>Insurance</u>	<u>Special Deposit Fund</u>	<u>Totals</u>
Additions:							
Agency fund additions	\$ 25,010	\$ 31,752	\$ 7,426	\$ 11,360	\$ 27,730	\$ -	\$ 103,278
Deductions:							
Agency fund deductions	<u>25,010</u>	<u>31,752</u>	<u>7,426</u>	<u>11,194</u>	<u>25,998</u>	<u>-</u>	<u>101,380</u>
Excess of total additions over total deductions	-	-	-	166	1,732	-	1,898
Cash and investment fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>762</u>	<u>694</u>	<u>1,343</u>	<u>2,799</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 928</u>	<u>\$ 2,426</u>	<u>\$ 1,343</u>	<u>\$ 4,697</u>

TOWN OF BROOKSTON  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2008

	Local Road and Street	Local Law Enforcement Continuing Education	Park and Recreation	County Economic Development Income Tax	Bicentennial Donation	Development Guide	Indiana Criminal Justice Grant
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ 19,961	\$ -	\$ -	\$ -
Intergovernmental	6,425	-	-	-	-	-	3,050
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	8,401	-	-	-	-	-
Other	-	-	65	-	9	-	-
Total receipts	6,425	8,401	65	19,961	9	-	3,050
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	475	-	-	-	-	3,050
Culture and recreation	-	-	850	-	-	-	-
Urban redevelopment and housing	-	-	-	9,508	-	-	-
Total disbursements	-	475	850	9,508	-	-	3,050
Excess (deficiency) of receipts over disbursements	6,425	7,926	(785)	10,453	9	-	-
Other financing sources:							
Other receipts	-	-	-	-	-	50	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,425	7,926	(785)	10,453	9	50	-
Cash and investment fund balance - beginning	5,298	1,422	3,210	30,372	525	1,150	-
Cash and investment fund balance - ending	\$ 11,723	\$ 9,348	\$ 2,425	\$ 40,825	\$ 534	\$ 1,200	\$ -
<u>Cash and Investment Assets - December 31</u>							
Restricted assets:							
Cash and investments	\$ 11,723	\$ 9,348	\$ 2,425	\$ 40,825	\$ 534	\$ 1,200	\$ -
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Culture and recreation	\$ -	\$ -	\$ 2,425	\$ -	\$ -	\$ -	\$ -
Other purposes	11,723	9,348	-	40,825	534	1,200	-
Total cash and investment fund balance - December 31	\$ 11,723	\$ 9,348	\$ 2,425	\$ 40,825	\$ 534	\$ 1,200	\$ -

TOWN OF BROOKSTON  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2008  
 (Continued)

	Riverboat	Rainy Day	Cumulative Capital Improvement	Centurytel Grant	Wood and South Street	Community Van Gift	Totals
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,961
Intergovernmental	10,771	9,917	5,584	-	-	-	35,747
Charges for services	-	-	-	-	6,800	-	6,800
Fines and forfeits	-	-	-	-	-	-	8,401
Other	-	-	-	650	3,155	146	4,025
<b>Total receipts</b>	<b>10,771</b>	<b>9,917</b>	<b>5,584</b>	<b>650</b>	<b>9,955</b>	<b>146</b>	<b>74,934</b>
<b>Disbursements:</b>							
General government	-	-	-	596	-	-	596
Public safety	-	-	-	-	-	-	3,525
Culture and recreation	-	-	-	-	-	-	850
Urban redevelopment and housing	-	-	-	-	-	-	9,508
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>596</b>	<b>-</b>	<b>-</b>	<b>14,479</b>
Excess (deficiency) of receipts over disbursements	10,771	9,917	5,584	54	9,955	146	60,455
<b>Other financing sources:</b>							
Other receipts	-	-	-	-	-	-	50
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	10,771	9,917	5,584	54	9,955	146	60,505
Cash and investment fund balance - beginning	14,143	6,295	5,069	500	188,248	8,923	265,155
Cash and investment fund balance - ending	\$ 24,914	\$ 16,212	\$ 10,653	\$ 554	\$ 198,203	\$ 9,069	\$ 325,660
<u>Cash and Investment Assets - December 31</u>							
<b>Restricted assets:</b>							
Cash and investments	\$ 24,914	\$ 16,212	\$ 10,653	\$ 554	\$ 198,203	\$ 9,069	\$ 325,660
<u>Cash and Investment Fund Balance - December 31</u>							
<b>Restricted for:</b>							
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,425
Other purposes	24,914	16,212	10,653	554	198,203	9,069	323,235
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 24,914</b>	<b>\$ 16,212</b>	<b>\$ 10,653</b>	<b>\$ 554</b>	<b>\$ 198,203</b>	<b>\$ 9,069</b>	<b>\$ 325,660</b>

TOWN OF BROOKSTON  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2008

	<u>Federal Withholdings</u>	<u>Social Security</u>	<u>Medicare</u>	<u>Indiana Gross Income</u>	<u>Insurance</u>	<u>Special Deposit Fund</u>	<u>Totals</u>
Additions:							
Agency fund additions	\$ 26,895	\$ 33,130	\$ 7,748	\$ 11,839	\$ 24,865	\$ -	\$ 104,477
Deductions:							
Agency fund deductions	<u>26,895</u>	<u>33,130</u>	<u>7,748</u>	<u>11,488</u>	<u>25,849</u>	<u>-</u>	<u>105,110</u>
Excess (deficiency) of total additions over total deductions	-	-	-	351	(984)	-	(633)
Cash and investment fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>928</u>	<u>2,426</u>	<u>1,343</u>	<u>4,697</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,279</u>	<u>\$ 1,442</u>	<u>\$ 1,343</u>	<u>\$ 4,064</u>

TOWN OF BROOKSTON  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended December 31, 2008

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Buildings	\$ 550,324
Improvements other than buildings	229,528
Machinery and equipment	<u>521,057</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 1,300,909</u>
 Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Buildings	\$ 316,795
Improvements other than buildings	298,116
Machinery and equipment	<u>986,646</u>
 Total Water Utility capital assets	 <u>1,601,557</u>
 Wastewater Utility:	
Capital assets, not being depreciated:	
Land	25,000
Buildings	219,858
Improvements other than buildings	2,075,000
Machinery and equipment	<u>39,588</u>
 Total Wastewater Utility capital assets	 <u>2,359,446</u>
 Electric Utility:	
Capital assets, not being depreciated:	
Machinery and equipment	<u>65,112</u>
 Total business-type activities capital assets	 <u>\$ 4,026,115</u>

TOWN OF BROOKSTON  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2008

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Water Utility:		
Revenue bonds:		
Water Improvement bonds	\$ 340,000	\$ 9,095
Water bonds (SRF Loan)	<u>1,372,000</u>	<u>61,209</u>
Total Water Utility	<u>1,712,000</u>	<u>70,304</u>
Wastewater Utility:		
Revenue bonds:		
Wastewater bonds (SRF Loan)	<u>1,910,000</u>	<u>72,414</u>
Total business-type activities debt	<u>\$ 3,622,000</u>	<u>\$ 142,718</u>

TOWN OF BROOKSTON  
AUDIT RESULTS AND COMMENTS

DELINQUENT WASTEWATER ACCOUNTS

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.

IC 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) A list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
  - (A) The name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent.
  - (B) A description of the premises, as shown by the records of the county auditor.
  - (C) The amount of the delinquent fees, together with the penalty.
- (2) An individual instrument for each lot or parcel of real property on which the fees are delinquent."

"(c) The officer shall record a copy of each list or each individual instrument with the county recorder . . ."

"(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May. . . ."

DELINQUENT ACCOUNTS RECEIVABLE

Ordinance 1987-8 established the shutoff policy for delinquent customers. The Utility did not always shut off delinquent customers as required by the ordinance. A similar comment was noted in prior Reports B26769 and B3000.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

HYDRANT RENTAL RECEIVABLE (PAYABLE)

The Town of Brookston owes the Water Utility hydrant rental of \$4,738.44 for the year 2008, pursuant to Rate Ordinance 1-2007 passed by the Town Council on March 28, 2007.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF BROOKSTON  
AUDIT RESULTS AND COMMENTS  
(Continued)

CUSTOMER DEPOSIT REGISTERS

The detailed customer deposit registers for the Water and Electric Utilities are not reconciled with the customer deposit amounts recorded on the General Ledger.

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)

LACK OF SEGREGATION OF DUTIES

We noted deficiencies in the internal control system of the Town related to financial transactions and reporting. We believe the following deficiencies constitute a material weakness:

Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the Town to reduce risks to achievement of financial reporting objectives. The Town has not separated incompatible activities related to Town receipts, Utility billings and collections, disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to go undetected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

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

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE TOWN OF BROOKSTON, WHITE COUNTY, INDIANA

### Compliance

We have audited the compliance of the Town of Brookston (Town) 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 each of its major federal programs for the years ended December 31, 2007 and 2008. The Town's major federal programs are 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 each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town'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 Town'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 Town's compliance with those requirements.

In our opinion, the Town complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2007 and 2008.

### Internal Control Over Compliance

The management of the Town 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 Town'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, 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 Town's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

A control deficiency in a Town's 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

The Town's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management, and 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

August 31, 2009

TOWN OF BROOKSTON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended December 31, 2007 and 2008

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-07	Total Federal Awards Expended 12-31-08
<u>U.S. HOUSING AND URBAN DEVELOPMENT</u>				
Pass-Through Indiana Office of Community and Rural Affairs Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	CF-06-235 PL-05-012	\$ 493,700 19,800	\$ 6,300 -
Total for federal grantor agency			<u>513,500</u>	<u>6,300</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Pass-Through Indiana Criminal Justice Institute Edward Byrne Memorial Justice Assistance Grant Program	16.738	2005-DJ-BX-0759	270	-
Edward Byrne Memorial Formula Grant Program	16.579	2004-DB-BX-0018	-	3,050
Total for federal grantor agency			<u>270</u>	<u>3,050</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
Pass-Through Indiana Finance Authority - State Revolving Fund Capitalization Grants for Drinking Water State Revolving Funds Small System Technical Assistance Grant Drinking Water State Revolving Fund Program	66.468	DW 061591 01 Grant DW 061591 01	25,000 540,225	- 6,718
Total for federal grantor agency			<u>565,225</u>	<u>6,718</u>
Total federal awards expended			<u>\$ 1,078,995</u>	<u>\$ 16,068</u>

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

TOWN OF BROOKSTON  
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 Town of Brookston (Town) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of Towns with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

TOWN OF BROOKSTON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	yes
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	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:

CFDA Number	Name of Federal Program or Cluster
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
66.468	Capitalization Grants for Drinking Water State Revolving Funds

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

Auditee qualified as low-risk auditee? no

TOWN OF BROOKSTON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Section II – Financial Statement Findings

FINDING 2008-1, SEGREGATION OF DUTIES

We noted a deficiency in the internal control system of the Town related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

Lack of Segregation of Duties

Control activities should be selected and developed at various levels of the Town to reduce risks to achievement of financial reporting objectives. The Town has not separated incompatible activities related to Town receipts, Utility billings and collections, disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to occur and not be detected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

TOWN OF BROOKSTON  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2006-2, EQUIPMENT AND REAL PROPERTY MANAGEMENT

Federal Agency: U.S. Department of Housing and Urban Development  
Pass-through Indiana Department of Commerce  
Federal Program: Community Development Block Grant  
CFDA Number 14.228

Federal Agency: U.S. Department of Environmental Protection  
Pass-through Indiana Department of Environmental Management  
Federal Program: Capitalization Grants for Clean Water State Revolving Funds  
CFDA Number 66.458

Corrective action was taken by the Town of Brookston

*Anger E Brown,*  
*Clerk - Treasurer*  
*Aug 31, 2009*

OFFICE OF CLERK-TREASURER  
TOWN OF BROOKSTON, INC.

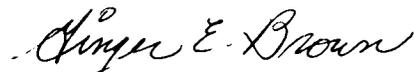
205 EAST THIRD STREET  
P.O. BOX 238  
BROOKSTON, INDIANA 47923

PH. (765) 563-3171  
FAX (765) 563-6623

August 31, 2009

The management of the Town of Brookston have reviewed the Financial Statement Finding 2008-1 Internal Controls over Financial Transactions and Reporting, related to their audit for the period Jan. 1, 2007 to Dec. 31, 2008. We offer the following corrective actions:

1. Lack of Segregation of Duties- The Clerk-Treasurer's office will review their office procedures and attempt to institute duties that would involve, at least on a sample basis, reviews of the work being performed by each of the office employees. However, the Town is a very small governmental unit and management has determined that the cost associated with employing the additional staff necessary to properly segregate the duties in the business office would outweigh the benefits of a stronger internal control structure. Management acknowledges and assumes the risk inherent with the current design of their business office.



Ginger E. Brown  
Clerk-Treasurer

TOWN OF BROOKSTON  
EXIT CONFERENCE

The contents of this report were discussed on August 31, 2009, with Ginger E. Brown, Clerk-Treasurer. The official concurred with our findings.