

B37126

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

EXAMINATION REPORT
OF
TOWN OF BROWNSTOWN
JACKSON COUNTY, INDIANA
January 1, 2007 to December 31, 2009



FILED
06/17/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Rebecka A. Fee	01-01-07 to 12-31-10
President of the Town Council	Leroy Warren	01-01-07 to 12-31-10
Superintendent of Wastewater Utility	Scott Hunsucker	01-01-07 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF BROWNSTOWN, JACKSON COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Brownstown (Town), for the period of January 1, 2007 to December 31, 2009. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

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

The financial records and annual reports presented for examination were incomplete and not reflective of the activity of the Town's funds. In addition, bank reconciliations presented had large unaccounted for differences during the examination period. As a result, the validity and accountability of cash and investments for the various funds as of December 31, 2007, 2008, and 2009, could not be established.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the bank reconciliations, annual reports, and the account balances of the various funds, the financial information referred to above present fairly, in all material respects, the financial information of the Town for the years ended December 31, 2007, 2008, and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

May 5, 2010

TOWN OF BROWNSTOWN
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, 2007, 2008, And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 150,999	\$ 360,035	\$ 505,018	\$ 6,016
Parks and Recreation	74,740	75,369	143,617	6,492
Cumulative Capital Development	144,671	16,442	-	161,113
CEDIT Capital Projects	163,508	46,366	125,797	84,077
Sidewalk Grant Escrow Fund	24,348	2,577	26,925	-
Motor Vehicle Highway	173,825	159,760	206,811	126,774
Rainy Day Fund	28,526	-	24,928	3,598
Riverboat Fund	52,282	18,779	28,421	42,640
Police Donations Fund	500	500	-	1,000
Penalty Fund	-	18,371	-	18,371
Local Law Enforcement Continuing Education	3,978	5,634	1,686	7,926
Drug Free Grant	55	4,700	-	4,755
Cumulative Capital Improvement	22,670	10,460	515	32,615
Joint Fire Protection Board	56,298	59,344	83,804	31,838
Nonreverting Park and Recreation	12,660	10,053	8,711	14,002
Cemetery	13,255	49,794	42,038	21,011
Debt Service - Pool	41,054	26,160	48,680	18,534
Criminal Justice - Operation Pullover	-	2,500	-	2,500
HUD Housing	16,208	-	-	16,208
Bond #2 - Storm Sewer Project	52,798	11,697	24,342	40,153
Cumulative Fire Special	25,428	10,962	23,634	12,756
Fire Donations	3,017	3,000	3,000	3,017
FEMA Grant Fire Department	1,162	-	-	1,162
Local Road and Street	63,075	14,903	-	77,978
Proprietary Funds:				
Wastewater Utility - Operating	523,559	676,646	791,323	408,882
Wastewater Utility - Sinking Fund	100	-	-	100
Wastewater Utility - Improvement	70,467	2,735	-	73,202
Wastewater Utility - Debt Service	554,796	754,929	732,022	577,703
Fiduciary Fund:				
Payroll	5,746	305,570	299,890	11,426
Totals	<u>\$ 2,279,725</u>	<u>\$ 2,647,286</u>	<u>\$ 3,121,162</u>	<u>\$ 1,805,849</u>

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

TOWN OF BROWNSTOWN
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, 2007, 2008, And 2009
(Continued)

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 6,016	\$ 554,828	\$ 528,147	\$ 32,697
Parks and Recreation	6,492	115,999	119,666	2,825
Cumulative Capital Development	161,113	35,947	35,000	162,060
CEDIT Capital Projects	84,077	47,770	66,407	65,440
Motor Vehicle Highway	126,774	184,617	207,850	103,541
Rainy Day Fund	3,598	23,131	-	26,729
Riverboat Fund	42,640	18,681	28,884	32,437
Police Donations Fund	1,000	500	-	1,500
Penalty Fund	18,371	13,350	25,076	6,645
Local Law Enforcement Continuing Education	7,926	4,916	1,690	11,152
Drug Free Grant	4,755	1,000	5,729	26
Park Donation	-	1,000	-	1,000
Cumulative Capital Improvement	32,615	9,778	15,000	27,393
Joint Fire Protection Board	31,838	71,433	81,142	22,129
Nonreverting Park and Recreation	14,002	11,783	8,371	17,414
Cemetery	21,011	75,483	48,312	48,182
Debt Service - Pool	18,534	50,297	45,234	23,597
Criminal Justice - Operation Pullover	2,500	-	2,500	-
HUD Housing	16,208	-	-	16,208
Bond #2 - Storm Sewer Project	40,153	9,475	24,189	25,439
Cumulative Fire Special	12,756	24,027	18,634	18,149
Fire Donations	3,017	-	2,928	89
FEMA Grant Fire Department	1,162	-	1,162	-
Federal Grants #1	-	97,882	97,882	-
Local Government Grant #1	-	32,720	32,720	-
Local Road and Street	77,978	14,039	30,000	62,017
Proprietary Funds:				
Wastewater Utility - Operating	408,882	689,556	650,096	448,342
Wastewater Utility - Sinking Fund	100	-	-	100
Wastewater Utility - Improvement	73,202	1,073	32,432	41,843
Wastewater Utility - Debt Service	577,703	616,276	881,643	312,336
Wastewater Utility - Trash Utility	-	66,901	45,419	21,482
Fiduciary Fund:				
Payroll	11,426	307,383	205,004	113,805
Totals	<u>\$ 1,805,849</u>	<u>\$ 3,079,845</u>	<u>\$ 3,241,117</u>	<u>\$ 1,644,577</u>

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

TOWN OF BROWNSTOWN
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, 2007, 2008, And 2009
(Continued)

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 32,697	\$ 455,810	\$ 502,019	\$ (13,512)
Parks and Recreation	2,825	157,057	145,820	14,062
Cumulative Capital Development	162,060	25,379	-	187,439
CEDIT Capital Projects	65,440	44,093	63,347	46,186
Motor Vehicle Highway	103,541	198,067	208,838	92,770
Rainy Day Fund	26,729	15,146	5,751	36,124
Riverboat Fund	32,437	18,636	9,800	41,273
Police Donations Fund	1,500	500	-	2,000
Penalty Fund	6,645	5,945	6,406	6,184
Local Law Enforcement Continuing Education	11,152	3,993	4,832	10,313
Drug Free Grant	26	6,804	6,852	(22)
Building Better Community BSU	-	5,000	8,411	(3,411)
Park Donation	1,000	-	-	1,000
Park Improvement Grant 2009	-	292,000	291,999	1
Cumulative Capital Improvement	27,393	9,132	4,691	31,834
Joint Fire Protection Board	22,129	52,020	71,880	2,269
Nonreverting Park and Recreation	17,414	8,756	11,454	14,716
Cemetery	48,182	39,546	49,330	38,398
Debt Service - Pool	23,597	32,101	48,138	7,560
Criminal Justice - Operation Pullover	-	-	3,500	(3,500)
HUD Housing	16,208	-	-	16,208
Bond #2 - Storm Sewer Project	25,439	-	-	25,439
Cumulative Fire Special	18,149	16,912	-	35,061
Fire Donations	89	-	-	89
Local Road and Street	62,017	13,182	-	75,199
Proprietary Funds:				
Wastewater Utility - Operating	448,342	657,662	809,869	296,135
Wastewater Utility - Sinking Fund	100	-	-	100
Wastewater Utility - Improvement	41,843	40	-	41,883
Wastewater Utility - Debt Service	312,336	10,817	56,213	266,940
Wastewater Utility - Trash Utility	21,482	140,191	153,484	8,189
Fiduciary Fund:				
Payroll	113,805	156,878	272,569	(1,886)
Totals	<u>\$ 1,644,577</u>	<u>\$ 2,365,667</u>	<u>\$ 2,735,203</u>	<u>\$ 1,275,041</u>

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

TOWN OF BROWNSTOWN
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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

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.

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.

TOWN OF BROWNSTOWN
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

General infrastructure assets are included if acquired (purchased, constructed, or donated) after July 1, 1980, or if they received major renovations, restorations, or improvements after that date. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 27,061
Infrastructure	750,000
Buildings	245,652
Improvements other than buildings	603,484
Machinery and equipment	<u>571,742</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 2,197,939</u>
 Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 74,621
Infrastructure	22,083
Buildings	408,472
Improvements other than buildings	5,712,226
Machinery and equipment	<u>584,744</u>
 Total business-type activities capital assets	 <u>\$ 6,802,146</u>

TOWN OF BROWNSTOWN
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital lease:		
Swimming pool	\$ 110,000	\$ 45,848
Bonds payable:		
General obligation bonds:		
1999 Stormwater project	<u>192,500</u>	<u>28,848</u>
Total governmental activities debt	<u><u>\$ 302,500</u></u>	<u><u>\$ 74,696</u></u>
Business-type activities:		
Wastewater Utility:		
Notes and loans payable:		
2000 State revolving loan	<u><u>\$ 3,050,000</u></u>	<u><u>\$ 280,623</u></u>

TOWN OF BROWNSTOWN
EXAMINATION RESULTS AND COMMENTS

BACKGROUND INFORMATION

We began the examination of the Town of Brownstown for the two year period ending December 31, 2008, on October 1, 2009, by reviewing the financial records, performing a preliminary bank reconciliation for December 31, 2008, discussing the status of the Town with Clerk-Treasurer Rebecka A. Fee, and obtaining other Town records. We initially noted that the December 31, 2008 bank reconciliation had a large unreconciled difference to the fund ledger and various items in the Town's records did not appear to be correct. These items were discussed with Rebecka A. Fee and she acknowledged that her books were not accurate or up to date (especially 2009) because she had been having some personal difficulties.

On October 8, 2009, we began a more detailed comparison of bank and ledger activity. We noted that there were many large corrections in the appropriation line item labeled "Clerk-Treasurer Salary" in the 2008 General Fund portion of the expenditure history report. We planned to review this issue as the examination progressed.

On October 13, 2009, we began inspecting the detail of the 2008 payroll records and payroll bank statements. On the December 2008 bank statement we noted a check to Rebecka A. Fee with a net amount of \$3,554. Prior audit and salary ordinances confirmed that her approved salary was \$1,564.98 bi-weekly and \$40,689.48 per year. The January 2008 payroll bank statement showed check amounts exceeding \$3,000 for Rebecka A. Fee. We printed an employee history for Rebecka A. Fee for 2008, and then 2006, 2007, and 2009. We found amounts ranging from \$500 to \$4,000 added to almost all checks. Starting January 2006, Rebecka A. Fee began adding additional unauthorized salary amounts to her payroll checks. We immediately informed our office of a possible substantial overpayment of salary.

On October 15, 2009, Clerk-Treasurer Rebecka A. Fee left the Brownstown Town Hall and did not return during the period of our examination. We met with the Indiana State Police (ISP) to discuss this overpayment of salary so the ISP could initiate a separate criminal investigation. We attempted to contact Rebecka A. Fee the following day without success. When the ISP detective attempted to contact Rebecka A. Fee, her Attorney returned the call. Therefore, we made no additional attempts at communication until we scheduled our exit conference with Rebecka A. Fee.

We detailed Clerk-Treasurer Rebecka A. Fee's total overpayment of salary in the comments entitled "Overpayment of Compensation and Benefits" and "Payroll Deductions." We prepared spreadsheets and analysis of each respective year of the overpayments.

During this time we noticed a check from August 2006 for \$1,434.08 paid to Rebecka A. Fee's son, Gary Wayne Lonsberry, II. We reviewed the payroll accounting system and noted that he had been paid in 2005 and 2006. We asked Deputy Clerk-Treasurer (Appointed Acting Clerk-Treasurer) Cathy Roberts whether the Town of Brownstown had ever hired Gary Wayne Lonsberry, II in any capacity. She stated that Gary Wayne Lonsberry, II, worked at the Town of Brownstown pool while in he was in high school, but to her knowledge, was not hired in any other capacity by the Town of Brownstown.

We discussed these payments with the Federal Bureau of Investigation's (FBI) local agent (who became involved in the investigation in late October 2009) and the ISP detective who were conducting the criminal investigation. The FBI agent and ISP detective requested that we determine whether there was a Town of Brownstown internet website. On November 20, 2009, the Deputy Clerk-Treasurer provided an unemployment statement dated early 2008 that showed that Clerk-Treasurer Rebecka A. Fee's son, Gary Wayne Lonsberry, II, filed an unemployment claim. We decided to expand the review of payroll payments and found checks from the Town of Brownstown to Gary Wayne Lonsberry, II that went back to June of 2003.

TOWN OF BROWNSTOWN
EXAMINATION RESULTS AND COMMENTS
(Continued)

We searched Clerk-Treasurer Rebecka A. Fee's work computer, Town of Brownstown e-mail accounts, the internet, and payroll time records for evidence of a Town of Brownstown internet website. We did find some references for a web site when we searched the computer and payroll files. The Deputy Clerk-Treasurer printed an "employee file - comments" for Gary Wayne Lonsberry, II, which stated: "Summer 2003 hired to develop web page for Town. Paid hourly to last pay. Then final bill of 1200." Results of analyzing time records related to the check dates revealed that, though no website for the Town of Brownstown exists, Rebecka A. Fee attempted to present her son, Gary Wayne Lonsberry, II, as performing work on a website.

We were requested by the FBI agent and ISP detective to determine if Police Officer Tom Wright had given pictures to Clerk-Treasurer Rebecka A. Fee for inclusion in a Town of Brownstown website. Officer Wright indicated that he had given pictures to Rebecka A. Fee, but the pictures were for a Town of Brownstown Employee Manual. Town Councilman Jim Phillips reported that he had printed the Town of Brownstown Employee Manual that includes pictures of the Town Hall on the front.

Both the official board minutes and board minute work papers of the two previous audits back to 2003 were reviewed and no evidence was found that the Town Council had approved Clerk-Treasurer Rebecka A. Fee to hire her son, Gary Wayne Lonsberry, II. Town Council President Leroy Warren indicated that the Town Council had not authorized Clerk-Treasurer Rebecka A. Fee to hire her son, Gary Wayne Lonsberry, II, to create a Town of Brownstown website.

Based on all of the above information we conclude that Rebecka A. Fee paid her son, Gary Wayne Lonsberry, II, for a website that does not exist and these payments were made without the authority of the Town Council. Details of these payments are shown in the comments entitled "Unauthorized Personal Services."

CONDITION OF RECORDS BACKGROUND INFORMATION

Due to the issues discussed above, the examination was extended through December 31, 2009.

We examined the payroll bank transfers from the Town and Wastewater bank accounts, respectively. We determined that a shortage existed, primarily relating to overpaid salaries and unposted transactions to the records. In the Town accounts the shortage primarily included \$85,300 in adjustments from 2008, \$195,763.65 in unsupported adjustments for 2009, and \$128,597.18 in unposted payroll transactions for 2009. The Wastewater Fund included \$31,251.08 in unposted payroll transactions in 2008, \$119,223.83 in unsupported adjustments for 2009, \$14,293.47 in excess adjustments to Wastewater Operating, and an \$18,000 unposted transfer for the Town's matching of Deferred Compensation (including \$12,750 owed to Wastewater Operating from Town accounts).

We then determined that eight additional types of errors were made. These include unsupported direct adjustments to the fund balances, errors on outstanding check lists, electronic fund transfers not posted to the ledger, double postings, receipts deposited into the wrong bank account, other minor payroll payment errors, returned checks not adjusted on the records, and a bank transfer receipt not posted to the funds ledger.

Comments related to condition of records include Condition of Records, Federal and State Agencies – Compliance Requirements, and Internal Controls. Other comments describe additional issues encountered during the examination.

TOWN OF BROWNSTOWN
EXAMINATION RESULTS AND COMMENTS
(Continued)

OVERPAYMENT OF COMPENSATION AND BENEFITS

Clerk-Treasurer Rebecka A. Fee received \$54,135.02, \$90,260.03, \$132,033.39, and \$92,626.26 for a total of \$369,054.70 in overpayments for 2006, 2007, 2008, and 2009, respectively, which were not included in a salary ordinance or resolution.

<u>Number of Overpayments</u>	<u>Check Number</u>	<u>Check Date</u>	<u>Gross Pay Posted to Employee History</u>	<u>Approved Salary</u>	<u>Overpayment</u>
1	3638	01-06-06	\$ 3,033.08	\$ 1,533.08	\$ 1,500.00
2	3677	01-20-06	3,064.98	1,564.98	1,500.00
3	3690	02-15-06	2,764.98	1,564.98	1,200.00
4	3709	03-03-06	4,064.98	1,564.98	2,500.00
5	3734	03-17-06	3,064.98	1,564.98	1,500.00
6	3748	03-31-06	4,064.98	1,564.98	2,500.00
7	3762	04-14-06	3,564.98	1,564.98	2,000.00
8	3777	04-28-06	5,064.98	1,564.98	3,500.00
9	3793	05-12-06	5,064.98	1,564.98	3,500.00
10	3817	05-26-06	3,564.98	1,564.98	2,000.00
11	3834	06-09-06	3,064.98	1,564.98	1,500.00
12	3884	06-23-06	3,064.98	1,564.98	1,500.00
13	3930	07-07-06	5,064.98	1,564.98	3,500.00
14	3982	07-21-06	4,064.98	1,564.98	2,500.00
15	4028	08-04-06	4,500.00	1,564.98	2,935.02
16	4074	08-18-06	3,564.98	1,564.98	2,000.00
17	4124	09-01-06	3,564.98	1,564.98	2,000.00
18	4140	09-15-06	4,564.98	1,564.98	3,000.00
19	4163	09-29-06	3,564.98	1,564.98	2,000.00
20	4177	10-11-06	4,064.98	1,564.98	2,500.00
21	4210	10-27-06	3,064.98	1,564.98	1,500.00
22	4246	11-24-06	3,564.98	1,564.98	2,000.00
23	4259	12-08-06	4,064.98	1,564.98	2,500.00
24	4300	12-22-06	4,564.98	1,564.98	3,000.00
Total					<u>\$ 54,135.02</u>

TOWN OF BROWNSTOWN
EXAMINATION RESULTS AND COMMENTS
(Continued)

<u>Number of Overpayments</u>	<u>Check Number</u>	<u>Check Date</u>	<u>Gross Pay Posted to Employee History</u>	<u>Approved Salary</u>	<u>Overpayment</u>
1	4313	01-05-07	\$ 2,564.98	\$ 1,564.98	\$ 1,000.00
2	4326	01-19-07	5,564.98	1,564.98	4,000.00
3	4346	02-03-07	3,564.98	1,564.98	2,000.00
4	4360	02-16-07	3,564.98	1,564.98	2,000.00
5	4381	03-02-07	4,564.98	1,564.98	3,000.00
6	4394	03-16-07	4,564.98	1,564.98	3,000.00
7	4413	03-30-07	3,564.98	1,564.98	2,000.00
8	4427	04-11-07	3,564.98	-	3,564.98
9	4447	04-23-07	3,564.98	-	3,564.98
10	4449	04-27-07	1,764.98	1,564.98	200.00
11	4465	05-11-07	4,064.98	1,564.98	2,500.00
12	4486	05-24-07	5,427.07	1,564.98	3,862.09
13	4504	06-07-07	5,567.98	1,564.98	4,003.00
14	4555	06-15-07	2,000.00	-	2,000.00
15	4561	06-21-07	5,064.98	1,564.98	3,500.00
16	4615	07-06-07	6,564.98	1,564.98	5,000.00
17	4670	07-20-07	4,064.98	1,564.98	2,500.00
18	4720	08-02-07	4,064.98	1,564.98	2,500.00
19	4770	08-16-07	4,064.98	1,564.98	2,500.00
20	4824	08-30-07	4,064.98	1,564.98	2,500.00
21	4857	09-14-07	4,064.98	1,564.98	2,500.00
22	4896	09-28-07	5,064.98	1,564.98	3,500.00
23	4912	10-12-07	5,064.98	1,564.98	3,500.00
24	4933	10-26-07	5,064.98	1,564.98	3,500.00
25	4949	11-09-07	5,064.98	1,564.98	3,500.00
26	5501	11-21-07	5,064.98	1,564.98	3,500.00
27	5538	12-06-07	5,064.98	1,564.98	3,500.00
28	5558	12-20-07	5,564.98	-	5,564.98
29	5572	12-21-07	5,064.98	1,564.98	3,500.00
30	5573	12-28-07	2,500.00	-	2,500.00
Total					<u>\$ 90,260.03</u>

TOWN OF BROWNSTOWN
EXAMINATION RESULTS AND COMMENTS
(Continued)

<u>Number of Overpayments</u>	<u>Check Number</u>	<u>Check Date</u>	<u>Gross Pay Posted to Employee History</u>	<u>Approved Salary</u>	<u>Overpayment</u>
1	5574	01-04-08	\$ 5,064.98	\$ 1,564.98	\$ 3,500.00
2	5589	01-25-08	-	-	3,920.99
3	5607	01-17-08	5,264.98	1,564.98	3,700.00
4	5591	01-31-08	5,064.98	1,564.98	3,500.00
5	5625	02-14-08	5,064.98	1,564.98	3,500.00
6	5643	02-21-08	4,000.00	-	4,000.00
7	5645	02-29-08	5,264.98	1,564.98	3,700.00
8	5659	03-14-08	5,064.98	1,564.98	3,500.00
9	5677	03-28-08	5,364.98	1,564.98	3,800.00
10	5691	04-04-08	3,564.98	-	3,564.98
11	5692	04-11-08	4,664.98	1,564.98	3,100.00
12	5727	04-24-08	5,064.98	1,564.98	3,500.00
13	5707	05-01-08	5,064.98	-	5,064.98
14	5741	05-08-08	5,064.98	1,564.98	3,500.00
15	5708	05-16-08	5,500.00	-	5,500.00
16	5757	05-23-08	5,564.98	1,564.98	4,000.00
17	5714	05-30-08	3,564.98	-	3,564.98
18	5791	06-06-08	5,564.98	1,564.98	4,000.00
19	5837	06-20-08	5,564.98	1,564.98	4,000.00
20	5720	06-27-08	5,564.98	-	5,564.98
21	5885	07-03-08	5,564.98	1,564.98	4,000.00
22	5786	07-11-08	5,064.98	-	5,064.98
23	5957	07-17-08	4,564.98	1,564.98	3,000.00
24	6009	07-31-08	5,064.98	1,564.98	3,500.00
25	6055	08-14-08	5,064.98	1,564.98	3,500.00
26	6102	08-29-08	5,064.98	1,564.98	3,500.00
27	6136	09-12-08	5,064.98	1,564.98	3,500.00
28	6152	09-26-08	5,064.98	1,564.98	3,500.00
29	6167	10-10-08	5,064.98	1,564.98	3,500.00
30	6186	10-24-08	4,564.98	1,564.98	3,000.00
31	6201	11-07-08	4,564.98	1,564.98	3,000.00
32	6220	11-19-08	4,564.98	-	4,564.98
33	6238	12-04-08	5,064.98	1,564.98	3,500.00
34	6289	12-19-08	-	-	3,554.01
35	6290	12-30-08	-	-	2,868.51
Total					<u>\$ 132,033.39</u>

TOWN OF BROWNSTOWN
EXAMINATION RESULTS AND COMMENTS
(Continued)

<u>Number of Overpayments</u>	<u>Check Number</u>	<u>Check Date</u>	<u>Gross Pay Posted to Employee History</u>	<u>Approved Salary</u>	<u>Overpayment</u>
1	6291	01-13-09	\$ -	\$ -	2,476.79
2	6329	01-17-09	-	-	2,293.29
3	6356	01-29-09	-	-	3,331.39
4	6338	01-30-09	5,064.98 *	4,564.98	500.00
5	6358	02-12-09	2,564.98	1,564.98	1,000.00
6	6378	02-27-09	5,564.98	1,564.98	4,000.00
7	5721	03-06-09	-	-	1,978.56
8	6392	03-12-09	5,064.98	1,564.98	3,500.00
9	6411	03-26-09	5,064.98	1,564.98	3,500.00
10	6425	03-27-09	-	-	2,009.32
11	6426	04-09-09	4,564.98	1,564.98	3,000.00
12	6446	04-23-09	5,064.98	1,564.98	3,500.00
13	6461	05-07-09	5,064.98	1,564.98	3,500.00
14	6482	05-21-09	5,064.98	1,564.98	3,500.00
15	6500	05-29-09	2,464.98	-	2,464.98
16	6502	06-04-09	5,064.98	1,564.98	3,500.00
17	6549	06-12-09	3,064.98	-	3,064.98
18	6555	06-18-09	5,064.98	1,564.98	3,500.00
19	6603	06-26-09	-	-	1,962.31
20	6605	07-02-09	5,064.98	1,564.98	3,500.00
21	6650	07-08-09	-	-	2,371.07
22	6652	07-15-09	5,564.98	1,564.98	4,000.00
23	6727	07-30-09	5,564.98	1,564.98	4,000.00
24	6706	08-07-09	-	-	1,962.31
25	6775	08-13-09	5,064.98	1,564.98	3,408.29
26	6822	08-21-09	-	-	2,324.06
27	6824	08-28-09	5,064.98	1,564.98	3,500.00
28	6877	09-04-09	-	-	2,324.06
29	6879	09-10-09	4,564.98	1,564.98	3,000.00
30	6894	09-18-09	-	-	2,654.85
31	6900	09-24-09	5,064.98	1,564.98	3,500.00
32	6918	10-08-09	5,064.98	1,564.98	3,500.00
Total					<u>\$ 92,626.26</u>

*Includes \$3,000 approved longevity. Longevity pay was approved beginning with year 2008.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF BROWNSTOWN
EXAMINATION RESULTS AND COMMENTS
(Continued)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

We have requested Clerk-Treasurer Rebecka A. Fee to reimburse the Town of Brownstown \$369,054.70 for overpayment of compensation and benefits. (See Summary, page 25)

PAYROLL DEDUCTIONS

Clerk-Treasurer Rebecka A. Fee received payments totaling \$10,343.51 and \$25,688.01 during 2008 and 2009, respectively, which did not go through the payroll system and were made without payroll deductions for taxes.

<u>Check No.</u>	<u>Date</u>	<u>Overpayment</u>
5589	01-25-08	\$ 3,920.99
6289	12-19-08	3,554.01
6290	12-30-08	<u>2,868.51</u>
Total		<u>\$ 10,343.51</u>

<u>Check No.</u>	<u>Date</u>	<u>Overpayment</u>
6291	01-13-09	\$ 2,476.79
6329	01-17-09	2,293.29
6356	01-29-09	3,331.39
5721	03-06-09	1,978.56
6425	03-27-09	2,009.32
6603	06-26-09	1,962.31
6650	07-08-09	2,371.07
6706	08-07-09	1,962.31
6822	08-21-09	2,324.06
6877	09-04-09	2,324.06
6894	09-18-09	<u>2,654.85</u>
Total		<u>\$ 25,688.01</u>

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)

TOWN OF BROWNSTOWN
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

Note: These amounts are included in the request for reimbursement above in the result and comment titled "Overpayment of Compensation and Benefits."

UNAUTHORIZED PERSONAL SERVICES

Payments were made to Clerk-Treasurer Rebecka A. Fee's son Gary Wayne Lonsberry, II, who is not an employee of the Town of Brownstown. These payments were supposedly for development of a Town website that does not exist. Furthermore, this arrangement was made without the approval of the Brownstown Town Council. Payments were made as follows:

<u>Check #</u>	<u>Date</u>	<u>Gross Pay Posted to Employee History</u>	<u>Employer Portion of Social Security</u>	<u>Overpayment</u>
1855	06-13-03	\$ 800.00	\$ 61.20	\$ 861.20
1882	06-23-03	800.00	61.20	861.20
1925	07-11-03	800.00	61.20	861.20
1972	07-25-03	800.00	61.20	861.20
2060	08-22-03	800.00	61.20	861.20
2215	12-12-03	800.00	61.20	861.20
2235	12-23-03	<u>1,200.00</u>	<u>91.80</u>	<u>1,291.80</u>
Totals for 2003		<u>6,000.00</u>	<u>459.00</u>	<u>6,459.00</u>
2250	01-08-04	500.00	38.25	538.25
2270	01-23-04	600.00	45.90	645.90
2284	02-06-04	1,200.00	91.80	1,291.80
2304	02-20-04	600.00	45.90	645.90
2318	03-05-04	400.00	30.60	430.60
2356	04-02-04	280.00	21.42	301.42
2434	05-28-04	800.00	61.20	861.20
2478	06-11-04	800.00	61.20	861.20
2532	06-25-04	1,430.00	109.40	1,539.40
2583	07-09-04	400.00	30.60	430.60
2878	10-29-04	<u>1,085.00</u>	<u>83.00</u>	<u>1,168.00</u>
Totals for 2004		<u>8,095.00</u>	<u>619.27</u>	<u>8,714.27</u>

TOWN OF BROWNSTOWN
EXAMINATION RESULTS AND COMMENTS
(Continued)

<u>Check #</u>	<u>Date</u>	<u>Gross Pay Posted to Employee History</u>	<u>Employer Portion of Social Security</u>	<u>Overpayment</u>
2966	01-07-05	80.00	6.12	86.12
2986	01-21-05	1,000.00	76.50	1,076.50
3015	02-18-05	800.00	61.20	861.20
3326	07-22-05	1,025.00	78.41	1,103.41
3375	08-05-05	800.00	61.20	861.20
3424	08-19-05	<u>1,200.00</u>	<u>91.80</u>	<u>1,291.80</u>
Totals for 2005		<u>4,905.00</u>	<u>375.23</u>	<u>5,280.23</u>
4031	08-04-06	<u>2,000.00</u>	<u>153.00</u>	<u>2,153.00</u>
Totals		<u>\$ 21,000.00</u>	<u>\$ 1,606.50</u>	<u>\$ 22,606.50</u>

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

We have requested Clerk-Treasurer Rebecka A. Fee to reimburse the Town of Brownstown \$22,606.50 for unauthorized personal services. (See Summary, page 25)

MALFEASANCE, MISFEASANCE, OR NONFEASANCE

Clerk-Treasurer Rebecka A. Fee, from the information presented for examination, would appear to have improperly overpaid her salary and made payments to her son, Gary Wayne Lonsberry, II, for services not provided and without the authority of the Town Council.

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest totaling \$2,255.78 were paid to the Internal Revenue Service (IRS) on December 28, 2007, and May 1, 2009, respectively, for the periods June 30, 2007, and September 30, 2007, respectively. Additionally, the Town of Brownstown has been assessed \$488.59 for December 31, 2007, and \$1,843.48 for March 31, 2008, in penalties and interest which has not been paid as of the examination report date.

TOWN OF BROWNSTOWN
EXAMINATION RESULTS AND COMMENTS
(Continued)

Penalties and interest totaling \$903.92 have been assessed by the Indiana Department of Revenue for the periods October 31, 2008, May 31, 2009, and July 31, 2009, for which payment has not yet been paid as of the examination report date.

Additionally, several tax filings noted in the result and comment titled "State and Federal Compliance Requirements" have either been untimely filed or not filed at all, therefore, more penalties and interest charges might be forthcoming. On April 9, 2010, the Town received an IRS notice of "Unpaid Amounts from Prior Notices" in the amount of \$70,178.19. The Deputy Clerk-Treasurer is currently working with the IRS and the Department of Revenue to get all reporting requirements up to date.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

We have requested Clerk-Treasurer Rebecka A. Fee to reimburse the Town of Brownstown \$2,255.78 for Penalties, Interest, and Other Charges. (See Summary, page 25)

CONDITION OF RECORDS

The records presented did not provide sufficient information to examine or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions.

The following conditions were present during the examination period:

Bank Account Reconciliations

Depository reconciliations of the fund balances to the bank account balances were incorrect.

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

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

Correction of Errors

Some corrections and adjustments were made in the records without retaining recommended examination trails.

TOWN OF BROWNSTOWN
EXAMINATION RESULTS AND COMMENTS
(Continued)

Receipt and disbursement corrections or other errors should be corrected by memorandum entry with the issuance of a check and receipt to document the flow of the transactions. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Timely Recordkeeping

We noted instances of several months from the time of the original date of the transactions until entry on the financial records, particularly for payroll transactions.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Transaction Recording

Some items, such as Electronic Fund Transfers and payroll transactions, were not entered in the financial records of the Town of Brownstown.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Town did not comply with directives of the Internal Revenue Service and Indiana Department of Revenue by not filing W-2's for the years 2006, 2007, and 2008, federal 941's from June 2008 through September 2009, and monthly state withholdings from July 2009 through November 2009. There were other instances of noncompliance for which penalties and interest were charged and paid which are detailed above. No final charge for penalty and interest for these items here have been received and paid by the Town as of the date of this report.

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)

INTERNAL CONTROLS

Controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient. Clerk-Treasurer Rebecka A. Fee overpaid herself and made payments to her son, as noted above, without the authority or knowledge of the Town Council.

TOWN OF BROWNSTOWN
EXAMINATION RESULTS AND COMMENTS
(Continued)

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. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

FINANCIAL REPORT OPINION MODIFICATIONS

Accurate financial records and bank reconciliations for the years 2007, 2008, and 2009 were not presented for examination. Therefore, the State Board of Accounts was unable to provide an unqualified opinion on the Independent Accountant's Report for the financial statements.

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unqualified opinion on the Independent Auditors' Report on the financial statements may have adverse financial consequences with the possibility of an increase in interest rate cost to the taxpayers of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TEMPORARY LOANS BETWEEN TOWN FUNDS

On December 15, 2008, the Wastewater Operating Fund made the following temporary loans: \$50,000 to the General Fund; \$25,000 to the Joint Fire Protection Board Fund; and \$5,219.79 to the Debt Service - Pool Fund. These temporary loans have not been repaid as of the examination report date. No ordinance or resolution was passed indicating that an emergency exists.

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

"(a) . . . (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs; (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."

TOWN OF BROWNSTOWN
EXAMINATION RESULTS AND COMMENTS
(Continued)

FIRE PROTECTION AGREEMENT

The Town has an ordinance concerning an interlocal agreement to provide fire protection services. This agreement with Brownstown Township requires the funding for fire protection to be determined as follows:

That portion of the income projected in the budget established as herein provided, other than income from fund raising activities, gifts, bequests and donations, shall be provided by the Town Council and the Advisory Board each budgeting and appropriating funds for its portion of said income. Such income shall be provided by the Town and the Township in the following percentages: Town 60%, Township 40%.

However, instead of billing Brownstown Township based on the above percentage of budgeted income, the billing has been based on monthly expenses.

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)

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

COLLECTION OF FEES FOR MOVING TRAFFIC VIOLATIONS

The Town is collecting fines for ordinance violations through an Ordinance Violations Bureau established in accordance with Indiana Code 33-36. If a citizen forgoes their right to a trial, the Town collects the fine. There were numerous instances where the Town collected fines for moving traffic violations through the Ordinance Violations Bureau.

IC 36-1-6-3 states:

"Sec. 3. (a) Certain ordinances may be enforced by a municipal corporation without proceeding in court through: (1) an admission of violation before the violations clerk under IC 33-36; or (2) administrative enforcement under subsection 9 of this chapter. (b) Except as provided in the subsection (a), a proceeding to enforce an ordinance must be brought in accordance with IC 34-28-5, section 4 or this chapter, or both. (c) An ordinance defining a moving traffic violation may not be enforced under IC 33-36 and must be enforced in accordance with IC 34-28-5."

RESIDENCY REQUIREMENTS

Clerk-Treasurer Rebecka A. Fee left the Town of Brownstown on October 15, 2009, and as of the last day of field work, has not returned. On April 29, 2010, there is to be a Sheriff's sale for her residence in the Town of Brownstown. No attempt by her to reestablish residency within the Town of Brownstown is known at this time.

IC 36-5-6-3 concerning residency states in part: "(a) The clerk-treasurer must reside within the town as provided in Article 6, Section 6 of the Constitution of the State of Indiana. The clerk-treasurer forfeits office if the clerk-treasurer ceases to be a resident of the town."

TOWN OF BROWNSTOWN
EXAMINATION RESULTS AND COMMENTS
(Continued)

ANNUAL FINANCIAL REPORT

The Town did not prepare and submit the 2009 Town Annual Financial Report (CTAR-1) in electronic form.

IC 5-11-1-4 states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision."

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)

AUDIT COSTS

Additional audit costs were incurred by the State of Indiana during the current examination due to the misappropriation of funds by Clerk-Treasurer Rebecka A. Fee and also due to the condition of records as discussed above.

Audit costs incurred because of theft or shortage may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Audit costs or other costs incurred because of poor records, nonexistent records or other inadequate bookkeeping practices may be the personal obligation of the responsible official or employee of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

BOND COVERAGE

The following is a schedule of bond coverage the Town obtained on Clerk-Treasurer Rebecka A. Fee:

Surety	Period of Coverage	Bond Number	Bond Amount
Fidelity and Deposit Company of Maryland	01-01-03 to 12-31-03	POB 8406767 03	\$ 30,000
Fidelity and Deposit Company of Maryland	01-01-04 to 12-31-04	POB 8406767 04	30,000
Fidelity and Deposit Company of Maryland	01-01-05 to 12-31-05	POB 8406767 05	30,000
Fidelity and Deposit Company of Maryland	01-01-06 to 12-31-06	POB 8406767 06	30,000
Fidelity and Deposit Company of Maryland	01-01-07 to 12-31-07	POB 8406767 07	30,000
Fidelity and Deposit Company of Maryland	01-01-08 to 12-31-08	POB 8406767 08	30,000
Fidelity and Deposit Company of Maryland	01-01-09 to 12-31-09	POB 8406767	30,000

TOWN OF BROWNSTOWN
EXIT CONFERENCE

The contents of this report were discussed on May 5, 2010, with Cathy S. Roberts, Deputy Clerk-Treasurer; Leroy Warren, President of the Town Council; James A. Phillips, Town Council member; Emilie Persinger, Town Council member; William E. Sweeney, Town Council member; and Margo Brewer, Town Council member. The officials concurred with our findings.

The contents of this report were discussed on May 3, 2010, with Rebecka A. Fee, Clerk-Treasurer; and William Perry McCall, III, Attorney.

TOWN OF BROWNSTOWN
SUMMARY

	Charges	Credits	Balance Due
Rebecka A. Fee, Clerk-Treasurer:			
Overpayment of Compensation and Benefits, pages 12 through 16	\$ 369,054.70	\$ -	\$ 369,054.70
Unauthorized Personal Services, pages 17 and 18	22,606.50	-	22,606.50
Penalties, Interest, and Other Charges, pages 18 and 19	2,255.78	-	2,255.78
Totals - Rebecka A. Fee, Clerk-Treasurer	\$ 393,916.98	\$ -	\$ 393,916.98

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AFFIDAVIT

STATE OF INDIANA)
)
Jackson COUNTY)

I, William A. Brown, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Town of Brownstown, Jackson County, Indiana, for the period from January 1, 2007 to December 31, 2009, is true and correct to the best of my knowledge and belief.

William A Brown, CPA
Field Examiner

Subscribed and sworn to before me this 12 day of May, 2010

Sarah M Benter
Clerk of the Circuit Court