

B37557

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

EXAMINATION REPORT
OF
TOWN OF BROWNSBURG
HENDRICKS COUNTY, INDIANA
January 1, 2008 to December 31, 2008



FILED
09/22/2010

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jeanette M. Brickler	01-01-08 to 12-31-10
President of the Town Council	Mathew Bowles	01-01-08 to 12-31-10
Town Manager	Jim Waggoner Dale A. Cheatham	01-01-08 to 01-03-10 01-03-10 to 12-31-11
Superintendent of Water Utility	Mike Good	01-01-08 to 12-31-10
Superintendent of Wastewater Utility and Storm Water Utility	Kathy Dillon	01-01-08 to 12-31-10
Utility Office Superintendent	Debbie Bernhardt	01-01-08 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF BROWNSBURG, HENDRICKS COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Brownsburg (Town), for the period of January 1, 2008 to December 31, 2008. 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.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the year ended December 31, 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

May 12, 2010

TOWN OF BROWNSBURG
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2008

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 1,579,433	\$ 12,933,868	\$ 12,816,797	\$ 1,696,504
1% Food and Beverage Tax	386,454	425,994	306,403	506,045
Build Indiana	1,185	-	-	1,185
Building Debt	380,901	2,037,284	1,824,258	593,927
Unsafe Building	50,972	1,715	-	52,687
Clerk's Records Perpetuation	8,056	11,951	5,120	14,887
Donations, Police Gift Fund	6,125	15,259	12,448	8,936
Drug Enforcement/Education	10,541	371	-	10,912
Economic Development	4,225,655	1,398,586	1,541,004	4,083,237
Fire Service Fee	144	8,480	-	8,624
Fire Territory Operating	2,127,620	9,591,796	9,656,388	2,063,028
Fire Gift	62,160	4,750	53,912	12,998
Fire Grant	2,346	1,200	325	3,221
Criminal Investigation	4,742	2,500	-	7,242
Law Enforcement Continuing Education	73,088	16,086	51,226	37,948
Local Road and Street	350,319	194,997	4,786	540,530
Motor Vehicle Highway	576,480	1,411,732	1,192,775	795,437
Park Nonreverting Operating	283,412	381,464	350,559	314,317
Park and Recreation	9,730	710	-	10,440
Investigation	11,704	71,170	19,985	62,889
Rainy Day	1,431,554	1,298,924	1,029,804	1,700,674
Riverboat	336,779	98,037	-	434,816
CEDIT Capital Projects	3,233,445	1,626,908	1,540,794	3,319,559
Municipal Complex	326,162	4,969	166,931	164,200
Cumulative Capital Development	747,451	237,363	220,149	764,665
Cumulative Capital Improvement	449,447	50,074	450,000	49,521
Fire Equipment	975,066	330,063	992,224	312,905
Police Officers' Pension	587,690	212,481	177,108	623,063
Redevelopment Authority - as restated - Note 7	2,233,530	1,227,251	1,370,621	2,090,160
Proprietary Funds:				
Storm Water Operating	761,027	950,129	202,564	1,508,592
Wastewater Utility - Bond and Interest	285,869	483,285	436,014	333,140
Wastewater Utility - Construction	1,508,491	22,814	1,000,000	531,305
Wastewater Utility - Depreciation	506,667	-	-	506,667
Wastewater Utility - Operating	1,807,591	2,654,743	3,666,701	795,633
Water Utility - Bond and Interest	200,440	135,065	128,182	207,323
Water Utility - Customer Deposit	613,107	72,623	53,311	632,419
Water Utility - Depreciation	161,357	-	-	161,357
Water Utility - Operating	1,823,872	2,709,685	2,979,707	1,553,850
Fiduciary Funds:				
Self-Insurance	227,635	1,983,066	1,987,163	223,538
LECEF	33,257	67,912	69,861	31,308
Agency Funds:				
County Court	-	88,117	88,117	-
Insurance - Other	40,571	91,980	65,288	67,263
Fire Insurance Claims	175,838	139,341	268,035	47,144
Non-Budget	53,524	43,677	43,178	54,023
Fire Non-Budget	1,414	4,311	4,265	1,460
Payroll	43,670	11,207,195	11,139,259	111,606
Town Court	157,905	1,203,481	1,229,007	132,379
Totals	\$ 28,874,426	\$ 55,453,407	\$ 57,144,269	\$ 27,183,564

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

TOWN OF BROWNSBURG
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, health and social services, culture and recreation, and general administrative services.

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. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

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 BROWNSBURG
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. 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 this 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 members' 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. That 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 the plan members for PERF are established by the Board of Trustees of PERF.

Note 7. Restatements

For the year ended December 31, 2008, certain changes have been made to the financial statements to more appropriately reflect financial activity of the Town. The beginning balance of the Redevelopment Authority has been restated by a decrease of \$863,489 to reflect the actual balance as reflected in the bank accounts. Errors were made in previous years' ledger balances that were not properly corrected and did not reconcile to the bank. Currently, the ending ledger balance agrees with the bank balance.

Note 8. Disbursements in Excess of Appropriations

For the year ended December 31, 2008, disbursements exceeded appropriations by \$134,283 in the Fire Territory Operating Fund. The operating balance covered the excess disbursements.

TOWN OF BROWNSBURG
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
Governmental activities:		
Capital leases:		
Town Municipal Complex	\$ 15,825,000	\$ 1,385,000
North Fire Station	273,699	62,200
Downtown Fire Station & Police Station	1,424,526	229,421
Fire Training Facility	1,060,280	93,925
Notes and loans payable:		
2007 Police Vehicles	94,868	44,461
2008 Police Vehicles	140,623	47,455
Bonds payable:		
Revenue bonds:		
Northfield Drive	3,150,000	397,328
Northfield Drive II	840,000	304,000
56th Street	8,660,000	405,000
Total governmental activities debt	<u>\$ 31,468,996</u>	<u>\$ 2,968,790</u>
Business-type activities:		
Water Utility:		
Revenue bonds:		
2003 Water Improvements	<u>\$ 1,620,000</u>	<u>\$ 136,370</u>
Total Water Utility	<u>1,620,000</u>	<u>136,370</u>
Wastewater Utility:		
Notes and loans payable:		
SRF Loan - 1998	<u>4,120,000</u>	<u>436,860</u>
Total Wastewater Utility	<u>4,120,000</u>	<u>436,860</u>
Total business-type activities debt	<u>\$ 5,740,000</u>	<u>\$ 573,230</u>

TOWN OF BROWNSBURG
EXAMINATION RESULTS AND COMMENTS

TEMPORARY TRANSFER OF FUNDS

A temporary transfer of \$1,000,000 was made in 2008 from the Rainy Day Fund to the Building Debt Fund and not repaid by June 30, 2009, as required by the Town's resolution 2008-61. The loan has not been repaid as of May 12, 2010.

IC 36-1-8-4 concerning temporary transfer 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 the department of local government finance."

HYDRANT RENTAL RECEIVABLE (PAYABLE)

As stated in the prior Report B32316, the Town of Brownsburg owes the Water Utility hydrant rental of \$105,183 and \$466,225 for the years of 2006 and 2007, respectively, pursuant to Rate Resolution 91-3, passed by the Town Council on May 9, 1991.

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

TOWN OF BROWNSBURG
EXIT CONFERENCE

The contents of this report were discussed on August 16, 2010, Jeanette M. Brickler, Clerk-Treasurer; and Dale A. Cheatham, Town Manager. The official response has been made a part of this report and may be found on page 10.



Town Council

Matthew Bowles
William Guarnery
Gary Hood
Dwayne Sawyer
William H. Sibbing

Jeanette M. Brickler - Clerk-Treasurer
Dale A. Cheatham ICMA-CM - Town Manager
D. Christine Curtis - Assistant Town Manager
Tricia A. Leminger - Attorney

August 25, 2010

State Board of Accounts
302 West Washington Street, Rm E418
Indianapolis, IN 46204-2765

Re: OFFICIAL RESPONSE

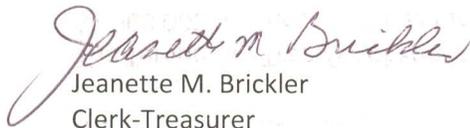
This letter is in response to the second and third comments in the audit of 2008 and 2009 records for the Town of Brownsburg.

The Temporary Transfer of Funds from the Rainy Day Fund to the Building Debt Fund in the amount of \$1,000,000 was not repaid by June 30, 2009 as required by Resolution #2008-61. The tax draw necessary in order to repay this loan was not yet received by this date. The funds were received later in 2009 and funds were transferred from the General Fund to WWTP Savings for \$1,000,000 for one temporary loan; however, the resolution to transfer funds to Rainy Day Fund was overlooked. It further was not included in the budget calculation for 2010 and is included for 2011.

Regarding Hydrant Rental to the Water Utility, due to decreasing tax revenue for the General Fund, the town management was working to change the manner in which to pay these fees. The water rates were being studied to bill the hydrant rental monthly to customers in the monthly bills. That process did not get completed for 2007, 2008 and 2009. It is now complete and those fees are being billed to utility customers. The ordinance includes a statement to waive and forgive the non-payment in every way.

As Clerk-Treasurer for the Town I want to assure you that these types of situations are being addressed and corrected and now that I have experienced how others' lapses in duties can negatively affect the workings of the Town, I plan to make sure that regulations and ordinances are followed, even when the changes are not complete.

Sincerely,


Jeanette M. Brickler
Clerk-Treasurer