

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

TOWN OF BROOK

NEWTON COUNTY, INDIANA

January 1, 2010 to December 31, 2011



**FILED**  
05/22/2013



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Tammy Beasley	01-01-07 to 12-31-14
President of the Town Council	Jeff Laffoon Rex Chapman	01-01-10 to 12-31-11 01-01-12 to 12-31-12



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF BROOK, NEWTON COUNTY, INDIANA

We have examined the accompanying financial statements of the Town of Brook (Town), for the period of January 1, 2010 to December 31, 2011. The financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statements 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the period of January 1, 2010 to December 31, 2011.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the period of January 1, 2010 to December 31, 2011, on the basis of accounting described in Note 1.

STATE BOARD OF ACCOUNTS

December 6, 2012

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## FINANCIAL STATEMENTS

The financial statements and accompanying notes were approved by management of the Town. The financial statements and notes are presented as intended by the Town.

TOWN OF BROOK  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2010

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 204,788	\$ 213,821	\$ 238,019	\$ 180,590
Motor Vehicle Highway	69,685	104,840	85,620	88,905
Local Road And Street	2,648	6,111	3,484	5,275
Rainy Day	2,979	8,211	-	11,190
Gun Permit	1,553	320	-	1,873
Unappropriated Park	3,200	367	-	3,567
Community Center Donation	5,902	131	91	5,942
Community Center Rental	3,823	2,385	2,360	3,848
Landfill Tipping Fees	-	150,306	149,411	895
Landfill Savings	148,008	177,430	238,643	86,795
Museum Savings	36,866	23,222	155	59,933
Interest	12,631	1,665	52	14,244
Downtown Revitalization	132,583	42,037	168,533	6,087
Downtown Retainage	36,434	13,529	49,963	-
Project Fund	-	250,450	250,450	-
Project Fund Savings	-	125,295	125,295	-
Fire Dept. Project Fund	-	560,763	557,383	3,380
Fire Dept. Retainage	-	53,536	-	53,536
Excess Levy	-	641	-	641
Cumulative Capital Improvement	35,909	3,109	-	39,018
Payroll	5,488	179,318	179,351	5,455
Wastewater Utility-Operating	102,836	127,187	108,111	121,912
Wastewater Utility- Deprec/ Improve	18,915	-	-	18,915
Water Utility-Operating	89,843	151,332	130,543	110,632
Water Utility-Bond And Interest	4,610	27,454	27,660	4,404
Water Utility- Depreciation/ Improve	40,073	-	-	40,073
Water Utility-Customer Deposit	3,050	1,050	900	3,200
Water Utility-Debt Reserve	48,430	-	-	48,430
Totals	<u>\$ 1,010,254</u>	<u>\$ 2,224,510</u>	<u>\$ 2,316,024</u>	<u>\$ 918,740</u>

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

TOWN OF BROOK  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 180,590	\$ 210,052	\$ 265,666	\$ 124,976
Motor Vehicle Highway	88,905	122,422	132,581	78,746
Local Road And Street	5,275	5,685	5,198	5,762
Rainy Day	11,190	-	-	11,190
Cumulative Capital Improvement	39,018	3,050	21,940	20,128
Gun Permit	1,873	400	212	2,061
Unappropriated Park	3,567	650	-	4,217
Community Center Donation	5,942	-	384	5,558
Community Center Rental	3,848	1,375	1,368	3,855
Landfill Tipping Fees	895	126,635	127,530	-
Landfill Savings	86,795	138,271	126,635	98,431
Museum Savings	59,933	21,708	-	81,641
Interest	14,244	1,342	8,825	6,761
Downtown Revitalization	6,087	-	6,087	-
Fire Dept. Project Fund	3,380	293,882	291,500	5,762
Fire Dept. Retainage	53,536	27,211	80,747	-
Excess Levy	641	-	-	641
Payroll	5,455	196,829	197,518	4,766
Wastewater Utility-Operating	121,912	123,825	108,329	137,408
Wastewater Utility- Deprec/ Improve	18,915	-	-	18,915
Water Utility-Operating	110,632	157,555	174,897	93,290
Water Utility-Bond And Interest	4,404	26,214	26,420	4,198
Water Utility- Depreciation/ Improve	40,073	-	-	40,073
Water Utility-Customer Deposit	3,200	850	500	3,550
Water Utility-Debt Reserve	48,430	-	-	48,430
Totals	<u>\$ 918,740</u>	<u>\$ 1,457,956</u>	<u>\$ 1,576,337</u>	<u>\$ 800,359</u>

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

TOWN OF BROOK  
NOTES TO FINANCIAL STATEMENTS

**Note 1. 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 some or all of the following services: public safety (police and fire), highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, storm water, and trash services.

The accompanying financial statements present the financial information for the Town.

*B. Basis of Accounting*

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), 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 regulatory 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.

*C. Cash and Investments*

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

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state,

TOWN OF BROOK  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, recycling fees, dog pound fees, park rental fees, cable tv receipts, ordinance violations, and fines and fees.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Penalties which include fees received for late payments.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

TOWN OF BROOK  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

*F. Interfund Transfers*

The Town may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Town. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Town in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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.

TOWN OF BROOK  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

State statutes authorize the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

**Note 5. Risk Management**

The Town may be 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; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

**Note 6. Pension Plan**

*Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is 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 Indiana Public Retirement System (INPRS) 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 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS 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:

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

*Funding Policy*

The contribution requirements of plan members and the Town are established by the Board of Trustees of INPRS.

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## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's 2010 Annual Report can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

For additional financial information, the Town's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Town which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was approved by management of the Town. It is presented as intended by the Town.

TOWN OF BROOK  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010

	General	Motor Vehicle Highway	Local Road And Street	Rainy Day	Gun Permit	Unappropriated Park	Community Center Donation	Community Center Rental
Cash and investments - beginning	\$ 204,788	\$ 69,685	\$ 2,648	\$ 2,979	\$ 1,553	\$ 3,200	\$ 5,902	\$ 3,823
Receipts:								
Taxes	180,010	104,840	6,111	8,211	-	-	-	-
Licenses and permits	835	-	-	-	320	-	-	2,385
Intergovernmental	23,636	-	-	-	-	-	-	-
Charges for services	50	-	-	-	-	-	-	-
Fines and forfeits	2,570	-	-	-	-	-	131	-
Other receipts	6,720	-	-	-	-	367	-	-
Total receipts	213,821	104,840	6,111	8,211	320	367	131	2,385
Disbursements:								
Personal services	129,620	29,324	-	-	-	-	16	-
Supplies	17,466	2,549	-	-	-	-	75	-
Other services and charges	87,065	50,481	3,484	-	-	-	-	2,360
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	3,868	3,266	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	238,019	85,620	3,484	-	-	-	91	2,360
Excess (deficiency) of receipts over disbursements	(24,198)	19,220	2,627	8,211	320	367	40	25
Cash and investments - ending	\$ 180,590	\$ 88,905	\$ 5,275	\$ 11,190	\$ 1,873	\$ 3,567	\$ 5,942	\$ 3,848

TOWN OF BROOK  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Landfill Tipping Fees	Landfill Savings	Museum Savings	Interest	Downtown Revitalization	Downtown Retainage	Project Fund
Cash and investments - beginning	\$ -	\$ 148,008	\$ 36,866	\$ 12,631	\$ 132,583	\$ 36,434	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	42,037	13,529	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	150,306	177,430	23,222	1,665	-	-	250,450
Total receipts	150,306	177,430	23,222	1,665	42,037	13,529	250,450
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	149,411	-	155	52	168,533	49,963	125,450
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	238,643	-	-	-	-	125,000
Total disbursements	149,411	238,643	155	52	168,533	49,963	250,450
Excess (deficiency) of receipts over disbursements	895	(61,213)	23,067	1,613	(126,496)	(36,434)	-
Cash and investments - ending	\$ 895	\$ 86,795	\$ 59,933	\$ 14,244	\$ 6,087	\$ -	\$ -

TOWN OF BROOK  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Project Fund Savings	Fire Dept. Project Fund	Fire Dept. Retainage	Excess Levy	Cumulative Capital Improvement	Payroll	Wastewater Utility-Operating
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 35,909	\$ 5,488	\$ 102,836
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	371,407	50,466	-	3,109	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	125,295	189,356	3,070	641	-	179,318	127,187
Total receipts	125,295	560,763	53,536	641	3,109	179,318	127,187
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	557,383	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	70,672
Other disbursements	125,295	-	-	-	-	179,351	37,439
Total disbursements	125,295	557,383	-	-	-	179,351	108,111
Excess (deficiency) of receipts over disbursements	-	3,380	53,536	641	3,109	(33)	19,076
Cash and investments - ending	\$ -	\$ 3,380	\$ 53,536	\$ 641	\$ 39,018	\$ 5,455	\$ 121,912

TOWN OF BROOK  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Wastewater Utility- Deprec/ Improve	Water Utility-Operating	Water Utility-Bond And Interest	Water Utility- Depreciation/ Improve	Water Utility-Customer Deposit	Water Utility-Debt Reserve	Totals
Cash and investments - beginning	\$ 18,915	\$ 89,843	\$ 4,610	\$ 40,073	\$ 3,050	\$ 48,430	\$ 1,010,254
Receipts:							
Taxes	-	-	-	-	-	-	299,172
Licenses and permits	-	-	-	-	-	-	3,540
Intergovernmental	-	-	-	-	-	-	504,184
Charges for services	-	-	-	-	-	-	50
Fines and forfeits	-	-	-	-	-	-	2,701
Other receipts	-	151,332	27,454	-	1,050	-	1,414,863
Total receipts	-	151,332	27,454	-	1,050	-	2,224,510
Disbursements:							
Personal services	-	-	-	-	-	-	158,960
Supplies	-	-	-	-	-	-	20,090
Other services and charges	-	-	-	-	-	-	1,194,337
Debt service - principal and interest	-	13,500	750	-	-	-	14,250
Capital outlay	-	-	-	-	-	-	7,134
Utility operating expenses	-	33,791	6,910	-	900	-	112,273
Other disbursements	-	83,252	20,000	-	-	-	808,980
Total disbursements	-	130,543	27,660	-	900	-	2,316,024
Excess (deficiency) of receipts over disbursements	-	20,789	(206)	-	150	-	(91,514)
Cash and investments - ending	\$ 18,915	\$ 110,632	\$ 4,404	\$ 40,073	\$ 3,200	\$ 48,430	\$ 918,740

TOWN OF BROOK  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011

	General	Motor Vehicle Highway	Local Road And Street	Rainy Day	Cumulative Capital Improvement	Gun Permit	Unappropriated Park
Cash and investments - beginning	\$ 180,590	\$ 88,905	\$ 5,275	\$ 11,190	\$ 39,018	\$ 1,873	\$ 3,567
Receipts:							
Taxes	125,871	69,962	-	-	-	-	-
Licenses and permits	1,004	-	-	-	-	400	-
Intergovernmental	79,142	32,593	5,685	-	3,050	-	-
Charges for services	1	-	-	-	-	-	-
Fines and forfeits	1,289	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	2,745	19,867	-	-	-	-	650
Total receipts	<u>210,052</u>	<u>122,422</u>	<u>5,685</u>	<u>-</u>	<u>3,050</u>	<u>400</u>	<u>650</u>
Disbursements:							
Personal services	137,278	30,283	-	-	-	-	-
Supplies	12,849	20,146	-	-	-	212	-
Other services and charges	97,410	78,219	5,198	-	21,940	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	14,974	3,933	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	3,155	-	-	-	-	-	-
Total disbursements	<u>265,666</u>	<u>132,581</u>	<u>5,198</u>	<u>-</u>	<u>21,940</u>	<u>212</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(55,614)</u>	<u>(10,159)</u>	<u>487</u>	<u>-</u>	<u>(18,890)</u>	<u>188</u>	<u>650</u>
Cash and investments - ending	<u>\$ 124,976</u>	<u>\$ 78,746</u>	<u>\$ 5,762</u>	<u>\$ 11,190</u>	<u>\$ 20,128</u>	<u>\$ 2,061</u>	<u>\$ 4,217</u>

TOWN OF BROOK  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Community Center Donation	Community Center Rental	Landfill Tipping Fees	Landfill Savings	Museum Savings	Interest	Downtown Revitalization
Cash and investments - beginning	\$ 5,942	\$ 3,848	\$ 895	\$ 86,795	\$ 59,933	\$ 14,244	\$ 6,087
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	137,762	-	-	-
Fines and forfeits	-	1,375	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	126,635	509	21,708	1,342	-
Total receipts	-	1,375	126,635	138,271	21,708	1,342	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	527	-	-	-	-	-
Other services and charges	384	841	-	-	-	8,825	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	127,530	126,635	-	-	6,087
Total disbursements	384	1,368	127,530	126,635	-	8,825	6,087
Excess (deficiency) of receipts over disbursements	(384)	7	(895)	11,636	21,708	(7,483)	(6,087)
Cash and investments - ending	\$ 5,558	\$ 3,855	\$ -	\$ 98,431	\$ 81,641	\$ 6,761	\$ -

TOWN OF BROOK  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Fire Dept. Project Fund	Fire Dept. Retainage	Excess Levy	Payroll	Wastewater Utility-Operating	Wastewater Utility- Deprec/ Improve
Cash and investments - beginning	\$ 3,380	\$ 53,536	\$ 641	\$ 5,455	\$ 121,912	\$ 18,915
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	120,456	-
Penalties	-	-	-	-	2,498	-
Other receipts	293,882	27,211	-	196,829	871	-
Total receipts	293,882	27,211	-	196,829	123,825	-
Disbursements:						
Personal services	-	-	-	197,518	-	-
Supplies	-	-	-	-	-	-
Other services and charges	19,795	80,747	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	244,906	-	-	-	-	-
Utility operating expenses	-	-	-	-	108,329	-
Other disbursements	26,799	-	-	-	-	-
Total disbursements	291,500	80,747	-	197,518	108,329	-
Excess (deficiency) of receipts over disbursements	2,382	(53,536)	-	(689)	15,496	-
Cash and investments - ending	\$ 5,762	\$ -	\$ 641	\$ 4,766	\$ 137,408	\$ 18,915

TOWN OF BROOK  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Water Utility-Operating	Water Utility-Bond And Interest	Water Utility- Depreciation/ Improve	Water Utility-Customer Deposit	Water Utility-Debt Reserve	Totals
Cash and investments - beginning	\$ 110,632	\$ 4,404	\$ 40,073	\$ 3,200	\$ 48,430	\$ 918,740
Receipts:						
Taxes	7,215	-	-	-	-	203,048
Licenses and permits	-	-	-	-	-	1,404
Intergovernmental	-	-	-	-	-	120,470
Charges for services	-	-	-	-	-	137,763
Fines and forfeits	-	-	-	-	-	2,664
Utility fees	127,013	-	-	-	-	247,469
Penalties	2,184	-	-	-	-	4,682
Other receipts	21,143	26,214	-	850	-	740,456
Total receipts	<u>157,555</u>	<u>26,214</u>	<u>-</u>	<u>850</u>	<u>-</u>	<u>1,457,956</u>
Disbursements:						
Personal services	-	-	-	-	-	365,079
Supplies	-	-	-	-	-	33,734
Other services and charges	-	-	-	-	-	313,359
Debt service - principal and interest	-	25,670	-	-	-	25,670
Capital outlay	-	-	-	-	-	263,813
Utility operating expenses	139,511	-	-	-	-	247,840
Other disbursements	35,386	750	-	500	-	326,842
Total disbursements	<u>174,897</u>	<u>26,420</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>1,576,337</u>
Excess (deficiency) of receipts over disbursements	<u>(17,342)</u>	<u>(206)</u>	<u>-</u>	<u>350</u>	<u>-</u>	<u>(118,381)</u>
Cash and investments - ending	<u>\$ 93,290</u>	<u>\$ 4,198</u>	<u>\$ 40,073</u>	<u>\$ 3,550</u>	<u>\$ 48,430</u>	<u>\$ 800,359</u>

TOWN OF BROOK  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2011

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	\$ -	\$ -
Wastewater Utilities	13,670	9,893
Water Utilities	<u>12,110</u>	<u>9,502</u>
Totals	<u>\$ 25,780</u>	<u>\$ 19,395</u>

TOWN OF BROOK  
 SCHEDULE OF DEBT  
 December 31, 2011

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
Notes and loans payable	police tahoe	\$ 15,520	\$ 4,479
Water Utilities:			
Revenue bonds	water works revenue bond 1994	70,000	24,410
Notes and loans payable	water project	37,281	18,000
Total Water Utilities		107,281	42,410
Totals		<u>\$ 122,801</u>	<u>\$ 46,889</u>

TOWN OF BROOK  
EXAMINATION RESULTS AND COMMENTS

**CONDITION OF RECORDS**

Financial records presented for audit were incomplete and not reflective of the activity of the General, Motor Vehicle Highway, Local Road and Street, Cumulative Capital Improvement, Community Center Donation, Community Center Rental, Fire Department Project, Fire Department Retainage and Payroll Funds. The records presented did not provide sufficient information to audit or establish receipts, disbursements, ending balances, or the accuracy or correctness of the transactions by immaterial amounts.

The amounts reported in the Gateway System for the annual report as the ending balances did not agree with the amounts in the Keystone Computer System at December 31, 2011. The Keystone Computer System ending balance at December 31, 2011, did not agree with the beginning balances January 1, 2012. There was no audit trail for the changes in beginning balances. The Keystone Ending balances and the manual ledger ending balances did not agree.

Fund	Keystone 12-31-11	Keystone 01-01-12	Annual Report/ Financial Statements	Manual Ledger
General Fund	\$ 130,606.62	\$ 127,093.36	\$ 129,881.00	\$ 129,880.84
Motor Vehicle Highway	57,171.51	69,414.93	66,628.00	66,627.45
Local Road and Street	8,862.10	9,690.12	9,690.00	9,690.12
Cumulative Capital Improvement	29,404.46	23,114.46	23,114.00	23,114.46
Community Center Donation	5,629.22	5,557.22	5,558.00	5,557.22
Community Center Rental	3,838.59	3,854.88	3,855.00	3,854.88
Fire Department Project Fund	6,130.17	5,760.97	5,762.00	5,760.97
Fire Department Retainage	(369.20)	-	-	-
Payroll	3,731.16	5,329.57	5,330.00	5,329.53
Totals	<u>\$ 245,004.63</u>	<u>\$ 249,815.51</u>	<u>\$ 249,818.00</u>	<u>\$ 249,815.47</u>

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)

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)

TOWN OF BROOK  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

***CAPITAL ASSET RECORDS***

The Town of Brook, including the water and wastewater utilities, does not maintain detailed records of capital assets. A similar comment was issued in Reports B29890 and B37809.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***DEPOSITS***

As stated in the prior Report B37809, in numerous instances, receipts were deposited later than the next business day.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

***UTILITY COLLECTION POLICIES***

As stated in the prior Audit Report B29890 and B37809, Town of Brook water and wastewater utilities did not comply with its ordinances, resolutions and policies as they related to delinquent accounts. The Ordinance 2002-2, establishing rates and charges for the use of services rendered by the waterworks system, established a delinquency charge of ten (10) percent to be applied to water service charges not paid within thirty (30) days from the due date thereof. The printed bill sent to each customer states, "If this bill is not paid by the 22nd day of the month following that which service was rendered, service will be discontinued."

A ten (10) percent late penalty or delinquency charge is applied to water, wastewater and trash charges on the twenty-fifth or the nearest previous business day to the date of the twenty-fifth.

The Clerk-Treasurer and other town employees stated the established shut-off policy applied to accounts with ninety (90) day delinquencies.

One Council member's account was reviewed relative to accounts receivable at the end of the examination period. His average monthly bill was \$60.09 but his average monthly balance was \$182.00. At one point, the account had 5 monthly bills outstanding. His utility services were never shut off.

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 BROOK  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

***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.

Indiana Code 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; and
  - (C) The amount of the delinquent fees, together with the penalty; or
- (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. . . ."

***PENALTIES AND INTEREST CHARGES***

Penalties and interest totaling \$703.81 were paid to the Internal Revenue Service on October 14, 2011, for the first quarter 2011 payroll withholdings.

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.

We requested Tammy Beasley, Clerk-Treasurer, reimburse the Town \$703.81, for penalties and interest assessed by the Internal Revenue Service and paid by the Town of Brook.

On May 14, 2013, Tammy Beasley, Clerk-Treasurer, entered into an agreement with the Town of Brook to make monthly payments of \$100 beginning on May 30, 2013, until this is repaid in full.

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)

TOWN OF BROOK  
EXIT CONFERENCE

The contents of this report were discussed on December 6, 2012, with Rex Chapman, President of the Town Council; Tammy Beasley, Clerk-Treasurer; and Kathy Babcock, Utility Clerk.