

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF BROWNSBURG

HENDRICKS COUNTY, INDIANA

January 1, 2014 to December 31, 2015



**FILED**  
09/29/2016



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jeanette Brickler Ann Hathaway	01-01-12 to 12-31-15 01-01-16 to 12-31-19
President of the Town Council	Gary Hood Don Spencer Ashley Bacsu	01-01-14 to 12-31-14 01-01-15 to 10-21-15 10-22-15 to 12-31-16



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

This report is supplemental to our examination report of the Town of Brownsburg (Town), for the period from January 1, 2014 to December 31, 2015. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the Town. It should be read in conjunction with our Financial Statement Examination Report of the Town, which provides our opinion on the Town's financial statement. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Examination Results and Comments, incorporated within this report, was not verified for accuracy.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

August 11, 2016

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CLERK-TREASURER  
TOWN OF BROWNSBURG

CLERK-TREASURER  
TOWN OF BROWNSBURG  
EXAMINATION RESULTS AND COMMENTS

***OVERDRAWN CASH BALANCE***

The financial statement presented for examination included the Payroll Clearing Fund with an overdrawn cash balance at December 31, 2014, of \$3,688.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***ANNUAL FINANCIAL REPORT***

The Annual Financial Report for 2014 and 2015 contained a number of errors and did not match the Town's records. For 2014, receipts were overstated \$1,075,100 and disbursements were understated \$914,962. For 2015, receipts were understated \$17,688,342 and disbursements were understated \$10,266,456. Audit adjustments were proposed, accepted by the Town, and made to the financial statement presented in the Financial Statement Examination Report.

Indiana Code 5-11-1-4(a) 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 in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

***COMPENSATION AND BENEFITS POLICE PENSIONERS***

As stated in prior Report B44672, retirees participating in the 1925 Police Officers Pension Plan who converted to the State 1977 Fund did not receive their cost of living adjustment (as determined by the state) effective in July of 2013. The 2013 payroll was never adjusted, therefore the salaries paid for 2014 and 2015 were not correct.

CLERK-TREASURER  
TOWN OF BROWNSBURG  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

The Town also had one surviving spouse participating in the 1925 Police Officers Pension Plan. The 2014 and 2015 benefit amount did not agree to an amount fixed by ordinance or 30 percent of a first class patrolman's salary as per statute. The surviving spouse was undercompensated \$1,966 for 2014 and \$2,214 for 2015.

Indiana Code 36-8-8-15 states:

"Each year the system board shall determine if there has been an increase or decrease in the consumer price index (United States city average) prepared by the United States Department of Labor by comparing the arithmetic mean of the consumer price index for January, February, and March of that year with the arithmetic mean for the same three (3) months of the preceding year. If there has been an increase, or a decrease, it shall be stated as a percentage of the arithmetic mean for the preceding three (3) month period. The percentage shall be rounded to the nearest one-tenth of one percent (0.1%) and may not exceed three percent (3%). If there is a percentage increase of the arithmetic mean for the preceding three (3) month period, a fund member's or survivor's monthly benefit, beginning with the July payment, shall be increased by an amount equal to the June payment times the percentage increase. . . . "

Indiana Code 36-8-6-9.6(b) states in part:

"A payment shall be made to the surviving spouse of a deceased member in an amount fixed by ordinance, but at least an amount equal to the following:

- (1) To the surviving spouse of a member who died before January 1, 1989, an amount equal to thirty percent (30%) of the monthly pay of a first class patrolman per month during the surviving spouse's life . . . "

CLERK-TREASURER  
TOWN OF BROWNSBURG  
EXIT CONFERENCE

The contents of this report were discussed on August 11, 2016, with Aaron Kaytar, Deputy Clerk-Treasurer; Ann Hathaway, Clerk-Treasurer; and Ashley Bacsu, President of the Town Council.