

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
TOWN OF BROOKLYN
MORGAN COUNTY, INDIANA
January 1, 2003 to December 31, 2005



FILED
10/02/2006

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report	3
Schedules of Receipts, Disbursements, and Cash and Investment Balances.....	4-6
Notes to Schedules	7-8
Examination Results and Comments:	
Sales Tax	8
Errors on Claims	8
Exit Conference	9

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Rebecca McGlauchlen	01-01-03 to 12-31-06
President of the Town Council	Frank Sams	01-01-03 to 12-31-03
	Mike McCool	01-01-04 to 12-31-06



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF BROOKLYN, MORGAN COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Brooklyn for the period of January 1, 2003 to December 31, 2005. The Town's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2003, 2004, and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

August 10, 2006

TOWN OF BROOKLYN
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, FIDUCIARY, AND PROPRIETARY FUND TYPES
As Of And For The Years Ended December 31, 2003, 2004, And 2005

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Funds:				
General	\$ 152,073	\$ 193,717	\$ 215,880	\$ 129,910
Motor Vehicle Highway	50,363	48,007	24,814	73,556
Local Road and Street	9,548	24,641	-	34,189
Park and Recreation	1,813	2,205	2,274	1,744
Law Enforcement Continuing Education	2,119	787	869	2,037
Donation	931	100	518	513
Building and Variance Permit Fees	10,404	1,581	1,971	10,014
Dog Fee Fund	457	-	-	457
COPS Grant Money	999	-	999	-
Grant Funds	-	14,745	14,745	-
EDIT Revenue	20,110	-	3,479	16,631
Cumulative Capital Improvement	30,288	5,970	-	36,258
Cumulative Capital Development	1,016	-	550	466
Cumulative Building and Fire Fighting Equipment	8,548	8,511	9,089	7,970
Fiduciary Funds:				
Payroll	1,418	80,257	80,142	1,533
Utility Receipt Tax	-	7,811	7,811	-
Proprietary Funds:				
Water Utility - Operating	38,151	192,332	211,677	18,806
Water Utility - Bond and Interest	1,150	36,000	34,656	2,494
Water Utility - Depreciation	156,649	45,000	108,520	93,129
Water Utility - Customer Deposit	14,790	3,689	3,689	14,790
Water Reserve Sinking Fund	36,000	-	-	36,000
Wastewater Utility - Operating	267,186	373,318	505,397	135,107
Wastewater Utility - Bond and Interest	8,124	110,800	112,518	6,406
Wastewater Utility - Depreciation	103,590	55,000	15,764	142,826
Wastewater Utility - Customer Deposit	9,900	6,356	3,666	12,590
Wastewater Reserve Sinking Fund	46,800	22,000	-	68,800
Wastewater Cash Reserve	6,723	120,177	-	126,900
Trash - Waste Management Fund	15,495	52,767	52,016	16,246
Electric Utility - Operating	416,390	552,745	644,026	325,109
Electric Utility - Depreciation	161,397	16,025	10,735	166,687
Electric Utility - Customer Deposit	21,605	7,457	7,839	21,223
Electric Utility - Improvements	155,428	19,091	-	174,519
Electric Cash Reserve	161,085	33,845	-	194,930
Totals	<u>\$ 1,910,550</u>	<u>\$ 2,034,934</u>	<u>\$ 2,073,644</u>	<u>\$ 1,871,840</u>

The accompanying notes are an integral part of the schedules.

TOWN OF BROOKLYN
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, FIDUCIARY, AND PROPRIETARY FUND TYPES
As Of And For The Years Ended December 31, 2003, 2004, And 2005
(Continued)

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 129,910	\$ 302,765	\$ 274,220	\$ 158,455
Motor Vehicle Highway	73,556	50,832	59,295	65,093
Local Road and Street	34,189	25,239	31,383	28,045
Park and Recreation	1,744	3,660	1,550	3,854
Law Enforcement Continuing Education	2,037	170	100	2,107
Donation	513	-	-	513
Building and Variance Permit Fees	10,014	2,978	2,629	10,363
Dog Fee Fund	457	-	-	457
Grant Funds	-	15,550	15,550	-
EDIT Revenue	16,631	1,646	68	18,209
Cumulative Capital Improvement	36,258	6,044	-	42,302
Cumulative Capital Development	466	-	466	-
Cumulative Building and Fire Fighting Equipment	7,970	11,322	7,653	11,639
Fiduciary Funds:				
Payroll	1,533	90,805	90,562	1,776
Utility Receipt Tax	-	11,927	11,927	-
Proprietary Funds:				
Water Utility - Operating	18,806	191,170	193,965	16,011
Water Utility - Bond and Interest	2,494	34,500	35,750	1,244
Water Utility - Depreciation	93,129	30,000	22,785	100,344
Water Utility - Customer Deposit	14,790	4,426	3,419	15,797
Water Reserve Sinking Fund	36,000	-	-	36,000
Wastewater Utility - Operating	135,107	295,659	392,129	38,637
Wastewater Utility - Bond and Interest	6,406	115,800	112,177	10,029
Wastewater Utility - Depreciation	142,826	15,000	64,298	93,528
Wastewater Utility - Customer Deposit	12,590	7,374	3,929	16,035
Wastewater Reserve Sinking Fund	68,800	22,000	-	90,800
Wastewater Cash Reserve	126,900	4,500	100,000	31,400
Trash - Waste Management Fund	16,246	53,103	52,456	16,893
Electric Utility - Operating	325,109	547,898	624,058	248,949
Electric Utility - Depreciation	166,687	15,742	98,192	84,237
Electric Utility - Customer Deposit	21,223	7,168	6,099	22,292
Electric Utility - Improvements	174,519	18,817	-	193,336
Electric Cash Reserve	194,930	30,280	-	225,210
Totals	<u>\$ 1,871,840</u>	<u>\$ 1,916,375</u>	<u>\$ 2,204,660</u>	<u>\$ 1,583,555</u>

The accompanying notes are an integral part of the schedules.

TOWN OF BROOKLYN
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, FIDUCIARY, AND PROPRIETARY FUND TYPES
As Of And For The Years Ended December 31, 2003, 2004, And 2005
(Continued)

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 158,455	\$ 254,652	\$ 264,496	\$ 148,611
Motor Vehicle Highway	65,093	65,237	59,125	71,205
Local Road and Street	28,045	15,636	23,275	20,406
Park and Recreation	3,854	3,975	1,900	5,929
Law Enforcement Continuing Education	2,107	1,122	1,502	1,727
Riverboat	-	9,742	-	9,742
Donation	513	100	100	513
Building and Variance Permit Fees	10,363	4,848	4,680	10,531
Dog Fee Fund	457	-	-	457
EDIT Revenue	18,209	51,776	23,923	46,062
Cumulative Capital Improvement	42,302	5,188	18,000	29,490
Cumulative Building and Fire Fighting Equipment	11,639	8,190	9,386	10,443
Fiduciary Funds:				
Payroll	1,776	200,197	199,676	2,297
Utility Receipt Tax	-	9,988	9,988	-
Proprietary Funds:				
Water Utility - Operating	16,011	190,625	195,725	10,911
Water Utility - Bond and Interest	1,244	36,000	34,750	2,494
Water Utility - Depreciation	100,344	27,500	43,655	84,189
Water Utility - Customer Deposit	15,797	4,220	4,855	15,162
Water Reserve Sinking Fund	36,000	-	-	36,000
Wastewater Utility - Operating	38,637	343,735	373,901	8,471
Wastewater Utility - Bond and Interest	10,029	115,800	120,877	4,952
Wastewater Utility - Depreciation	93,528	28,000	71,876	49,652
Wastewater Utility - Customer Deposit	16,035	7,655	5,676	18,014
Wastewater Reserve Sinking Fund	90,800	46,270	-	137,070
Wastewater Cash Reserve	31,400	-	31,000	400
Wastewater Construction Retainage Fund	-	22,503	22,503	-
Trash - Waste Management Fund	16,893	43,826	53,520	7,199
Electric Utility - Operating	248,949	518,869	638,719	129,099
Electric Utility - Depreciation	84,237	100,516	70,306	114,447
Electric Utility - Customer Deposit	22,292	8,845	9,110	22,027
Electric Utility - Improvements	193,336	17,784	-	211,120
Electric Cash Reserve	225,210	8,867	5,000	229,077
Storm Sewer Utility	-	6,755	-	6,755
Totals	\$ 1,583,555	\$ 2,158,421	\$ 2,297,524	\$ 1,444,452

The accompanying notes are an integral part of the schedules.

TOWN OF BROOKLYN
NOTES TO SCHEDULES

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.

Note 6. Long-Term Debt

The Town has entered into various debts such as bonds for wastewater utility plant, water utility improvements and extensions, and a State Revolving Fund loan for wastewater utility improvements and extensions. The outstanding principal at December 31, 2005, was \$129,000, \$288,000, and \$1,199,530, respectively.

TOWN OF BROOKLYN
EXAMINATION RESULTS AND COMMENTS

SALES TAX

Sales tax was paid on some purchases.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the audit period.

Some claims or invoices were not accompanied by evidence in support of the receipt of goods or services.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services."

"(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) There is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

TOWN OF BROOKLYN
EXIT CONFERENCE

The contents of this report were discussed on August 10, 2006, with Rebecca McGlauchlen, Clerk-Treasurer; and Willa Pugh, Deputy Clerk.