

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

EXAMINATION REPORT  
OF  
TOWN OF BROOKLYN  
MORGAN COUNTY, INDIANA  
January 1, 2006 to December 31, 2007



**FILED**  
11/12/2008



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OFFICIALS

| <u>Office</u>          | <u>Official</u>     | <u>Term</u>          |
|------------------------|---------------------|----------------------|
| Clerk-Treasurer        | Rebecca McGlauchlen | 01-01-03 to 12-31-11 |
| President of the Board | Mike McCool         | 01-01-06 to 12-31-06 |
|                        | Frank Sams          | 01-01-07 to 12-31-08 |



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Town of Brooklyn (Town), for the period of January 1, 2006 to December 31, 2007. 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 years ended December 31, 2006 and 2007, 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

September 15, 2008

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, 2006 And 2007

|   | Cash and<br>Investments<br>01-01-06 | Receipts            | Disbursements       | Cash and<br>Investments<br>12-31-06 |
|---|-------------------------------------|---------------------|---------------------|-------------------------------------|
| <b>Governmental Funds:</b>                      |                                     |                     |                     |                                     |
| General   | \$ 148,611                          | \$ 212,011          | \$ 247,922          | \$ 112,700                          |
| Motor Vehicle Highway                           | 71,205                              | 71,369              | 78,985              | 63,589                              |
| Local Road and Street                           | 20,406                              | 15,243              | 16,000              | 19,649                              |
| Park and Recreation                             | 5,929                               | 4,776               | 2,224               | 8,481                               |
| Law Enforcement Continuing Education            | 1,727                               | 580                 | 237                 | 2,070                               |
| Riverboat                                       | 9,742                               | 9,722               | -                   | 19,464                              |
| Rainy Day                                       | -                                   | -                   | -                   | -                                   |
| Donation  | 513                                 | -                   | -                   | 513                                 |
| Building & Variance Permit Fees                 | 10,531                              | 2,472               | 3,100               | 9,903                               |
| Dog Fee Fund                                    | 457                                 | -                   | -                   | 457                                 |
| EDIT Revenue                                    | 46,062                              | 55,156              | 83,849              | 17,369                              |
| Cumulative Capital Improvement                  | 29,490                              | 6,030               | 5,900               | 29,620                              |
| Cumulative Building and Fire Fighting Equipment | 10,443                              | 8,512               | 7,904               | 11,051                              |
| Levy Excess                                     | -                                   | 241                 | -                   | 241                                 |
| <b>Fiduciary Funds:</b>                         |                                     |                     |                     |                                     |
| Payroll   | 2,297                               | 176,974             | 176,790             | 2,481                               |
| Utility Receipts Tax                            | -                                   | 10,421              | 10,421              | -                                   |
| Anthem Insurance                                | -                                   | -                   | -                   | -                                   |
| <b>Proprietary Funds:</b>                       |                                     |                     |                     |                                     |
| Water Utility - Operating                       | 10,911                              | 191,116             | 193,069             | 8,958                               |
| Water Utility - Bond and Interest               | 2,494                               | 36,000              | 35,719              | 2,775                               |
| Water Utility - Depreciation                    | 84,189                              | 12,000              | 28,479              | 67,710                              |
| Water Utility - Customer Deposit                | 15,162                              | 4,231               | 3,534               | 15,859                              |
| Water Reserve Sinking Fund                      | 36,000                              | -                   | -                   | 36,000                              |
| Wastewater Utility - Operating                  | 8,471                               | 327,142             | 321,798             | 13,815                              |
| Wastewater Utility - Bond and Interest          | 4,952                               | 127,000             | 130,518             | 1,434                               |
| Wastewater Utility - Depreciation               | 49,652                              | 3,000               | 48,590              | 4,062                               |
| Wastewater Utility - Customer Deposit           | 18,014                              | 15,368              | 12,898              | 20,484                              |
| Wastewater Reserve Sinking Fund                 | 137,070                             | -                   | -                   | 137,070                             |
| Wastewater Cash Reserve                         | 400                                 | 30,000              | 30,000              | 400                                 |
| Wastewater Construction Retainage Fund          | -                                   | -                   | -                   | -                                   |
| Trash - Waste Management Fund                   | 7,199                               | 54,559              | 56,580              | 5,178                               |
| Electric Utility - Operating                    | 129,099                             | 635,660             | 654,370             | 110,389                             |
| Electric Utility - Depreciation                 | 114,447                             | 11,361              | 64,631              | 61,177                              |
| Electric Utility - Customer Deposit             | 22,027                              | 8,083               | 7,051               | 23,059                              |
| Electric Utility - Improvements                 | 211,120                             | 20,089              | 28,895              | 202,314                             |
| Electric Cash Reserve                           | 229,077                             | 19,000              | 138,000             | 110,077                             |
| Storm Sewer Utility                             | 6,755                               | 21,343              | 2,525               | 25,573                              |
| <b>Totals</b>                                   | <b>\$ 1,444,452</b>                 | <b>\$ 2,089,459</b> | <b>\$ 2,389,989</b> | <b>\$ 1,143,922</b>                 |

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

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, 2006 And 2007  
(Continued)

|   | Cash and<br>Investments<br>01-01-07 | Receipts            | Disbursements       | Cash and<br>Investments<br>12-31-07 |
|---|-------------------------------------|---------------------|---------------------|-------------------------------------|
| <b>Governmental Funds:</b>                      |                                     |                     |                     |                                     |
| General   | \$ 112,700                          | \$ 233,057          | \$ 279,643          | \$ 66,114                           |
| Motor Vehicle Highway                           | 63,589                              | 72,438              | 39,428              | 96,599                              |
| Local Road and Street                           | 19,649                              | 15,302              | 10,276              | 24,675                              |
| Park and Recreation                             | 8,481                               | 6,559               | 6,054               | 8,986                               |
| Law Enforcement Continuing Education            | 2,070                               | 872                 | 876                 | 2,066                               |
| Riverboat                                       | 19,464                              | 9,742               | -                   | 29,206                              |
| Rainy Day                                       | -                                   | 13,318              | -                   | 13,318                              |
| Donation  | 513                                 | -                   | 513                 | -                                   |
| Building & Variance Permit Fees                 | 9,903                               | 6,550               | 5,574               | 10,879                              |
| Dog Fee Fund                                    | 457                                 | -                   | -                   | 457                                 |
| EDIT Revenue                                    | 17,369                              | 58,945              | 15,007              | 61,307                              |
| Cumulative Capital Improvement                  | 29,620                              | 6,232               | 16,250              | 19,602                              |
| Cumulative Building and Fire Fighting Equipment | 11,051                              | 8,501               | 10,385              | 9,167                               |
| Levy Excess                                     | 241                                 | 534                 | 241                 | 534                                 |
| <b>Fiduciary Funds:</b>                         |                                     |                     |                     |                                     |
| Payroll   | 2,481                               | 131,748             | 131,895             | 2,334                               |
| Utility Receipts Tax                            | -                                   | 10,878              | 10,878              | -                                   |
| Anthem Insurance                                | -                                   | 4,934               | 4,934               | -                                   |
| <b>Proprietary Funds:</b>                       |                                     |                     |                     |                                     |
| Water Utility - Operating                       | 8,958                               | 197,668             | 203,340             | 3,286                               |
| Water Utility - Bond and Interest               | 2,775                               | 36,000              | 35,594              | 3,181                               |
| Water Utility - Depreciation                    | 67,710                              | 11,500              | 24,063              | 55,147                              |
| Water Utility - Customer Deposit                | 15,859                              | 3,686               | 3,676               | 15,869                              |
| Water Reserve Sinking Fund                      | 36,000                              | -                   | -                   | 36,000                              |
| Wastewater Utility - Operating                  | 13,815                              | 294,024             | 304,600             | 3,239                               |
| Wastewater Utility - Bond and Interest          | 1,434                               | 130,180             | 131,501             | 113                                 |
| Wastewater Utility - Depreciation               | 4,062                               | 23,000              | 22,841              | 4,221                               |
| Wastewater Utility - Customer Deposit           | 20,484                              | 6,941               | 5,619               | 21,806                              |
| Wastewater Reserve Sinking Fund                 | 137,070                             | -                   | -                   | 137,070                             |
| Wastewater Cash Reserve                         | 400                                 | 10,000              | 10,000              | 400                                 |
| Wastewater Construction Retainage Fund          | -                                   | -                   | -                   | -                                   |
| Trash - Waste Management Fund                   | 5,178                               | 54,172              | 54,168              | 5,182                               |
| Electric Utility - Operating                    | 110,389                             | 661,952             | 688,230             | 84,111                              |
| Electric Utility - Depreciation                 | 61,177                              | 2,148               | 7,909               | 55,416                              |
| Electric Utility - Customer Deposit             | 23,059                              | 8,614               | 7,463               | 24,210                              |
| Electric Utility - Improvements                 | 202,314                             | 20,368              | 1,835               | 220,847                             |
| Electric Cash Reserve                           | 110,077                             | 13,169              | 47,169              | 76,077                              |
| Storm Sewer Utility                             | 25,573                              | 21,079              | 31,358              | 15,294                              |
| <b>Totals</b>                                   | <b>\$ 1,143,922</b>                 | <b>\$ 2,074,111</b> | <b>\$ 2,111,320</b> | <b>\$ 1,106,713</b>                 |

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

TOWN OF BROOKLYN  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town of Brooklyn was established under the laws of the State of Indiana. The Town of Brooklyn 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 of Brooklyn 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 BROOKLYN  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended December 31, 2007

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

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<br/>Balance</u> |
|--|---------------------------|
| Governmental activities:   |                           |
| Capital assets, not being depreciated:                                     |                           |
| Land   | \$ 30,472.00              |
| Infrastructure   | 22,693.00                 |
| Buildings  | 135,092.00                |
| Improvements other than buildings  | 110,184.00                |
| Machinery and equipment  | <u>370,234.00</u>         |
| <br>Total governmental activities, capital<br>assets not being depreciated | <br>\$ <u>668,675</u>     |

| <u>Primary Government</u>                            | <u>Ending<br/>Balance</u> |
|--|---------------------------|
| Business-type activities:                            |                           |
| Water Utility:                                       |                           |
| Capital assets, not being depreciated:               |                           |
| Land   | \$ 33,828                 |
| Buildings  | 604,328                   |
| Improvements other than buildings                    | 565,411                   |
| Machinery and equipment                              | <u>50,705</u>             |
| <br>Total Water Utility capital assets               | <br><u>1,254,272</u>      |
| Wastewater Utility:                                  |                           |
| Capital assets, not being depreciated:               |                           |
| Land   | 28,678                    |
| Buildings  | 654,801                   |
| Improvements other than buildings                    | 1,777,337                 |
| Machinery and equipment                              | <u>257,787</u>            |
| <br>Total Wastewater Utility capital assets          | <br><u>2,718,603</u>      |
| Electric Utility:                                    |                           |
| Capital assets, not being depreciated:               |                           |
| Land   | 32,898                    |
| Buildings  | 184,282                   |
| Improvements other than buildings                    | 530,477                   |
| Machinery and equipment                              | <u>223,395</u>            |
| <br>Total Gas Utility capital assets                 | <br><u>971,052</u>        |
| Stormwater Utility:                                  |                           |
| Capital assets, not being depreciated:               |                           |
| Improvements other than buildings                    | 8,711                     |
| Machinery and equipment                              | <u>9,000</u>              |
| <br>Total Electric Utility capital assets            | <br><u>17,711</u>         |
| <br>Total business-type activities<br>capital assets | <br>\$ <u>4,961,638</u>   |

TOWN OF BROOKLYN  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2007

The Town has entered into the following debt:

| Description of Debt                  | Ending<br>Principal<br>Balance | Principal and<br>Interest Due<br>Within One<br>Year |
|--------------------------------------|--------------------------------|---|
| Governmental Activities:             |                                |   |
| Capital leases:                      |                                |   |
| Fire truck loan                      | \$ 36,761                      | \$ 6,470  |
| Total governmental activities debt   | <u>\$ 36,761</u>               | <u>\$ 6,470</u>                                     |
| Business-type Activities:            |                                |   |
| Water Utility                        |                                |   |
| Revenue bonds:                       |                                |   |
| Water Works Bonds of 1997            | \$ 251,000                     | \$ 35,375   |
| Wastewater Utility                   |                                |   |
| Revenue bonds:                       |                                |   |
| Sewage Works Bond of 1999            | <u>\$ 119,000</u>              | <u>\$ 16,950</u>                                    |
| Total business-type activities debt: | <u>\$ 370,000</u>              | <u>\$ 52,325</u>                                    |

The wastewater utility has entered into a loan agreement with the State of Indiana through its revolving loan program to finance wastewater improvement projects. The funds are loaned as the construction costs are incurred.

The agreement provides for maximum loans of \$1,607,000. Annual debt service requirements for the uncompleted loan will not be established until the construction projects are completed. Therefore the outstanding loan balance cannot be determined as of December 31, 2007,

TOWN OF BROOKLYN  
EXIT CONFERENCE

The contents of this report were discussed on September 15, 2008, with Rebecca McGlauchlen, Clerk-Treasurer; and Chie Chie Boles, Vice President of the Town Council. Our examination disclosed no material items that warrant comment at this time.