

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

EXAMINATION REPORT
OF
TOWN OF BROOKSBURG
JEFFERSON COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
12/31/2008

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5
Supplementary Information:	
Schedule of Long-Term Debt	6
Examination Results and Comments:	
Optical Images of Checks.....	7
Sales Tax Paid.....	7
Exit Conference.....	8

OFFICIALS

Office

Official

Term

Clerk-Treasurer

Pamela Sue Dowdy

01-01-06 to 12-31-09

President of the Town Council

Anna Kay Gross
Sharon L. Stevens

01-01-06 to 01-31-07
02-01-07 to 12-31-08



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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF BROOKSBURG, JEFFERSON COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Brooksburg (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 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. The Schedule 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

November 26, 2008

TOWN OF BROOKSBURG
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 5,359	\$ 7,915	\$ 3,612	\$ 9,662
Motor Vehicle Highway	14	2,762	2,710	66
Local Road and Street	471	667	921	217
Riverboat	-	466	466	-
Cumulative Capital Improvement	-	264	264	-
County Economic Development Income Tax (CEDIT)	-	2,678	2,678	-
Proprietary Funds:				
Wastewater Operating	5,526	38,943	36,033	8,436
Wastewater Debt Service Reserve	2,300	2,250	-	4,550
Totals	<u>\$ 13,670</u>	<u>\$ 55,945</u>	<u>\$ 46,684</u>	<u>\$ 22,931</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 9,662	\$ 9,492	\$ 3,874	\$ 15,280
Motor Vehicle Highway	66	2,715	2,462	319
Local Road and Street	217	696	300	613
Riverboat	-	467	467	-
Rainy Day	-	1,706	-	1,706
Cumulative Capital Improvement	-	260	260	-
County Economic Development Income Tax (CEDIT)	-	3,454	3,454	-
Proprietary Funds:				
Wastewater Operating	8,436	43,417	37,646	14,207
Wastewater Debt Service Reserve	4,550	-	-	4,550
Totals	<u>\$ 22,931</u>	<u>\$ 62,207</u>	<u>\$ 48,463</u>	<u>\$ 36,675</u>

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

TOWN OF BROOKSBURG
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, highways and streets, public improvements, general administrative services and wastewater.

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. Town Pledged EDIT Revenues for County Jail Project

On July 7, 2005, the Town Council adopted Ordinance 2005-1, irrevocably pledging a portion of The Town's distributive share of Economic Development Income Tax (EDIT) revenues to the payment of a lease entered into by Jefferson County to finance the renovation of the County's current jail facilities and to construct additions to the current facility. The amount pledged is \$202.20 per year of the lease. The "Lease Pledge" is irrevocable during the term of the lease.

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

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Wastewater Utility: Loan Payable	\$ 48,232	\$ 4,240

TOWN OF BROOKSBURG
EXAMINATION RESULTS AND COMMENTS

OPTICAL IMAGES OF CHECKS (Applies to Clerk-Treasurer and Wastewater Utility)

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks.

Indiana Code 5-15-6-3 concerning optical imaging of checks states in part:

"(a) . . . 'original records' . . . includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . ."

Further, Indiana Code 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise: and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

SALES TAX PAID

Instances were noted where sales tax was paid to vendors 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)

TOWN OF BROOKSBURG
EXIT CONFERENCE

The contents of this report were discussed on November 26, 2008, with Pamela Sue Dowdy, Clerk-Treasurer. The official concurred with our findings.