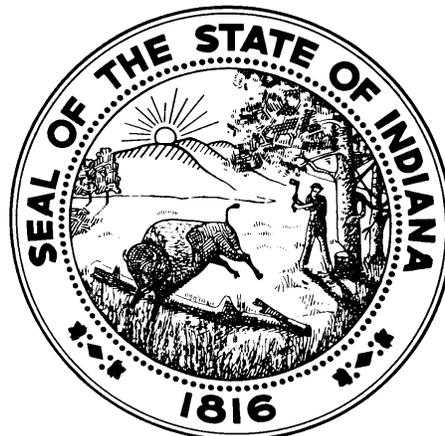


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
TOWN OF NORTH JUDSON
STARKE COUNTY, INDIANA
January 1, 2007 to December 31, 2008



FILED
10/29/2009

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	5-6
Supplementary Information:	
Schedule of Capital Assets.....	7
Schedule of Long-Term Debt	8
Examination Results and Comments:	
Receipt Deposits.....	9
Customer Deposit Register	9
Overdrawn Fund Balances	9
Exit Conference.....	10

OFFICIALS

Office

Official

Term

Clerk-Treasurer

Connie L. Miller

01-01-04 to 12-31-11

President of the
Town Council

Guy Gardin
Catherine Lemke
Dan Anderson

01-01-07 to 12-31-07
01-01-08 to 05-18-08
05-19-08 to 12-31-09



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 NORTH JUDSON, STARKE COUNTY, INDIANA

We have examined the financial information presented herein of the Town of North Judson (Town), for the period of January 1, 2007 to December 31, 2008. 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, 2007 and 2008, 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 16, 2009

TOWN OF NORTH JUDSON
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2007 And 2008

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 284,689	\$ 571,666	\$ 582,123	\$ 274,232
Motor Vehicle Highway	139,634	100,510	94,098	146,046
Local Road and Street	46,959	10,062	-	57,021
Park and Recreation	26,222	26,146	33,629	18,739
Law Enforcement Continuing Education	1,001	1,230	285	1,946
Firehouse	-	895	-	895
Rainy Day	-	24,917	-	24,917
Police Public Donation	300	-	220	80
Cumulative Capital Improvement	10,612	5,883	877	15,618
Cumulative Capital Development	52,657	9,714	9,342	53,029
EDIT 1	193,179	95,851	88,342	200,688
Railroad CCI/Maintenance	642	29,940	8,300	22,282
Levy Excess	9,083	37,176	9,083	37,176
Proprietary Funds:				
Water Utility - Operating	(20,490)	296,756	247,129	29,137
Water Utility - Bond and Interest	49,728	29,525	23,775	55,478
Water Utility - Depreciation	90,363	19,448	12,084	97,727
Water Utility - Customer Deposit	39,788	5,361	5,448	39,701
Water Utility - Debt Reserve	2,856	3,500	5,113	1,243
Wastewater Utility - Operating	170,529	493,993	516,679	147,843
Wastewater Utility - Bond and Interest	100,456	167,500	160,239	107,717
Wastewater Utility - Debt Reserve	112,807	17,800	12,368	118,239
Wastewater Utility - Customer Deposit	10,440	5,050	3,250	12,240
Utility Clearing	60	715,638	715,625	73
Fiduciary Funds:				
Payroll	8,192	458,534	467,355	(629)
Self-Insurance	-	5,800	4,080	1,720
Totals	\$ 1,329,707	\$ 3,132,895	\$ 2,999,444	\$ 1,463,158

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 274,232	\$ 588,730	\$ 516,886	\$ 346,076
Motor Vehicle Highway	146,046	78,410	78,962	145,494
Local Road and Street	57,021	9,435	9,955	56,501
Park and Recreation	18,739	16,712	17,654	17,797
Law Enforcement Continuing Education	1,946	1,687	628	3,005
Firehouse	895	28,565	29,460	-
Rainy Day	24,917	24,093	-	49,010
Police Public Donation	80	-	-	80
Cumulative Capital Improvement	15,618	5,447	5,640	15,425
Cumulative Capital Development	53,029	9,285	7,457	54,857
EDIT 1	200,688	91,125	143,082	148,731
Railroad CCI/Maintenance	22,282	45,660	33,449	34,493
Levy Excess	37,176	18,226	37,176	18,226
OCRA Grant/Firehouse	-	37,700	37,700	-
COPS Grant	-	47,816	47,816	-
Proprietary Funds:				
Water Utility - Operating	29,137	288,971	259,834	58,274
Water Utility - Bond and Interest	55,478	62,982	108,602	9,858
Water Utility - Depreciation	97,727	19,250	4,000	112,977
Water Utility - Customer Deposit	39,701	5,452	4,870	40,283
Water Utility - Debt Reserve	1,243	35,068	3,043	33,268
Wastewater Utility - Operating	147,843	512,023	466,370	193,496
Wastewater Utility - Bond and Interest	107,717	207,586	276,595	38,708
Wastewater Utility - Debt Reserve	118,239	103,890	7,049	215,080
Wastewater Utility - Customer Deposit	12,240	3,600	2,200	13,640
Utility Clearing	73	763,320	763,301	92
Fiduciary Funds:				
Payroll	(629)	452,182	453,018	(1,465)
Self-Insurance	1,720	6,418	8,132	6
Totals	\$ 1,463,158	\$ 3,463,633	\$ 3,322,879	\$ 1,603,912

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

TOWN OF NORTH JUDSON
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, health and social services, culture and recreation, water, wastewater 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).

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 NORTH JUDSON
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

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

PERF 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:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

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

Note 7. Subsequent Event

The Town was awarded a \$360,000 grant for Wastewater treatment facility improvements to begin in the fall of 2009.

TOWN OF NORTH JUDSON
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
For The Year Ended December 31, 2008

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 (those reported by governmental activities) are included regardless of their acquisition date or amount. 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 Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 621,013
Infrastructure	659,061
Buildings	95,124
Improvements other than buildings	1,621,366
Machinery and equipment	974,321
Construction in progress	<u>350,000</u>
 Total governmental activities, capital assets	 \$ <u>4,320,885</u>
 Business-type activities:	
Water Utility:	
Capital assets	
Land	\$ 120
Buildings	474,000
Improvements other than buildings	3,064,739
Machinery and equipment	<u>123,086</u>
 Total Water Utility capital assets	 <u>3,661,945</u>
 Wastewater Utility:	
Capital assets	
Land	36,359
Buildings	2,220,000
Improvements other than buildings	1,798,190
Machinery and equipment	<u>123,086</u>
 Total Wastewater Utility capital assets	 <u>4,177,635</u>
 Total business-type activities capital assets	 \$ <u>7,839,580</u>

TOWN OF NORTH JUDSON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2008

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Water Utility:		
Revenue bonds:		
Refunding Bonds of 2008	\$ 335,000	\$ 29,572
Wastewater Utility:		
Revenue bonds:		
Refunding Bonds of 2008	\$ 2,180,000	\$ 124,177

TOWN OF NORTH JUDSON
EXAMINATION RESULTS AND COMMENTS

RECEIPT DEPOSITS

Three of ten receipts tested were not deposited by the next business day following the receipt of funds. One of ten receipts tested was not deposited in the same form in which it was received. We found one deposit for which checks and cash were not listed separately on the bank deposit slip.

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

Public funds shall be deposited in the same form in which they were received. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CUSTOMER DEPOSIT REGISTER

The detailed customer deposit register does not reconcile with the customer deposit amount recorded in the general ledger. The fund balance for the Water Deposit fund was \$2,637 more than the detail provided in the Water Customer Deposit ledger. The Wastewater Deposit ledger amount was \$160 more than the Wastewater Deposit fund for 2008. A similar comment was issued in prior Examination Report B29686.

At all times, the manual and 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)

OVERDRAWN FUND BALANCES

The Payroll Fund was overdrawn \$629 in 2007 and \$1,465 in 2008.

The fund 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)

TOWN OF NORTH JUDSON
EXIT CONFERENCE

The contents of this report were discussed on September 16, 2009, with Connie L. Miller, Clerk-Treasurer; and Dan Anderson, President of the Town Council. The officials concurred with our findings.