

B37085

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

AUDIT REPORT

OF

TOWN OF ST. JOHN

LAKE COUNTY, INDIANA

January 1, 2008 to December 31, 2009



FILED
06/02/2010

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sherry Sury	01-01-04 to 12-31-11
President of the Town Council	Michael Fryzel Mark Barenie	01-01-08 to 12-31-08 01-01-09 to 12-31-10
President of the Waterworks District Board of Commissioners	Robert Myers	01-01-08 to 12-31-10
President of the Sanitary District Board of Commissioners	Robert Myers	01-01-08 to 12-31-10
Town Manager	Stephen Kil	01-01-08 to 12-31-10



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE TOWN OF ST. JOHN, LAKE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of St. John (Town), as of and for the years ended December 31, 2008 and 2009, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2008 and 2009, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated March 4, 2010, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Town has not presented Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedules of Funding Progress, or Schedule of Contributions From the Employer and Other Contributing Entities that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

March 4, 2010



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE TOWN OF ST. JOHN, LAKE COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of St. John (Town), as of and for the years ended December 31, 2008 and 2009, which collectively comprise the Town's basic financial statements and have issued our report thereon dated March 4, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The Town's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management, Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

March 4, 2010

TOWN OF ST. JOHN
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2008

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 2,880,082	\$ 111,552	\$ -	\$ -	\$ (2,768,530)	\$ -	\$ (2,768,530)
Public safety	3,685,043	959,713	519,627	-	(2,205,703)	-	(2,205,703)
Highways and streets	741,987	-	245,291	144,011	(352,685)	-	(352,685)
Sanitation	298,499	-	-	-	(298,499)	-	(298,499)
Health and welfare	-	6,546	-	-	6,546	-	6,546
Economic development	30,537	-	-	-	(30,537)	-	(30,537)
Culture and recreation	379,196	-	-	-	(379,196)	-	(379,196)
Principal and interest on indebtedness	1,865,547	-	-	-	(1,865,547)	-	(1,865,547)
Total governmental activities	9,880,891	1,077,811	764,918	144,011	(7,894,151)	-	(7,894,151)
Business-type activities:							
Sanitary District	432,002	-	-	-	-	(432,002)	(432,002)
Wastewater Utility	2,756,401	2,386,113	-	-	-	(370,288)	(370,288)
Water District	246,669	-	-	-	-	(246,669)	(246,669)
Water Utility	2,381,027	2,370,381	-	-	-	(10,646)	(10,646)
Total business-type activities	5,816,099	4,756,494	-	-	-	(1,059,605)	(1,059,605)
Total primary government	\$ 15,696,990	\$ 5,834,305	\$ 764,918	\$ 144,011	(7,894,151)	(1,059,605)	(8,953,756)
General receipts:							
Property taxes					6,188,386	699,041	6,887,427
Intergovernmental					560,060	445,524	1,005,584
Other local sources					764,065	172,128	936,193
Grants and contributions not restricted to specific programs					70,590	-	70,590
Investment earnings					61,426	114,933	176,359
Interfund loans					768,350	(563,350)	205,000
Total general receipts and interfund loans					8,412,877	868,276	9,281,153
Change in net assets					518,726	(191,329)	327,397
Net assets - beginning					1,937,052	6,570,710	8,507,762
Net assets - ending					\$ 2,455,778	\$ 6,379,381	\$ 8,835,159
Assets							
Cash and investments					\$ 688,946	\$ 1,448,548	\$ 2,137,494
Restricted assets:							
Cash and investments					1,766,832	4,930,833	6,697,665
Total assets					\$ 2,455,778	\$ 6,379,381	\$ 8,835,159
Net Assets							
Restricted for:							
Public safety					\$ 187,443	\$ -	\$ 187,443
Highways and streets					241,614	-	241,614
Economic development					72,865	-	72,865
Debt service					268,174	1,051,829	1,320,003
Capital outlay					996,736	3,585,048	4,581,784
Other purposes					-	293,956	293,956
Unrestricted					688,946	1,448,548	2,137,494
Total net assets					\$ 2,455,778	\$ 6,379,381	\$ 8,835,159

The notes to the financial statements are an integral part of this statement.

TOWN OF ST. JOHN
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2008

	General	Cumulative Sewer	Other Governmental Funds	Totals
Receipts:				
Taxes	\$ 3,214,235	\$ 707,876	\$ 2,266,275	\$ 6,188,386
Licenses and permits	449,484	-	5,365	454,849
Intergovernmental	379,953	56,813	1,106,409	1,543,175
Charges for services	224,914	-	310,236	535,150
Fines and forfeits	108,866	-	129,123	237,989
Interfund loans	600,000	320,000	1,035,350	1,955,350
Other	115,744	-	551,936	667,680
	<u>5,093,196</u>	<u>1,084,689</u>	<u>5,404,694</u>	<u>11,582,579</u>
Total receipts				
Disbursements:				
General government	2,428,933	-	170,426	2,599,359
Public safety	3,119,134	-	295,481	3,414,615
Highways and streets	-	-	741,702	741,702
Sanitation	-	-	55,864	55,864
Economic development	-	-	18,403	18,403
Culture and recreation	5,318	-	315,637	320,955
Interfund loans	-	470,000	717,000	1,187,000
Debt service:				
Principal	-	-	751,722	751,722
Interest	-	-	1,113,825	1,113,825
Capital outlay:				
General government	62,018	-	207,703	269,721
Public safety	70,829	-	210,601	281,430
Highways and streets	-	-	285	285
Sanitation	-	242,635	-	242,635
Economic development	-	-	12,134	12,134
Culture and recreation	-	-	58,241	58,241
	<u>5,686,232</u>	<u>712,635</u>	<u>4,669,024</u>	<u>11,067,891</u>
Total disbursements				
Excess (deficiency) of receipts over disbursements	(593,036)	372,054	735,670	514,688
Other financing sources:				
Other receipts	-	-	4,038	4,038
	<u>-</u>	<u>-</u>	<u>4,038</u>	<u>4,038</u>
Total other financing sources				
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(593,036)	372,054	739,708	518,726
Cash and investment fund balance - beginning	935,776	122,632	878,644	1,937,052
Cash and investment fund balance - ending	<u>\$ 342,740</u>	<u>\$ 494,686</u>	<u>\$ 1,618,352</u>	<u>\$ 2,455,778</u>
<u>Cash and Investment Assets - Ending</u>				
Cash and investments	\$ 342,740	\$ -	\$ 346,206	\$ 688,946
Restricted assets:				
Cash and investments	-	494,686	1,272,146	1,766,832
Total cash and investment assets - ending	<u>\$ 342,740</u>	<u>\$ 494,686</u>	<u>\$ 1,618,352</u>	<u>\$ 2,455,778</u>
<u>Cash and Investment Fund Balance - Ending</u>				
Restricted for:				
Public safety	\$ -	\$ -	\$ 187,443	\$ 187,443
Highways and streets	-	-	241,614	241,614
Economic development	-	-	72,865	72,865
Debt service	-	-	268,174	268,174
Capital outlay	-	494,686	502,050	996,736
Unrestricted	342,740	-	346,206	688,946
Total cash and investment fund balance - ending	<u>\$ 342,740</u>	<u>\$ 494,686</u>	<u>\$ 1,618,352</u>	<u>\$ 2,455,778</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF ST. JOHN
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As of and for the Year Ended December 31, 2008

	Sanitary District	Wastewater Utility	Water District	Water Utility	Totals
Operating receipts:					
Unmetered/flat rate	\$ -	\$ 1,858,664	\$ -	\$ 1,815,158	\$ 3,673,822
Fire protection receipts	-	-	-	253,593	253,593
Fees	-	416,462	-	193,000	609,462
Penalties	-	30,362	-	9,588	39,950
Interfund loan proceeds	128,650	-	-	-	128,650
Miscellaneous	-	80,625	-	99,042	179,667
Total operating receipts	128,650	2,386,113	-	2,370,381	4,885,144
Operating disbursements:					
Salaries and wages	172,584	411,872	147,514	398,580	1,130,550
Employee pensions and benefits	46,313	132,020	44,439	132,638	355,410
Purchased wastewater treatment	-	827,856	-	-	827,856
Purchased power	-	62,872	-	75,643	138,515
Chemicals	-	-	-	10,470	10,470
Material and supplies	3,433	7,225	3,364	121,625	135,647
Contractual services	44,652	53,553	33,768	78,927	210,900
Insurance claims and expense	6,626	11,198	6,625	29,212	53,661
Administration and general	-	92,141	-	-	92,141
Refunds	-	199,361	-	11,416	210,777
Equipment and capital improvements	-	633,734	-	756,351	1,390,085
Interfund loans made/repaid	-	692,000	-	-	692,000
Miscellaneous	11,328	89,755	10,959	245,274	357,316
Total operating disbursements	284,936	3,213,587	246,669	1,860,136	5,605,328
Excess (deficiency) of operating receipts over operating disbursements	(156,286)	(827,474)	(246,669)	510,245	(720,184)
Nonoperating receipts (disbursements):					
Property taxes	451,791	-	247,250	-	699,041
Intergovernmental	35,641	-	17,196	-	52,837
Rent	-	1,400	-	60,977	62,377
Investment income	-	64,656	-	50,277	114,933
Refunds	-	108,130	-	1,621	109,751
Note repayments	-	392,687	-	-	392,687
Debt service of principal	(115,000)	(124,110)	-	(279,110)	(518,220)
Interest disbursements	(32,066)	(110,704)	-	(241,781)	(384,551)
Total nonoperating receipts (disbursements)	340,366	332,059	264,446	(408,016)	528,855
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	184,080	(495,415)	17,777	102,229	(191,329)
Cash and investment fund balance - beginning	99,199	3,556,770	60,416	2,854,325	6,570,710
Cash and investment fund balance - ending	\$ 283,279	\$ 3,061,355	\$ 78,193	\$ 2,956,554	\$ 6,379,381
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ 203,934	\$ 366,285	\$ 78,193	\$ 800,136	\$ 1,448,548
Restricted assets:					
Cash and investments	79,345	2,695,070	-	2,156,418	4,930,833
Total cash and investment assets - December 31	\$ 283,279	\$ 3,061,355	\$ 78,193	\$ 2,956,554	\$ 6,379,381
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Debt service	\$ 79,345	\$ 364,649	\$ -	\$ 607,835	\$ 1,051,829
Capital outlay	-	2,329,429	-	1,255,619	3,585,048
Other purposes	-	992	-	292,964	293,956
Unrestricted	203,934	366,285	78,193	800,136	1,448,548
Total cash and investment fund balance - December 31	\$ 283,279	\$ 3,061,355	\$ 78,193	\$ 2,956,554	\$ 6,379,381

The notes to the financial statements are an integral part of this statement.

TOWN OF ST. JOHN
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2008

	Pension Trust Fund	Agency Funds
Additions:		
Contributions:		
Plan members	\$ 4,279	
State	10,312	
Total additions	14,591	
Deductions:		
Benefits	18,365	
Administrative and general	646	
Total deductions	19,011	
Excess (deficiency) of total additions over total deductions	(4,420)	
Cash and investment fund balance - beginning	120,045	
Cash and investment fund balance - ending	\$ 115,625	\$ 292,692

The notes to the financial statements are an integral part of this statement.

TOWN OF ST. JOHN
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2009

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 2,773,790	\$ 183,458	\$ -	\$ -	\$ (2,590,332)	\$ -	\$ (2,590,332)
Public safety	3,882,912	823,749	3,233	-	(3,055,930)	-	(3,055,930)
Highways and streets	769,652	-	224,918	125,949	(418,785)	-	(418,785)
Sanitation	307,328	867,694	-	-	560,366	-	560,366
Health and welfare	-	472	-	-	472	-	472
Economic development	4,424	-	-	-	(4,424)	-	(4,424)
Culture and recreation	339,652	308,553	-	-	(31,099)	-	(31,099)
Principal and interest on indebtedness	2,216,871	-	-	-	(2,216,871)	-	(2,216,871)
Total governmental activities	10,294,629	2,183,926	228,151	125,949	(7,756,603)	-	(7,756,603)
Business-type activities:							
Sanitary District	483,034	7,421	-	-	-	(475,613)	(475,613)
Wastewater Utility	4,194,249	2,393,318	-	-	-	(1,800,931)	(1,800,931)
Water District	265,298	3,845	-	-	-	(261,453)	(261,453)
Water Utility	2,566,904	2,395,949	-	296,389	-	125,434	125,434
Total business-type activities	7,509,485	4,800,533	-	296,389	-	(2,412,563)	(2,412,563)
Total primary government	\$ 17,804,114	\$ 6,984,459	\$ 228,151	\$ 422,338	(7,756,603)	(2,412,563)	(10,169,166)
General receipts:							
Property taxes					5,575,102	626,320	6,201,422
Intergovernmental					728,930	54,907	783,837
Other local sources					3,140,912	60,291	3,201,203
Net proceeds from borrowings					-	2,548,029	2,548,029
Grants and contributions not restricted to specific programs					1,417	-	1,417
Investment earnings					43,886	120,553	164,439
Interfund loans					(805,000)	600,000	(205,000)
Total general receipts and interfund loans					8,685,247	4,010,100	12,695,347
Change in net assets					928,644	1,597,537	2,526,181
Net assets - beginning					2,455,778	6,379,381	8,835,159
Net assets - ending					\$ 3,384,422	\$ 7,976,918	\$ 11,361,340
Assets							
Cash and investments					\$ 753,790	\$ 1,979,197	\$ 2,732,987
Restricted assets:							
Cash and investments					2,630,632	5,997,721	8,628,353
Total assets					\$ 3,384,422	\$ 7,976,918	\$ 11,361,340
Net Assets							
Restricted for:							
Public safety					\$ 190,154	\$ -	\$ 190,154
Highways and streets					99,496	-	99,496
Economic development					71,229	-	71,229
Debt service					678,436	978,310	1,656,746
Capital outlay					1,591,317	4,827,250	6,418,567
Other purposes					-	192,161	192,161
Unrestricted					753,790	1,979,197	2,732,987
Total net assets					\$ 3,384,422	\$ 7,976,918	\$ 11,361,340

The notes to the financial statements are an integral part of this statement.

TOWN OF ST. JOHN
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2009

	General	Trash Collection	Cumulative Sewer	Other Governmental Funds	Totals
Receipts:					
Taxes	\$ 2,877,803	\$ -	\$ 606,812	\$ 2,090,487	\$ 5,575,102
Licenses and permits	372,917	-	-	6,460	379,377
Intergovernmental	425,962	-	44,602	1,257,918	1,728,482
Charges for services	243,106	867,694	-	414,963	1,525,763
Fines and forfeits	86,432	-	-	119,853	206,285
Interfund loans	850,000	-	870,000	945,000	2,665,000
Other	95,422	-	-	81,877	177,299
Total receipts	4,951,642	867,694	1,521,414	4,916,558	12,257,308
Disbursements:					
General government	1,613,157	770,860	-	292,015	2,676,032
Public safety	3,120,858	-	-	592,736	3,713,594
Highways and streets	-	-	-	769,652	769,652
Sanitation	-	-	270,511	35,017	305,528
Economic development	-	-	-	4,424	4,424
Culture and recreation	5,363	-	-	282,215	287,578
Interfund loans	1,450,000	-	820,000	1,200,000	3,470,000
Debt service:					
Principal	-	-	-	427,477	427,477
Interest	-	-	-	726,564	726,564
Capital outlay:					
General government	4,874	-	-	83,793	88,667
Public safety	1,316	-	-	177,093	178,409
Sanitation	-	-	-	1,800	1,800
Culture and recreation	-	-	-	52,074	52,074
Total disbursements	6,195,568	770,860	1,090,511	4,644,860	12,701,799
Excess (deficiency) of receipts over disbursements	(1,243,926)	96,834	430,903	271,698	(444,491)
Other financing sources (uses):					
Tax anticipation warrant proceeds	2,125,660	-	-	287,812	2,413,472
Tax anticipation warrant repayments	(1,062,830)	-	-	-	(1,062,830)
Other receipts	9,399	-	-	13,094	22,493
Total other financing sources (uses)	1,072,229	-	-	300,906	1,373,135
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(171,697)	96,834	430,903	572,604	928,644
Cash and investment fund balance - beginning	342,740	-	494,686	1,618,352	2,455,778
Cash and investment fund balance - ending	\$ 171,043	\$ 96,834	\$ 925,589	\$ 2,190,956	\$ 3,384,422
Cash and Investment Assets - Ending					
Cash and investments	\$ 171,043	\$ 96,834	\$ -	\$ 485,913	\$ 753,790
Restricted assets:					
Cash and investments	-	-	925,589	1,705,043	2,630,632
Total cash and investment assets - ending	\$ 171,043	\$ 96,834	\$ 925,589	\$ 2,190,956	\$ 3,384,422
Cash and Investment Fund Balance - Ending					
Restricted for:					
Public safety	\$ -	\$ -	\$ -	\$ 190,154	\$ 190,154
Highways and streets	-	-	-	99,496	99,496
Economic development	-	-	-	71,229	71,229
Debt service	-	-	-	678,436	678,436
Capital outlay	-	-	925,589	665,728	1,591,317
Unrestricted	171,043	96,834	-	485,913	753,790
Total cash and investment fund balance - ending	\$ 171,043	\$ 96,834	\$ 925,589	\$ 2,190,956	\$ 3,384,422

The notes to the financial statements are an integral part of this statement.

TOWN OF ST. JOHN
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As of and for the Year Ended December 31, 2009

	Sanitary District	Wastewater Utility	Water District	Water Utility	Totals
Operating receipts:					
Unmetered/flat rate	\$ -	\$ 1,895,038	\$ -	\$ -	\$ 1,895,038
Metered/measured	-	-	-	1,815,546	1,815,546
Fire protection receipts	-	-	-	321,888	321,888
Fees	-	465,749	-	174,000	639,749
Penalties	-	31,622	-	9,259	40,881
Interfund loan proceeds	-	692,000	-	-	692,000
Miscellaneous	7,421	909	3,845	75,256	87,431
Total operating receipts	7,421	3,085,318	3,845	2,395,949	5,492,533
Operating disbursements:					
Salaries and wages	161,924	373,778	148,344	363,996	1,048,042
Employee pensions and benefits	46,647	113,202	45,913	111,546	317,308
Purchased wastewater treatment	-	885,979	-	-	885,979
Purchased power	6,311	57,858	6,234	89,834	160,237
Chemicals	-	-	-	6,920	6,920
Material and supplies	1,348	9,345	1,125	89,954	101,772
Contractual services	19,744	287,546	40,723	314,867	662,880
Insurance claims and expense	9,817	-	9,816	17,196	36,829
Refunds	-	2,765	-	7,975	10,740
Equipment and capital improvements	9,357	1,989,103	8,400	822,539	2,829,399
Interfund loans made/repaid	92,000	-	-	-	92,000
Miscellaneous	8,056	90,183	4,743	232,855	335,837
Total operating disbursements	355,204	3,809,759	265,298	2,057,682	6,487,943
Excess (deficiency) of operating receipts over operating disbursements	(347,783)	(724,441)	(261,453)	338,267	(995,410)
Nonoperating receipts (disbursements):					
Property taxes	407,649	-	218,671	-	626,320
Intergovernmental	36,985	-	17,922	-	54,907
Rent	-	1,400	-	52,153	53,553
Investment income	-	55,095	-	65,458	120,553
Net proceeds from borrowings	-	-	-	2,548,029	2,548,029
Refunds	-	2,785	-	3,953	6,738
Debt service of principal	(185,000)	(225,000)	-	(280,000)	(690,000)
Interest disbursements	(34,830)	(159,490)	-	(229,222)	(423,542)
Total nonoperating receipts (disbursements)	224,804	(325,210)	236,593	2,160,371	2,296,558
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	(122,979)	(1,049,651)	(24,860)	2,498,638	1,301,148
Capital contributions	-	-	-	296,389	296,389
Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	(122,979)	(1,049,651)	(24,860)	2,795,027	1,597,537
Cash and investment fund balance - beginning	283,279	3,061,355	78,193	2,956,554	6,379,381
Cash and investment fund balance - ending	<u>\$ 160,300</u>	<u>\$ 2,011,704</u>	<u>\$ 53,333</u>	<u>\$ 5,751,581</u>	<u>\$ 7,976,918</u>
Cash and Investment Assets - December 31					
Cash and investments	\$ 151,784	\$ 383,516	\$ 53,333	\$ 1,390,564	\$ 1,979,197
Restricted assets:					
Cash and investments	8,516	1,628,188	-	4,361,017	5,997,721
Total cash and investment assets - December 31	<u>\$ 160,300</u>	<u>\$ 2,011,704</u>	<u>\$ 53,333</u>	<u>\$ 5,751,581</u>	<u>\$ 7,976,918</u>
Cash and Investment Fund Balance - December 31					
Restricted for:					
Debt service	\$ 8,516	\$ 254,540	\$ -	\$ 715,254	\$ 978,310
Capital outlay	-	1,365,150	-	3,462,100	4,827,250
Other purposes	-	8,498	-	183,663	192,161
Unrestricted	151,784	383,516	53,333	1,390,564	1,979,197
Total cash and investment fund balance - December 31	<u>\$ 160,300</u>	<u>\$ 2,011,704</u>	<u>\$ 53,333</u>	<u>\$ 5,751,581</u>	<u>\$ 7,976,918</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF ST. JOHN
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2009

	Pension Trust Fund	Agency Funds
Additions:		
Contributions:		
State	\$ 17,986	
Deductions:		
Benefits	18,005	
Administrative and general	<u>645</u>	
Total deductions	<u>18,650</u>	
Excess (deficiency) of total additions over total deductions	(664)	
Cash and investment fund balance - beginning	<u>115,625</u>	
Cash and investment fund balance - ending	<u>\$ 114,961</u>	<u>\$ 310,726</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF ST. JOHN
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, and storm water.

The Town's financial reporting entity is composed of the following:

Primary Government: Town of St. John

In determining the financial reporting entity, the Town complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

The General Fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Trash Collection Fund accounts for trash fees received and disbursed to the garbage collection company per a contract.

The Cumulative Sewer Fund is used to account for receipts and disbursements of taxes levied under Indiana Code IC 36-9-26-4 for storm sewer improvements.

The Town reports the following major enterprise funds:

The Sanitary District Fund accounts for general property taxes collected for the operation of the pumping stations, collection systems, sanitation services and the payment of long-term debt, principal, and interest.

TOWN OF ST. JOHN
NOTES TO FINANCIAL STATEMENTS
(Continued)

The Wastewater Utility Fund accounts for the operation of the pumping stations, collection systems, and the payment of long-term debt, principal, and interest.

The Water District Fund accounts for general property taxes collected for the operation of the water distribution system.

The Water Utility Fund accounts for the operation of the water distribution system and the payment of long-term debt, principal, and interest.

Additionally, the Town reports the following fund types:

The pension trust fund accounts for the activities of the 1925 police officers' pension plan, which accumulate resources for pension benefit payments.

Agency funds account for assets held by the Town as an agent for federal and state revenue agencies and serve as control of accounts for cash transactions during the time they are a liability to the Town.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the Town utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the Town and its enterprise funds. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services.

TOWN OF ST. JOHN
NOTES TO FINANCIAL STATEMENTS
(Continued)

Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government. The Town does not have any internal service funds.

When both restricted and unrestricted resources are available for use, the Town's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

3. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the Town in June and in 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 may become delinquent if not paid by May 10 and November 10, respectively.

4. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

5. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as a liability in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

6. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

TOWN OF ST. JOHN
NOTES TO FINANCIAL STATEMENTS
(Continued)

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

- 1. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
- 2. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

Government-Wide Financial Statements

Interfund activity, if any, is eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – The effects of interfund loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

TOWN OF ST. JOHN
NOTES TO FINANCIAL STATEMENTS
(Continued)

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the Town submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. Prior to November 1, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the Town receives approval of the Indiana Department of Local Government Finance.

The Town's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Disbursements in Excess of Appropriations

For the years ended December 31, 2008 and 2009, disbursements exceeded budgeted appropriations in the following funds by the amounts below:

Fund	2008	2009
Lease Rental Payment	\$ 286,400	\$ -
Sanitary District Debt Service	-	74,870
Totals	\$ 286,400	\$ 74,870

These disbursements were funded by available fund balances.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository

TOWN OF ST. JOHN
NOTES TO FINANCIAL STATEMENTS
(Continued)

eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The Town does not have a deposit policy for custodial credit risk. At December 31, 2009, the Town had deposit balances in the amount of \$11,787,027.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Statutory Authorization for Investments

IC 5-13-9 authorizes the Town to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the Town to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the Town and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The forms of securities in an investment company or investment trust have a stated final maturity of one day.

Additionally, the Town may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the Town's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

B. Tax Anticipation Warrants

Tax anticipation warrant transactions for 2009 and the balance outstanding at December 31, 2009, are detailed below:

TOWN OF ST. JOHN
NOTES TO FINANCIAL STATEMENTS
(Continued)

	Principal Outstanding January 1, 2009	Warrant Proceeds	Warrant Repayments	Principal Outstanding December 31, 2009
Governmental activities:				
General	\$ -	\$ 2,125,660	\$ 1,062,830	\$ 1,062,830
Lease rental	-	287,812	-	287,812
Total governmental activities	<u>\$ -</u>	<u>\$ 2,413,472</u>	<u>\$ 1,062,830</u>	<u>\$ 1,350,642</u>

The Town repaid the tax anticipation warrants on January 21, 2010.

C. Temporary Interfund Loans

Temporary interfund loans for the years ended December 31, 2008 and 2009, were as follows:

Loan To	Loan From	Loans Outstanding January 1, 2008	Loans	Repayments	Loans Outstanding December 31, 2008
General	Wastewater Utility	\$ -	\$ 600,000	\$ -	\$ 600,000
Other governmental funds	Cumulative Sewer	300,000	470,000	320,000	450,000
	Other governmental funds	212,350	36,500	248,850	-
	Sanitary District	36,650	-	36,650	-
	Agency Fund	-	280,000	75,000	205,000
Sanitary District	Wastewater Utility	-	92,000	-	92,000
Totals		<u>\$ 549,000</u>	<u>\$ 1,478,500</u>	<u>\$ 680,500</u>	<u>\$ 1,347,000</u>

Loan To	Loan From	Loans Outstanding January 1, 2009	Loans	Repayments	Loans Outstanding December 31, 2009
General	Wastewater Utility	\$ 600,000	\$ -	\$ 600,000	\$ -
	Cumulative Sewer	-	400,000	400,000	-
	Other governmental funds	-	450,000	450,000	-
Other governmental funds	Cumulative Sewer	450,000	420,000	470,000	400,000
	Agency Fund	205,000	75,000	280,000	-
Sanitary District	Wastewater Utility	92,000	-	92,000	-
Totals		<u>\$ 1,347,000</u>	<u>\$ 1,345,000</u>	<u>\$ 2,292,000</u>	<u>\$ 400,000</u>

The Town typically uses interfund loans for cash flow purposes to fund ongoing operations in anticipation of current revenues. On January 21, 2010, the other governmental funds repaid \$175,000 to the Cumulative Sewer Fund. As of March 3, 2010, other governmental funds still owed Cumulative Sewer \$225,000.

TOWN OF ST. JOHN
NOTES TO FINANCIAL STATEMENTS
(Continued)

IV. Other Information

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, and dependents; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; medical benefits to employees, and dependents; and natural disasters are covered by commercial insurance from independent third parties.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

During 1989, the Town joined with other governmental entities to form the Indiana Public Employers' Plan, Inc., a public entity risk pool currently operating as a common risk management and insurance program for approximately 700 member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of workers compensation and employers liability. The Town pays an annual premium to the risk pool for its workers compensation and employers liability coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

B. Holding Corporation

The Town has entered into a capital lease with St. John Municipal Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the Town. The lessor has been determined to be a related party of the Town. Lease payments during the years 2008 and 2009 totaled \$919,000 and \$659,000, respectively.

C. Subsequent Events

Property tax rates and collections

Property tax rates and levies were not established by the Indiana Department of Local Government Finance as of February 15, 2009, as required by statute due to the continued delay caused in the completion of the reassessment of Lake County. The 2008 payable 2009 property tax rates were approved on July 31, 2009. The County sent the bills in October 2009, which were due in two installments, on October 28 and November 30, 2009. The Town received partial collections in November 2009. Final settlement of tax collections were received in January 2010.

Property tax rates and levies were not established by the Indiana Department of Local Government Finance as of February 15, 2010, as required by statute due to continued delay caused in the completion of the reassessment of Lake County. It is unknown at this time when the property tax rates and levies will be established.

TOWN OF ST. JOHN
NOTES TO FINANCIAL STATEMENTS
(Continued)

Tax Anticipation Warrants

On January 28, 2010, the Town Council approved Ordinance 1505 that authorized the issuance of Tax Anticipation Warrants (TAW) to meet current expenses in 2010 for the General and Lease Rental Funds. The ordinance authorized the sale of TAW to the Indiana Bond Bank and pledged the taxes to be received in such funds to the punctual repayment of the warrants by June 30, 2010. On January 29, 2010, \$1,350,467 of TAW proceeds were received.

Water Treatment Plant

In July 2009, the Town awarded the new water treatment plant construction contract to Thieneman Construction Company for \$2,164,000. As of December 31, 2009, the Water Utility has disbursed \$431,731 to Thieneman Construction Company for partial completion of the contract. The Town expects the new water treatment plant to be completed by May 1, 2010.

Joliet Street Water Main Replacement Project

On December 17, 2009, the Town Council authorized the bidding of this project. The bids were let on March 1, 2010, and will be opened on March 25, 2010, with an approximate cost totaling \$193,000 to be paid from the Water System Development fund in the Water Utility.

Joliet Street Storm Sewer Project

On December 17, 2009, the Town Council authorized the bidding of this project. The bids were let on March 1, 2010, and will be opened on April 5, 2010, with an approximate cost totaling \$95,000 to be paid from the Cumulative Sewer Fund.

American Recovery and Reinvestment Act Contracts with Indiana Department of Transportation

On January 14, 2010, the Town Council approved the contract between the Town and the Indiana Department of Transportation (INDOT) for 101st Street From US 41 to Parish Avenue with 100% of eligible project costs paid by federal funds not to exceed \$3,000,000 in aggregate. The Town is responsible for costs incurred for preliminary engineering and right-of-way phases of the Project. On January 27, 2010, INDOT let the contract for this project to Walsh & Kelly, Inc., totaling \$229,867.60.

On January 14, 2010, the Town Council approved the contract between the Town and the Indiana Department of Transportation for 101st Street From US 41 to Industrial Drive with 100% of eligible project costs paid by federal funds not to exceed \$3,000,000 in aggregate. The Town is responsible for costs incurred for preliminary engineering and right-of-way phases of the Project. On January 27, 2010, INDOT let the contract for this project to Grimmer Construction, Inc., totaling \$338,194.33.

On February 11, 2010, the Town Council approved the contract between the Town and the Indiana Department of Transportation for 93rd Street From Cline Avenue to Marquette, From Deodor to Hart Street, and From White Oak to W. of Columbia with 100% of eligible project costs paid by federal funds not to exceed \$3,000,000 in aggregate. The Town is responsible for costs incurred for preliminary engineering and right-of-way phases of the Project.

TOWN OF ST. JOHN
NOTES TO FINANCIAL STATEMENTS
(Continued)

Wastewater Treatment Plant

The Town of St. John does not own or operate a Wastewater Treatment Plant. The Town of St. John, through a contractual agreement, owns 20% of the Schererville Wastewater Treatment Plant. The Town of St. John pays monthly bills, based upon flow meters. The Town of St. John paid \$827,856 and \$885,979, respectively, for 2008 and 2009. In addition, the Town of St. John is responsible for 20% of the cost of any upgrades on the Treatment Plant Facility. In 2009, the Town of St. John paid \$1,800,944, from its Wastewater Treatment Plant Expansion Fund as its share of plant upgrades currently under construction.

Also included in the contract is a stipulation allowing a bi-annual review of Schererville's Wastewater Treatment Plant expenditures, and a subsequent adjustment to the rates charged to the Town. Currently, St. John pays \$1.57 per thousand gallons of metered flow. The recent biannual study increased these rates retroactive to June 1, 2009, by an additional \$.11, making the current rate \$1.68. The Town paid the retroactive rate increase with its January 2010 billing, remitted in February 2010. The retroactive amount was \$33,120.45.

36" Wastewater Line

Under a contractual agreement between the Town of St. John and the developer of the Gates Subdivision (BLB, Inc.), the developer will install a new 36" wastewater line adjacent to the current wastewater line. These lines transmit the Town's wastewater to the Schererville Wastewater Treatment Plant. This line is anticipated to more than double the transmission capacity to the Wastewater Treatment Facility. This line is costing the developer approximately \$3,500,000. Included in this agreement, the Town is charging a \$1,350 fee to each new construction home permit issued after April 23, 2009. This fee increases monthly at an 8% annual rate. In return, the Town will pay these fees collected, by the 15th of the following month to BLB, Inc. The Town will reimburse BLB up to \$3,500,000 through May 23, 2024. At the end of this fifteen year period, if the full amount has not been reimbursed, the Town Wastewater Utility will reimburse BLB up to \$1,000,000.

D. Contingent Liabilities

The Waterworks District is in litigation with Caldwell Tanks for breach of contract in regards to the untimely completion of the construction of a one million gallon water storage tank located within the Gates of St. John residential subdivision. The Town is amenable to out-of-court settlement negotiations, however, if necessary; the case will be fully litigated to judicial remedy. The likelihood of an unfavorable outcome to the Waterworks District is not great since the liquidated damages owed to the Waterworks District (\$248,000) exceeds the amount allegedly owed to Caldwell Tanks for construction fees (\$229,389). The Waterworks District has the amount reserved if the court determines the Waterworks District owes Caldwell Tanks.

The United States of America filed suit against the Town alleging the Town violated the Fair Housing Act. On March 18, 2009, the United States of America and the Town entered into a Consent Decree and Order Approving Consent Decree. The Consent Decree will remain in effect for a period of three years from March 18, 2009. The Town has paid a \$10,000 civil penalty to the United States of America to vindicate the public interest, pursuant to 42 U.S.C. §3614(d)(1)(C). The \$10,000 was paid by the Town insurance carrier for and on behalf of the Town. The Town later reimbursed the insurance carrier \$5,000 since the deductible was \$5,000.

TOWN OF ST. JOHN
NOTES TO FINANCIAL STATEMENTS
(Continued)

The Town should not sustain any further loss, damages, or costs if there are no violations of the Consent Decree terms. To date, the Town has fully complied with all terms of the Consent Decree, and expects to remain in full compliance throughout the requisite time period, and thereafter.

The Town has been issued several Notices of Tort Claims but the Town does not anticipate any loss at this time.

E. Rate Structure – Enterprise Funds

Water Utility

On May 14, 1990, the Town Council adopted Ordinance 838 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Town Council on March 15, 2007.

Wastewater Utility

The current rate structure was amended by the Town Council on December 30, 2009.

F. Receipts Pledged

Water Utility Receipts Pledged

The Town has pledged future water revenues receipts, net of specified operating expenditures, to repay revenue bonds issued in 1999, 2001, 2007, and 2008. Proceeds from the bonds provided financing for waterworks improvements. The bonds are payable solely from water revenues net receipts and are payable through 2010, 2013, 2023, and 2029, respectively.

Wastewater Utility Receipts Pledged

The Town has pledged future wastewater revenue receipts, net of specified operating expenditures, to repay revenue bonds issued in 2004. Proceeds from the bonds provided financing for wastewater improvements. The bonds are payable solely from wastewater revenue net receipts and are payable through 2025.

Tax Increment Receipts Pledged

The Town has pledged tax increment funding receipts to repay \$425,000 and \$2,520,000 in tax increment financing bonds issued in 2001 and 2005, respectively, to finance redevelopment projects. The bonds are payable solely from the tax increment funding generated by taxes.

G. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. 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.

TOWN OF ST. JOHN
NOTES TO FINANCIAL STATEMENTS
(Continued)

All full-time employees are eligible to participate in the 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 member's 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. The 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

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the Town during 2008 and 2009 were \$220,522 and \$210,203, respectively.

b. 1925 Police Officers' Pension Plan

Plan Description

The Town contributes to the 1925 Police Officers' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The Town did not make contributions to the plan during the audit period.

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The Town contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

TOWN OF ST. JOHN
NOTES TO FINANCIAL STATEMENTS
(Continued)

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

PERF 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

The contribution requirements of plan members and the Town are established by the Board of Trustees of PERF. The Town's contributions to the plan during 2008 and 2009 were \$190,577 and \$179,868, respectively.

TOWN OF ST. JOHN
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2008

	Motor Vehicle Highway	Local Road & Street	Park V3 Donation	Economic Development Operating	Inspection Station Grant	Law Enforcement Continuing Education	Electronic Map Generation
Receipts:							
Taxes	\$ 312,656	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	5,365	-
Intergovernmental	272,939	144,010	-	4,678	524	-	-
Charges for services	-	-	-	-	-	3,461	-
Fines and forfeits	-	-	-	-	-	2,787	-
Interfund loans	300,000	-	-	-	-	-	-
Other	13,392	-	-	-	-	-	190
Total receipts	898,987	144,010	-	4,678	524	11,613	190
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	871	9,195	-
Highways and streets	601,950	123,952	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Economic development	-	-	-	1,188	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Interfund loans	300,000	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	285	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	2,226	-	-	-	-
Total disbursements	902,235	123,952	2,226	1,188	871	9,195	-
Excess (deficiency) of receipts over disbursements	(3,248)	20,058	(2,226)	3,490	(347)	2,418	190
Other financing sources:							
Other receipts	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,248)	20,058	(2,226)	3,490	(347)	2,418	190
Cash and investment fund balance - beginning	166,476	58,328	14,122	10,016	375	10,280	60
Cash and investment fund balance - ending	\$ 163,228	\$ 78,386	\$ 11,896	\$ 13,506	\$ 28	\$ 12,698	\$ 250
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ 11,896	\$ 13,506	\$ 28	\$ -	\$ 250
Restricted assets:							
Cash and investments	163,228	78,386	-	-	-	12,698	-
Total cash and investment assets - ending	\$ 163,228	\$ 78,386	\$ 11,896	\$ 13,506	\$ 28	\$ 12,698	\$ 250
Cash and Investment Fund Balance - Ending							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,698	\$ -
Highways and streets	163,228	78,386	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	-	-	11,896	13,506	28	-	250
Total cash and investment fund balance - ending	\$ 163,228	\$ 78,386	\$ 11,896	\$ 13,506	\$ 28	\$ 12,698	\$ 250

TOWN OF ST. JOHN
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	Riverboat	Park Operating	Fire Gift	Police Gift	Police Family Violence Grant	Operation Safe Speed	Seat Belt Partnership
Receipts:							
Taxes	\$ -	\$ 203,520	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	113,145	17,611	-	-	-	75,532	306,515
Charges for services	-	43,731	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Interfund loans	-	100,000	-	-	-	-	-
Other	-	16,434	780	3,232	-	-	-
Total receipts	113,145	381,296	780	3,232	-	75,532	306,515
Disbursements:							
General government	104,858	-	-	-	-	-	-
Public safety	-	-	-	4,002	-	77,563	203,850
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	251,374	-	-	-	-	-
Interfund loans	-	84,900	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	104,858	336,274	-	4,002	-	77,563	203,850
Excess (deficiency) of receipts over disbursements	8,287	45,022	780	(770)	-	(2,031)	102,665
Other financing sources:							
Other receipts	338	-	-	-	-	-	-
Total other financing sources	338	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	8,625	45,022	780	(770)	-	(2,031)	102,665
Cash and investment fund balance - beginning	76,773	41,454	-	2,748	2,000	2,089	12,122
Cash and investment fund balance - ending	\$ 85,398	\$ 86,476	\$ 780	\$ 1,978	\$ 2,000	\$ 58	\$ 114,787
Cash and Investment Assets - Ending							
Cash and investments	\$ 85,398	\$ 86,476	\$ 780	\$ 1,978	\$ -	\$ 58	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	2,000	-	114,787
Total cash and investment assets - ending	\$ 85,398	\$ 86,476	\$ 780	\$ 1,978	\$ 2,000	\$ 58	\$ 114,787
Cash and Investment Fund Balance - Ending							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 2,000	\$ -	\$ 114,787
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	85,398	86,476	780	1,978	-	58	-
Total cash and investment fund balance - ending	\$ 85,398	\$ 86,476	\$ 780	\$ 1,978	\$ 2,000	\$ 58	\$ 114,787

TOWN OF ST. JOHN
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	Federal Grants	Hazmat Response	CATV Franchise	St John TIF	Major Moves Construction	Police PIDP	Quad-Town
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ 602,468	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	11,237	-	-	-	-	-	-
Charges for services	-	-	118,250	-	-	-	-
Fines and forfeits	-	-	-	-	-	9,296	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	11,237	-	118,250	602,468	-	9,296	-
Disbursements:							
General government	-	-	65,568	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	15,800	-	-
Sanitation	-	-	-	-	-	-	-
Economic development	-	-	-	17,215	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	204,164	-	-	-
Interest	-	-	-	216,000	-	-	-
Capital outlay:							
General government	9,858	-	5,109	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	9,858	-	70,677	437,379	15,800	-	-
Excess (deficiency) of receipts over disbursements	1,379	-	47,573	165,089	(15,800)	9,296	-
Other financing sources:							
Other receipts	-	3,700	-	-	-	-	-
Total other financing sources	-	3,700	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,379	3,700	47,573	165,089	(15,800)	9,296	-
Cash and investment fund balance - beginning	-	-	28,059	27,075	15,800	1,162	6,702
Cash and investment fund balance - ending	<u>\$ 1,379</u>	<u>\$ 3,700</u>	<u>\$ 75,632</u>	<u>\$ 192,164</u>	<u>\$ -</u>	<u>\$ 10,458</u>	<u>\$ 6,702</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 1,379	\$ 3,700	\$ 75,632	\$ -	\$ -	\$ -	\$ 6,702
Restricted assets:							
Cash and investments	-	-	-	192,164	-	10,458	-
Total cash and investment assets - ending	<u>\$ 1,379</u>	<u>\$ 3,700</u>	<u>\$ 75,632</u>	<u>\$ 192,164</u>	<u>\$ -</u>	<u>\$ 10,458</u>	<u>\$ 6,702</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,458	\$ -
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service	-	-	-	192,164	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	1,379	3,700	75,632	-	-	-	6,702
Total cash and investment fund balance - ending	<u>\$ 1,379</u>	<u>\$ 3,700</u>	<u>\$ 75,632</u>	<u>\$ 192,164</u>	<u>\$ -</u>	<u>\$ 10,458</u>	<u>\$ 6,702</u>

TOWN OF ST. JOHN
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	Asset Forfeiture Account	Christmas Events	HH/Fall Festival	Farmers Market	Festival Event	Police Special	Solid Waste Operating
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	69,510
Charges for services	-	-	-	-	-	1,130	-
Fines and forfeits	-	-	-	-	-	117,040	-
Interfund loans	-	-	-	-	-	-	-
Other	-	11,146	47,152	10,800	39,247	15,993	-
Total receipts	-	11,146	47,152	10,800	39,247	134,163	69,510
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	55,864
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	6,598	16,845	4,546	35,924	-	-
Interfund loans	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	44,871	-
Interest	-	-	-	-	-	1,542	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	107,479	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	-	6,598	16,845	4,546	35,924	153,892	55,864
Excess (deficiency) of receipts over disbursements	-	4,548	30,307	6,254	3,323	(19,729)	13,646
Other financing sources:							
Other receipts	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	4,548	30,307	6,254	3,323	(19,729)	13,646
Cash and investment fund balance - beginning	6,117	345	-	-	-	61,112	-
Cash and investment fund balance - ending	\$ 6,117	\$ 4,893	\$ 30,307	\$ 6,254	\$ 3,323	\$ 41,383	\$ 13,646
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 4,893	\$ 30,307	\$ 6,254	\$ 3,323	\$ -	\$ 13,646
Restricted assets:							
Cash and investments	6,117	-	-	-	-	41,383	-
Total cash and investment assets - ending	\$ 6,117	\$ 4,893	\$ 30,307	\$ 6,254	\$ 3,323	\$ 41,383	\$ 13,646
Cash and Investment Fund Balance - Ending							
Restricted for:							
Public safety	\$ 6,117	\$ -	\$ -	\$ -	\$ -	\$ 41,383	\$ -
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	-	4,893	30,307	6,254	3,323	-	13,646
Total cash and investment fund balance - ending	\$ 6,117	\$ 4,893	\$ 30,307	\$ 6,254	\$ 3,323	\$ 41,383	\$ 13,646

TOWN OF ST. JOHN
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	Lease Rental	Park Bond And Interest	Cumulative Capital Development	Redevelopment	Cumulative Fire Equipment
Receipts:					
Taxes	\$ 739,091	\$ 92,355	\$ 172,250	\$ -	\$ 143,935
Licenses and permits	-	-	-	-	-
Intergovernmental	31,161	6,913	13,824	-	11,551
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Interfund loans	280,000	70,000	36,500	121,400	127,450
Other	-	-	-	-	-
Total receipts	1,050,252	169,268	222,574	121,400	282,936
Disbursements:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Sanitation	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	350	-	-	-
Interfund loans	75,000	20,000	200,600	36,500	-
Debt service:					
Principal	60,000	50,000	-	-	-
Interest	859,400	36,883	-	-	-
Capital outlay:					
General government	-	-	69,389	-	-
Public safety	-	-	-	-	92,120
Highways and streets	-	-	-	-	-
Economic development	-	-	-	12,134	-
Culture and recreation	-	-	-	-	-
Total disbursements	994,400	107,233	269,989	48,634	92,120
Excess (deficiency) of receipts over disbursements	55,852	62,035	(47,415)	72,766	190,816
Other financing sources:					
Other receipts	-	-	-	-	-
Total other financing sources	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	55,852	62,035	(47,415)	72,766	190,816
Cash and investment fund balance - beginning	(53,460)	11,583	76,961	99	73,530
Cash and investment fund balance - ending	\$ 2,392	\$ 73,618	\$ 29,546	\$ 72,865	\$ 264,346
Cash and Investment Assets - Ending					
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:					
Cash and investments	2,392	73,618	29,546	72,865	264,346
Total cash and investment assets - ending	\$ 2,392	\$ 73,618	\$ 29,546	\$ 72,865	\$ 264,346
Cash and Investment Fund Balance - Ending					
Restricted for:					
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-
Economic development	-	-	-	72,865	-
Debt service	2,392	73,618	-	-	-
Capital outlay	-	-	29,546	-	264,346
Unrestricted	-	-	-	-	-
Total cash and investment fund balance - ending	\$ 2,392	\$ 73,618	\$ 29,546	\$ 72,865	\$ 264,346

TOWN OF ST. JOHN
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	Cumulative Capital Improvement	St. John 05 Town Project	Park & Recreational	Ambulance Capital Replacement	Totals
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,266,275
Licenses and permits	-	-	-	-	5,365
Intergovernmental	27,259	-	-	-	1,106,409
Charges for services	-	-	94,132	49,532	310,236
Fines and forfeits	-	-	-	-	129,123
Interfund loans	-	-	-	-	1,035,350
Other	382	393,072	-	116	551,936
Total receipts	27,641	393,072	94,132	49,648	5,404,694
Disbursements:					
General government	-	-	-	-	170,426
Public safety	-	-	-	-	295,481
Highways and streets	-	-	-	-	741,702
Sanitation	-	-	-	-	55,864
Economic development	-	-	-	-	18,403
Culture and recreation	-	-	-	-	315,637
Interfund loans	-	-	-	-	717,000
Debt service:					
Principal	-	392,687	-	-	751,722
Interest	-	-	-	-	1,113,825
Capital outlay:					
General government	67,884	55,463	-	-	207,703
Public safety	-	-	-	11,002	210,601
Highways and streets	-	-	-	-	285
Economic development	-	-	-	-	12,134
Culture and recreation	-	-	56,015	-	58,241
Total disbursements	67,884	448,150	56,015	11,002	4,669,024
Excess (deficiency) of receipts over disbursements	(40,243)	(55,078)	38,117	38,646	735,670
Other financing sources:					
Other receipts	-	-	-	-	4,038
Total other financing sources	-	-	-	-	4,038
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(40,243)	(55,078)	38,117	38,646	739,708
Cash and investment fund balance - beginning	83,874	55,470	9,477	77,895	878,644
Cash and investment fund balance - ending	<u>\$ 43,631</u>	<u>\$ 392</u>	<u>\$ 47,594</u>	<u>\$ 116,541</u>	<u>\$ 1,618,352</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 346,206
Restricted assets:					
Cash and investments	43,631	392	47,594	116,541	1,272,146
Total cash and investment assets - ending	\$ 43,631	\$ 392	\$ 47,594	\$ 116,541	\$ 1,618,352
Cash and Investment Fund Balance - Ending					
Restricted for:					
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 187,443
Highways and streets	-	-	-	-	241,614
Economic development	-	-	-	-	72,865
Debt service	-	-	-	-	268,174
Capital outlay	43,631	392	47,594	116,541	502,050
Unrestricted	-	-	-	-	346,206
Total cash and investment fund balance - ending	\$ 43,631	\$ 392	\$ 47,594	\$ 116,541	\$ 1,618,352

TOWN OF ST. JOHN
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2008

	Payroll	Group Insurance	Park Security Deposits	Police Pension 1977	Perf	Barrett Law Water Improvement	Barrett Law Sewer Improvement
Additions:							
Agency fund additions	\$ 4,455,912	\$ 573,864	\$ 3,600	\$ 55,094	\$ 300,056	\$ 3,847	\$ 1,727
Deductions:							
Agency fund deductions	4,455,912	563,536	3,600	54,451	301,346	11,167	4,947
Excess (deficiency) of total additions over total deductions	-	10,328	-	643	(1,290)	(7,320)	(3,220)
Cash and investment fund balance - beginning	-	-	-	13,130	22,265	27,532	12,470
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 10,328</u>	<u>\$ -</u>	<u>\$ 13,773</u>	<u>\$ 20,975</u>	<u>\$ 20,212</u>	<u>\$ 9,250</u>

TOWN OF ST. JOHN
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	Rosewood/ Wellington	Traffic Tickets	Building Escrow	Escrow Clearing Reimbursement	Street Lights	Totals
Additions:						
Agency fund additions	\$ 3,316	\$ 62,460	\$ 202,000	\$ 89,585	\$ 17,914	\$ 5,769,375
Deductions:						
Agency fund deductions	<u>2,842</u>	<u>63,720</u>	<u>484,000</u>	<u>30,023</u>	<u>19,853</u>	<u>5,995,397</u>
Excess (deficiency) of total additions over total deductions	474	(1,260)	(282,000)	59,562	(1,939)	(226,022)
Cash and investment fund balance - beginning	<u>-</u>	<u>2,340</u>	<u>429,000</u>	<u>10,038</u>	<u>1,939</u>	<u>518,714</u>
Cash and investment fund balance - ending	<u>\$ 474</u>	<u>\$ 1,080</u>	<u>\$ 147,000</u>	<u>\$ 69,600</u>	<u>\$ -</u>	<u>\$ 292,692</u>

TOWN OF ST. JOHN
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009

	Motor Vehicle Highway	Local Road & Street	Park V3 Donation	Economic Development Operating	Inspection Station Grant	Law Enforcement Continuing Education
Receipts:						
Taxes	\$ 226,545	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	6,460
Intergovernmental	252,391	125,377	-	4,773	330	-
Charges for services	-	-	-	-	-	4,053
Fines and forfeits	-	-	-	-	-	5,052
Interfund loans	300,000	-	-	-	-	-
Other	5,591	4,536	-	-	-	32
Total receipts	784,527	129,913	-	4,773	330	15,597
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	340	7,634
Highways and streets	595,549	174,103	-	-	-	-
Sanitation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Interfund loans	300,000	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	2,800	-	-	-
Total disbursements	895,549	174,103	2,800	-	340	7,634
Excess (deficiency) of receipts over disbursements	(111,022)	(44,190)	(2,800)	4,773	(10)	7,963
Other financing sources (uses):						
Tax anticipation warrants received	-	-	-	-	-	-
Other receipts	13,094	-	-	-	-	-
Total other financing sources (uses)	13,094	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(97,928)	(44,190)	(2,800)	4,773	(10)	7,963
Cash and investment fund balance - beginning	163,228	78,386	11,896	13,506	28	12,698
Cash and investment fund balance - ending	\$ 65,300	\$ 34,196	\$ 9,096	\$ 18,279	\$ 18	\$ 20,661
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 9,096	\$ 18,279	\$ 18	\$ -
Restricted assets:						
Cash and investments	65,300	34,196	-	-	-	20,661
Total cash and investment assets - ending	\$ 65,300	\$ 34,196	\$ 9,096	\$ 18,279	\$ 18	\$ 20,661
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,661
Highways and streets	65,300	34,196	-	-	-	-
Economic development	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	9,096	18,279	18	-
Total cash and investment fund balance - ending	\$ 65,300	\$ 34,196	\$ 9,096	\$ 18,279	\$ 18	\$ 20,661

TOWN OF ST. JOHN
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Electronic Map Generation	Riverboat	Park Operating	Fire Gift	Police Gift	Police Family Violence Grant
Receipts:						
Taxes	\$ -	\$ -	\$ 183,140	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	114,860	12,935	-	-	-
Charges for services	-	-	47,408	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interfund loans	-	-	100,000	-	-	-
Other	40	-	1,326	28	4,669	-
Total receipts	40	114,860	344,809	28	4,669	-
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	738	2,104	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	234,928	-	-	-
Interfund loans	-	-	100,000	-	-	-
Debt service:						
Principal	-	25,758	-	-	-	-
Interest	-	3,480	-	-	-	-
Capital outlay:						
General government	-	65,203	-	-	-	-
Public safety	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	-	94,441	334,928	738	2,104	-
Excess (deficiency) of receipts over disbursements	40	20,419	9,881	(710)	2,565	-
Other financing sources (uses):						
Tax anticipation warrants received	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	40	20,419	9,881	(710)	2,565	-
Cash and investment fund balance - beginning	250	85,398	86,476	780	1,978	2,000
Cash and investment fund balance - ending	<u>\$ 290</u>	<u>\$ 105,817</u>	<u>\$ 96,357</u>	<u>\$ 70</u>	<u>\$ 4,543</u>	<u>\$ 2,000</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 290	\$ 105,817	\$ 96,357	\$ 70	\$ 4,543	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	2,000
Total cash and investment assets - ending	<u>\$ 290</u>	<u>\$ 105,817</u>	<u>\$ 96,357</u>	<u>\$ 70</u>	<u>\$ 4,543</u>	<u>\$ 2,000</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	290	105,817	96,357	70	4,543	-
Total cash and investment fund balance - ending	<u>\$ 290</u>	<u>\$ 105,817</u>	<u>\$ 96,357</u>	<u>\$ 70</u>	<u>\$ 4,543</u>	<u>\$ 2,000</u>

TOWN OF ST. JOHN
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Operation Safe Speed	Seat Belt Partnership	Federal Grants	Hazmat Response	CATV Franchise	St John TIF
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 737,400
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	497,819	2,903	-	-	-
Charges for services	-	-	-	-	127,647	-
Fines and forfeits	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	450,000
Other	-	-	-	-	-	-
Total receipts	-	497,819	2,903	-	127,647	1,187,400
Disbursements:						
General government	-	-	-	-	124,613	-
Public safety	-	544,114	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Economic development	-	-	-	-	-	2,788
Culture and recreation	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	450,000
Debt service:						
Principal	-	-	-	-	-	247,000
Interest	-	-	-	-	-	117,863
Capital outlay:						
General government	-	-	874	-	16,384	-
Public safety	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	-	544,114	874	-	140,997	817,651
Excess (deficiency) of receipts over disbursements	-	(46,295)	2,029	-	(13,350)	369,749
Other financing sources (uses):						
Tax anticipation warrants received	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(46,295)	2,029	-	(13,350)	369,749
Cash and investment fund balance - beginning	58	114,787	1,379	3,700	75,632	192,164
Cash and investment fund balance - ending	<u>\$ 58</u>	<u>\$ 68,492</u>	<u>\$ 3,408</u>	<u>\$ 3,700</u>	<u>\$ 62,282</u>	<u>\$ 561,913</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 58	\$ -	\$ 3,408	\$ 3,700	\$ 62,282	\$ -
Restricted assets:						
Cash and investments	-	68,492	-	-	-	561,913
Total cash and investment assets - ending	\$ 58	\$ 68,492	\$ 3,408	\$ 3,700	\$ 62,282	\$ 561,913
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ 68,492	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Debt service	-	-	-	-	-	561,913
Capital outlay	-	-	-	-	-	-
Unrestricted	58	-	3,408	3,700	62,282	-
Total cash and investment fund balance - ending	\$ 58	\$ 68,492	\$ 3,408	\$ 3,700	\$ 62,282	\$ 561,913

TOWN OF ST. JOHN
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Excess Welfare Distribution	Police PIDP	Quad-Town	Asset Forfeiture Account	Christmas Events
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	88,978	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	590	-	-	-
Interfund loans	-	-	-	-	-
Other	-	-	-	-	9,737
Total receipts	88,978	590	-	-	9,737
Disbursements:					
General government	-	-	-	500	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Sanitation	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	11,222
Interfund loans	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay:					
General government	-	1,332	-	-	-
Public safety	-	-	-	-	-
Sanitation	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Total disbursements	-	1,332	-	500	11,222
Excess (deficiency) of receipts over disbursements	88,978	(742)	-	(500)	(1,485)
Other financing sources (uses):					
Tax anticipation warrants received	-	-	-	-	-
Other receipts	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	88,978	(742)	-	(500)	(1,485)
Cash and investment fund balance - beginning	-	10,458	6,702	6,117	4,893
Cash and investment fund balance - ending	<u>\$ 88,978</u>	<u>\$ 9,716</u>	<u>\$ 6,702</u>	<u>\$ 5,617</u>	<u>\$ 3,408</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ 88,978	\$ -	\$ 6,702	\$ -	\$ 3,408
Restricted assets:					
Cash and investments	-	9,716	-	5,617	-
Total cash and investment assets - ending	<u>\$ 88,978</u>	<u>\$ 9,716</u>	<u>\$ 6,702</u>	<u>\$ 5,617</u>	<u>\$ 3,408</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Public safety	\$ -	\$ 9,716	\$ -	\$ 5,617	\$ -
Highways and streets	-	-	-	-	-
Economic development	-	-	-	-	-
Debt service	-	-	-	-	-
Capital outlay	-	-	-	-	-
Unrestricted	88,978	-	6,702	-	3,408
Total cash and investment fund balance - ending	<u>\$ 88,978</u>	<u>\$ 9,716</u>	<u>\$ 6,702</u>	<u>\$ 5,617</u>	<u>\$ 3,408</u>

TOWN OF ST. JOHN
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	HH/Fall Festival	Farmers Market	Festival Event	Police Special	Solid Waste Operating
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	46,341
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	114,211	-
Interfund loans	-	-	-	-	-
Other	45,323	10,595	-	-	-
Total receipts	45,323	10,595	-	114,211	46,341
Disbursements:					
General government	-	-	-	-	-
Public safety	-	-	-	37,806	-
Highways and streets	-	-	-	-	-
Sanitation	-	-	-	-	35,017
Economic development	-	-	-	-	-
Culture and recreation	26,627	6,115	3,323	-	-
Interfund loans	-	-	-	-	-
Debt service:					
Principal	-	-	-	14,719	-
Interest	-	-	-	1,913	-
Capital outlay:					
General government	-	-	-	-	-
Public safety	-	-	-	17,488	-
Sanitation	-	-	-	-	1,800
Culture and recreation	-	-	-	-	-
Total disbursements	26,627	6,115	3,323	71,926	36,817
Excess (deficiency) of receipts over disbursements	18,696	4,480	(3,323)	42,285	9,524
Other financing sources (uses):					
Tax anticipation warrants received	-	-	-	-	-
Other receipts	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	18,696	4,480	(3,323)	42,285	9,524
Cash and investment fund balance - beginning	30,307	6,254	3,323	41,383	13,646
Cash and investment fund balance - ending	<u>\$ 49,003</u>	<u>\$ 10,734</u>	<u>\$ -</u>	<u>\$ 83,668</u>	<u>\$ 23,170</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ 49,003	\$ 10,734	\$ -	\$ -	\$ 23,170
Restricted assets:					
Cash and investments	-	-	-	83,668	-
Total cash and investment assets - ending	<u>\$ 49,003</u>	<u>\$ 10,734</u>	<u>\$ -</u>	<u>\$ 83,668</u>	<u>\$ 23,170</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Public safety	\$ -	\$ -	\$ -	\$ 83,668	\$ -
Highways and streets	-	-	-	-	-
Economic development	-	-	-	-	-
Debt service	-	-	-	-	-
Capital outlay	-	-	-	-	-
Unrestricted	49,003	10,734	-	-	23,170
Total cash and investment fund balance - ending	<u>\$ 49,003</u>	<u>\$ 10,734</u>	<u>\$ -</u>	<u>\$ 83,668</u>	<u>\$ 23,170</u>

TOWN OF ST. JOHN
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Lease Rental	Park Bond And Interest	Cumulative Capital Development	Redevelopment	Cumulative Fire Equipment
Receipts:					
Taxes	\$ 589,002	\$ 83,357	\$ 147,658	\$ -	\$ 123,385
Licenses and permits	-	-	-	-	-
Intergovernmental	71,513	7,137	10,853	-	9,069
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Interfund loans	75,000	20,000	-	-	-
Other	-	-	-	-	-
Total receipts	735,515	110,494	158,511	-	132,454
Disbursements:					
General government	-	-	107,600	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Sanitation	-	-	-	-	-
Economic development	-	-	-	1,636	-
Culture and recreation	-	-	-	-	-
Interfund loans	280,000	70,000	-	-	-
Debt service:					
Principal	90,000	50,000	-	-	-
Interest	569,000	34,308	-	-	-
Capital outlay:					
General government	-	-	-	-	-
Public safety	-	-	-	-	150,514
Sanitation	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Total disbursements	939,000	154,308	107,600	1,636	150,514
Excess (deficiency) of receipts over disbursements	(203,485)	(43,814)	50,911	(1,636)	(18,060)
Other financing sources (uses):					
Tax Anticipation Warrants Received	287,812	-	-	-	-
Other receipts	-	-	-	-	-
Total other financing sources (uses)	287,812	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	84,327	(43,814)	50,911	(1,636)	(18,060)
Cash and investment fund balance - beginning	2,392	73,618	29,546	72,865	264,346
Cash and investment fund balance - ending	<u>\$ 86,719</u>	<u>\$ 29,804</u>	<u>\$ 80,457</u>	<u>\$ 71,229</u>	<u>\$ 246,286</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:					
Cash and investments	86,719	29,804	80,457	71,229	246,286
Total cash and investment assets - ending	<u>\$ 86,719</u>	<u>\$ 29,804</u>	<u>\$ 80,457</u>	<u>\$ 71,229</u>	<u>\$ 246,286</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-
Economic development	-	-	-	71,229	-
Debt service	86,719	29,804	-	-	-
Capital outlay	-	-	80,457	-	246,286
Unrestricted	-	-	-	-	-
Total cash and investment fund balance - ending	<u>\$ 86,719</u>	<u>\$ 29,804</u>	<u>\$ 80,457</u>	<u>\$ 71,229</u>	<u>\$ 246,286</u>

TOWN OF ST. JOHN
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Cumulative Capital Improvement	St. John 05 Town Project	Park & Recreational	Ambulance Capital Replacement	Totals
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,090,487
Licenses and permits	-	-	-	-	6,460
Intergovernmental	12,639	-	-	-	1,257,918
Charges for services	-	-	186,708	49,147	414,963
Fines and forfeits	-	-	-	-	119,853
Interfund loans	-	-	-	-	945,000
Other	-	-	-	-	81,877
Total receipts	12,639	-	186,708	49,147	4,916,558
Disbursements:					
General government	53,808	50	-	5,444	292,015
Public safety	-	-	-	-	592,736
Highways and streets	-	-	-	-	769,652
Sanitation	-	-	-	-	35,017
Economic development	-	-	-	-	4,424
Culture and recreation	-	-	-	-	282,215
Interfund loans	-	-	-	-	1,200,000
Debt service:					
Principal	-	-	-	-	427,477
Interest	-	-	-	-	726,564
Capital outlay:					
General government	-	-	-	-	83,793
Public safety	-	-	-	9,091	177,093
Sanitation	-	-	-	-	1,800
Culture and recreation	-	-	49,274	-	52,074
Total disbursements	53,808	50	49,274	14,535	4,644,860
Excess (deficiency) of receipts over disbursements	(41,169)	(50)	137,434	34,612	271,698
Other financing sources (uses):					
Tax Anticipation Warrants Received	-	-	-	-	287,812
Other receipts	-	-	-	-	13,094
Total other financing sources (uses)	-	-	-	-	300,906
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(41,169)	(50)	137,434	34,612	572,604
Cash and investment fund balance - beginning	43,631	392	47,594	116,541	1,618,352
Cash and investment fund balance - ending	\$ 2,462	\$ 342	\$ 185,028	\$ 151,153	\$ 2,190,956
Cash and Investment Assets - Ending					
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 485,913
Restricted assets:					
Cash and investments	2,462	342	185,028	151,153	1,705,043
Total cash and investment assets - ending	\$ 2,462	\$ 342	\$ 185,028	\$ 151,153	\$ 2,190,956
Cash and Investment Fund Balance - Ending					
Restricted for:					
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 190,154
Highways and streets	-	-	-	-	99,496
Economic development	-	-	-	-	71,229
Debt service	-	-	-	-	678,436
Capital outlay	2,462	342	185,028	151,153	665,728
Unrestricted	-	-	-	-	485,913
Total cash and investment fund balance - ending	\$ 2,462	\$ 342	\$ 185,028	\$ 151,153	\$ 2,190,956

TOWN OF ST. JOHN
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2009

	Payroll	Group Insurance	Park Security Deposits	Police Pension 1977	Perf	Barrett Law Water Improvement	Barrett Law Sewer Improvement
Additions:							
Agency fund additions	\$ 4,214,832	\$ 659,131	\$ 3,800	\$ 54,014	\$ 270,021	\$ -	\$ -
Deductions:							
Agency fund deductions	4,214,832	668,393	3,800	54,284	271,664	16,750	7,420
Excess (deficiency) of total additions over total deductions	-	(9,262)	-	(270)	(1,643)	(16,750)	(7,420)
Cash and investment fund balance - beginning	-	10,328	-	13,773	20,975	20,212	9,250
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 1,066</u>	<u>\$ -</u>	<u>\$ 13,503</u>	<u>\$ 19,332</u>	<u>\$ 3,462</u>	<u>\$ 1,830</u>

TOWN OF ST. JOHN
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Rosewood/ Wellington	Traffic Tickets	Building Escrow	Escrow Clearing Reimbursement	Street Lights	Totals
Additions:						
Agency fund additions	\$ 5,318	\$ 43,744	\$ 397,000	\$ 34,188	\$ 1,892	\$ 5,683,940
Deductions:						
Agency fund deductions	5,517	43,384	280,000	97,970	1,892	5,665,906
Excess (deficiency) of total additions over total deductions	(199)	360	117,000	(63,782)	-	18,034
Cash and investment fund balance - beginning	474	1,080	147,000	69,600	-	292,692
Cash and investment fund balance - ending	<u>\$ 275</u>	<u>\$ 1,440</u>	<u>\$ 264,000</u>	<u>\$ 5,818</u>	<u>\$ -</u>	<u>\$ 310,726</u>

TOWN OF ST JOHN
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

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 Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 2,942,569
Infrastructure	129,256,573
Buildings	11,611,386
Improvements other than buildings	1,700,539
Machinery and equipment	<u>4,903,545</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 150,414,612</u>
Business-type activities:	
Water Utility:	
Capital assets, net of depreciation:	
Land	\$ 834,128
Buildings	407,342
Improvements other than buildings	11,337,139
Construction in progress	<u>433,780</u>
Total Water Utility capital assets	<u>13,012,389</u>
Wastewater Utility:	
Capital assets, net of depreciation:	
Land	63,827
Improvements other than buildings	15,074,896
Machinery and equipment	<u>5,595</u>
Total Wastewater Utility capital assets	<u>15,144,318</u>
Total business-type activities capital assets, net of depreciation	<u>\$ 28,156,707</u>

TOWN OF ST JOHN
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2009

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Town buildings	\$ 10,350,000	\$ 697,000
Wheel loader	54,897	29,238
Police cars	15,646	16,632
Note payable to Sanitary District	807,313	-
Bonds payable:		
General obligation bonds:		
1997 Park improvements	635,000	86,590
Revenue bonds:		
2001 Ravenswood TIF	151,800	212,391
2005 St. John Marketplace TIF	2,245,000	260,364
1999 Barrett Law Series A	12,125	5,583
1999 Barrett Law Series B	4,356	2,474
Total governmental activities debt	<u>\$ 14,276,137</u>	<u>\$ 1,310,272</u>
Business-type activities:		
Water Utility:		
Revenue bonds:		
1999 Water Utility improvements	\$ 100,000	\$ 102,750
2001 Water Utility improvements	995,000	242,166
2007 Water Utility improvements	4,000,000	161,165
2009 Water Utility improvements	<u>2,600,000</u>	<u>187,140</u>
Total Water Utility	<u>7,695,000</u>	<u>693,221</u>
Sanitary District:		
Bonds payable:		
General obligation bonds:		
1996 Sanitary District improvements	265,000	72,952
Revenue bonds:		
2004 Wastewater Utility improvements	<u>2,455,000</u>	<u>50,726</u>
Total Sanitary District	<u>2,720,000</u>	<u>123,678</u>
Total business-type activities debt	<u>\$ 10,415,000</u>	<u>\$ 816,899</u>

TOWN OF ST. JOHN
AUDIT RESULTS AND COMMENTS

TOWN'S NOTE PAYABLE TO SANITARY DISTRICT

In July 2007, both the Town Council and Sanitary District Commissioners approved resolutions authorizing a \$1,500,000 temporary loan from the Wastewater Treatment Plant Expansion Fund #676 to the Town's 05 Town Project Fund #471 to be repaid by December 31, 2007. In December 2007, the Town's 05 Town Project Fund repaid \$300,000 to the Sanitary District leaving a \$1,200,000 outstanding principal balance. On December 20th and 17th, 2007, both the Town Council and Sanitary District Commissioners, respectively, approved resolutions authorizing an extension of the term of the loan and prepared a "Demand Promissory Note".

The \$1,200,000 promissory note is due on December 20, 2011, or "On Demand" with 180 days prior written notice to the Town from the Sanitary District, with interest thereon prior to the due date at 5% per annum. During May 2008, the Town's 05 Town Project Fund #471 received \$392,686.58 for reimbursements from the St. John Municipal Building Corporation's construction fund. The \$392,686.58 was then paid to the Wastewater Treatment Plant Expansion Fund #676 as partial repayment of the note. No other repayments occurred in 2008 or 2009. Thus, as of December 31, 2009, the Town owes the Sanitary District \$807,313.42.

The Town resolutions did not include a funding source for how the Town would repay the promissory note. In addition, the Town did not approve an ordinance to borrow the money only authorized through the passage of a resolution.

IC 8-1.5-3-12 states that a municipality may, by ordinance of its legislative body, borrow money from a water, gas, or electric utility owned by the municipality for current purposes in anticipation of taxes levied and to be collected during the current or following year.

The board may by resolution lend money to the municipality if the water, gas or electricity has on hand:

- (1) A surplus of cash exceeding by at least the amount the sum of all amounts required to pay the indebtedness of the utility falling due during the current calendar year and following year;
- (2) The amount necessary to meet current expenses during the year; and
- (3) The amount necessary to pay for improvements contemplated to be made during the current calendar year minus the estimated receipts during the calendar year.

A loan may not be made for the sum in excess of fifty percent (50%) of the amount estimated to be collected from anticipated taxes. The loan:

- (1) Must be evidenced by an obligation of the municipality;
- (2) Must be signed by the executive;
- (3) Is due on or before thirty (30) days after the last day of the payment of anticipated taxes; and
- (4) May bear interest at any rate as determined by the board, payable at maturity.

TOWN OF ST. JOHN
AUDIT RESULTS AND COMMENTS
(Continued)

We recommended that when loans are made from a municipal wastewater (sewage) utility to a municipality, the aforementioned procedures be followed. However, since there are no statutory guidelines included in IC 36-9-23 for such loans, other loan provisions would be acceptable as set out in home rule ordinance adopted under IC 36-1-3. (Cities and Towns Bulletin and Uniform Compliance Guidelines, March 2008)

APPROPRIATIONS

The funds supported by tax collections are required to have annual budgets which are approved by the Indiana Department of Local Government Finance. For 2008 and 2009, the Lease Rental and Sanitary District Debt Service funds overspent the approved appropriations by \$286,400 and \$74,870, respectively.

IC 6-1.1-18-4 states, in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

PERSONNEL POLICY

The Town's personnel policy for vacation leave states:

"Vacation schedules shall be developed on a uniform basis from January 1st through December 31st at the discretion of the Department Head and shall not be accumulated from year to year. When an employee who has unused vacation leave to his credit is separated from department services, full pay for amount of such vacation will be allowed."

Upon separation of employment with the Town, employees were paid the vacation leave balance reflected on their service record; however, they were also paid for the amount of vacation time earned in the year of separation which would not be credited to the employee until January of the following year. An approved ordinance, resolution or policy was not presented for audit to support the payment of earned vacation time.

The Town's personnel policy for compensatory time-off states: "Credit for overtime for salaried employees shall be taken as compensatory time. Credit for overtime for hourly employees may be taken as overtime pay at the applicable rate or as compensatory time off at the rate of time off at the discretion of the Department Head."

Upon separation of employment with the Town, employees were paid the remaining balance of compensatory time earned; however, an approved ordinance, resolution, or policy was not presented for audit to support the payment of compensatory time at the time of separation.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF ST. JOHN
AUDIT RESULTS AND COMMENTS
(Continued)

PERSONAL USE OF TOWN PROPERTY

The State Board of Accounts had received several public complaints that the Town's mechanic was working on private vehicles at the Town's garage. We explained to the Town Manager that we had several public complaints about the mechanic being allowed to work on private vehicles at the Town garage. The Town Manager stated that when the mechanic was hired in 2005 he was allowed to work on private vehicles after hours in consideration for the mechanic bringing in his personally owned engine diagnostic machine, air conditioning machine, charging system machine, strut tool and a transmission jack. An agreement between the Town and the mechanic was not provided for audit.

On March 25, 2004, the Town Council approved Ordinance No. 1341 establishing an ethics ordinance for all Town officials, employees, and appointees. The ordinance states in part: "No Official or Employee shall use, or induce, order, or allow other persons to use, Town funds or property for a purpose which is for private benefit unless the property is available to the general public on equal terms or unless the use is in accordance with other Town municipal policies or ordinances."

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CAPITAL ASSET RECORDS

An updated detail capital asset ledger was not provided for audit. The 2007 detail of capital asset ledger was provided with spreadsheets provided for the 2008 and 2009 additions. However, the spreadsheets do not provide an adequate description of the asset capitalized. In addition, the utilities spreadsheet provided had a different December 31, 2007 balance when compared to the 2007 detail of capital asset ledger.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

REDEVELOPMENT COMMISSION

An annual organizational meeting of the St. John Redevelopment Commission was not held in 2008, 2009, or 2010 as required by state statute.

IC 36-7-14-8(a) states in part:

"The redevelopment commissioners shall hold a meeting for the purpose of organization not later than thirty (30) days after they are appointed and, after that, each year on the first day in January that is not a Saturday, a Sunday, or a legal holiday. They shall choose one (1) of their members as president, another as vice president, and another as secretary."

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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
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Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE TOWN OF ST. JOHN, LAKE COUNTY, INDIANA

Compliance

We have audited the compliance of the Town of St. John (Town) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended December 31, 2008 and 2009. The Town's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2008 and 2009.

Internal Control Over Compliance

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A control deficiency in a Town's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

The Town's response to the findings identified in our audit is described in the accompanying Official Response. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management, Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

March 4, 2010

TOWN OF ST. JOHN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended December 31, 2008 and 2009

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-08	Total Federal Awards Expended 12-31-09
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Direct Grant				
Federal Equity Sharing	16.xxx		\$ -	\$ 500
Direct Grant				
Bulletproof Vest Partnership Program	16.607		1,050	-
Pass-Through Indiana Criminal Justice Institute				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	05-DJ-091	9,858	-
Total for federal grantor agency			<u>10,908</u>	<u>500</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Pass-Through Indiana Department of Transportation				
Highway Planning and Construction Cluster				
Recreational Trails Program	20.219	STP Bike 9945 (062)	113,341	-
Pass-Through Indiana Criminal Justice Institute				
Highway Safety Cluster				
State and Community Highway Safety	20.600			
Fatal Crash Reduction Effort Aggressive Driving Enforcement Program		154HE-07-08-01-03	77,563	-
Big City/Big County Seat Belt Enforcement		PT-08-04-01-41	56,818	-
Big City/Big County Seat Belt Enforcement		PT-09-04-01-38	42,112	130,550
Big City/Big County Seat Belt Enforcement		PT-10-04-04-24	-	33,328
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601			
Electronic Citation System Equipment Grant		PT-08-04-01-41	32,515	-
DUI Task Force Enforcement Program		K8-2009-03-03-17	68,932	184,701
DUI Task Force Enforcement Program		K8-2010-03-03-17	-	62,386
Aggressive Driving Enforcement Program		K4-2009-08-01-10	31,674	95,536
Dangerous Driving Enforcement Program		K4-2010-08-01-11	-	31,317
Total for cluster			<u>309,614</u>	<u>537,818</u>
Total for federal grantor agency			<u>422,955</u>	<u>537,818</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Pass-Through Indiana Department of Homeland Security				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Disaster #1795	-	18,106
Total federal awards expended			<u>\$ 433,863</u>	<u>\$ 556,424</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF ST. JOHN
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of St. John (Town) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of Towns with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

TOWN OF ST. JOHN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

Name of Federal Program or Cluster

Highway Safety Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

TOWN OF ST. JOHN
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

TOWN OF ST. JOHN
EXIT CONFERENCE

The contents of this report were discussed on March 16, 2010, with Mark Barenie, President of the Town Council; Michael Forbes, Town Council member; Robert Myers, President of the Waterworks and Sanitary District Board of Commissioners; Sherry Sury, Clerk-Treasurer; Beverly Gawrys, Chief Deputy Clerk; and Jeff W. Kopkey, Accounting Supervisor. The official response has been made a part of this report and may be found on pages 59 through 65.

**Office of the
Clerk-Treasurer**

St. John Municipal Building
10955 West 93rd Avenue
St. John, Indiana 46373-8822



**Sherry P. Sury, IAMC, CMC
Clerk-Treasurer**

(219) 365-4800 Voice
(219) 558-2081 Facsimile
E-Mail ssury.ct@stjohnin.com

March 26, 2010

VIA EMAIL &
FIRST CLASS MAIL

Mr. Bruce A. Hartman, CPA, State Examiner
INDIANA STATE BOARD OF ACCOUNTS
302 Washington Street, Room E418
Indianapolis, IN 46204-2765

Ms. Mary Jo Small, Field Supervisor
For Lake, LaPorte and Porter Counties
C/o: Porter County Administration Center
Attn: INDIANA STATE BOARD OF ACCOUNTS
155 Indiana Avenue
Valparaiso, IN 46383

RE: Town of St. John Clerk-Treasurer's Response to the State Board
of Accounts Audit Results and Comments (Exam Period: January 1,
2008 – December 31, 2009)

C/o: Mary Jo Small, Field Supervisor, Valparaiso, IN

Dear Mr. Hartman and Ms. Small:

As Clerk-Treasurer of the Town of St. John, Indiana, I attended the March 16, 2010 Audit Exit Conference wherein the Audit Results and Comments for the Town of St. John for the two year period ending on December 31, 2009 were disclosed and reviewed. As Fiscal Officer and Clerk for the Town, this letter is my response to the Audit Results and Comments.

TOWN'S NOTE PAYABLE TO SANITARY DISTRICT

This loan was due to additional funds needed for completion of the municipal building project, the new public works building at a new location, public safety (new facility for fire and police) and renovations to the existing town hall in addition to bond. The loan due date is not until 2011 or upon demand and no demand has been made. Due to the unavailability of excess funds, slow disbursements of tax revenues and loss of revenue from slumped housing market, (building construction permits), there is a lack of

availability of existing funds or anticipated funds at this time to repay loan in 2011 in full as anticipated.

PILT payment for the year of 2009 from Waterworks District to General Fund received in amount of \$71,200 receipt #219 on January 6, 2010, payment on this loan was then made to the WWTP (Wastewater Treatment Plant) fund for partial loan repayment and reduced the loan to the current due amount of \$736,113.42. Annual review if funds will be available for PILT payments for 2010 and 2011 for both the Sanitary and Waterworks District to be performed by financial advisor and consultant Karl Cender of Karl Cender & Company. In the interim, we are currently researching all available avenues for loan repayment in 2011.

APPROPRIATIONS

The Lease Rental payment due from the tax rate supported Lease Rental Fund due December 31, 2007 was made on January 14, 2008. There was sufficient appropriation in the 2007 budget for this payment and therefore there was no request of the council to encumber the appropriation to the 2008 year.

The Sanitary District debt payment due from the tax rate supported Sanitary Debt Service Fund due January 1, 2010, was made on December 30, 2009. There is no reasonable way to make a debt service payment on January 1, since the Town and all financial institutions are closed on this day. Therefore, to prevent a late payment, the Town paid this debt on December 30, 2009.

All future debt payments will be made in accordance with the debt schedule and supported by sufficient appropriations and or encumbrances.

PERSONNEL POLICY

The employees separated from employment received final settlements (severance packages) as directed by Ordinance #1501 amending the 2009 Salary Ordinance #1478. Ordinance #1501 was unanimously passed at a public meeting on September 28, 2009, after numerous conferences with the Town Attorney and Town Manager with confirmation received for the proper and complete pay out to the separated employees. Copy of Ordinance #1501 was not requested during the audit process. It is our belief that the Town has complied with the FSLA rules on compensatory time by paying the employees their accrued hours upon termination.

Although it has been a practice since 2001, documented by the Town Manager only in memo form under the direction of the previous Town Council (copy of the memo attached hereto), to have the employees be able to bank 40 compensation hours, to date an amendment to the personnel policy was not presented or considered. Although on file, the memo regarding the banking of compensation hours was not requested during the audit. The personnel policy will be amended at the first opportunity with clarification regarding the banking of compensation hours earned.

PERSONAL USE OF TOWN PROPERTY

Preceding this Audit and specifically on March 3, 2010, a somewhat ambiguous communication was issued to me to provide the Auditors with documentation about "certain allegations" which I assumed pertained to the two instances of personal use of Town property (specifically, the use of the Town garage and Town resources for work on privately owned vehicles of a town official and selected Town employees and the perception of fraud attendant to it) and the private party use of Town resources for private party business purposes. Because of the improper, secret and clandestine nature of these activities and the fact that certain aspect of events have been shielded or handled to create the appearance of being cloaked in confidentiality, there is no or little documentation to present. Verbal disclosures and inquiries, however, were made to the Auditors.

When asked to tender standard assurances, an opinion regarding the fairness of the audit financial statements, and to confirm "no knowledge of fraud or suspected fraud," the Town Council President and I took exception to the no fraud assurance and stated that we believe we did, in fact, disclose fraud to our Auditors.

Use of the Town Garage for Private Purposes

The Audit Comments reveal that the State Board of Accounts had received public complaints that the Town's mechanic was working on private vehicles at the Town's garage. In September of 2009, when this came to light, Larry Bustamante, the Town Mechanic, claimed that the Councilman Michael S. Fryzel, the Council President in 2005 at the time of his hiring and Town Manager Steve Kil reached an alleged "agreement."

However, there is / was no record of a written agreement properly being made by the Town Council as there are no meeting minutes or other record of Council discussion or approval of any such agreement and there is no such written agreement in the records of the Town as kept by me as the Clerk for the Town. It is highly unlikely that there is an agreement as that explanation given by Mr. Bustamante followed the announcement of a 5-day unpaid suspension from work for him and Robert Pharazyn which was issued by the Town Manager Steve Kil. Some form of a 5-day voluntary time off was allegedly to have been taken or offered to be taken by Councilman and Police Officer Michael Fryzel as an alleged form of discipline for his role. It is also unclear whether this so called "discipline" was for his role in approving of the private use of the Town garage and resources for Mr. Bustamante or because it was his privately owned Hummer vehicle that was being worked on in the Town's garage at the time the private auto shop activity was first discovered by another Councilman.

The existence of such an agreement is also inconsistent with the fact that disciplinary action was meted out to three of the four parties to the alleged agreement. Furthermore, neither of the two officials involved, the Town Manager nor the then Council President Fryzel, had the authority to create an agreement without the approval of a majority of the Town Council.

The known facts suggest that some accounting needs to be obtained for the actual use of the Town garage since 2005 (and perhaps before) and for any and all Town expenditures that may have been made for private purposes, any and all computer and software programs, equipment, tools or devices purchased with Town funds and used solely for the private uses. [It has been suggested that the specialty program used for the diagnostics of the Fryzel Hummer is not usable for any Town vehicles or equipment.]

Furthermore, the tinting applied to the windows at the garage area of the Town garage and Public Works Building are believed to have been installed to hide the activity going on within.

I do not now nor at any previous time have I had knowledge of or have in my possession any agreement that was allegedly entered into with the mechanic regarding the personal use of town property at the outset of his employment. To date, as Clerk-Treasurer, I also do not possess a listing of personal equipment brought into the Town facility to work on vehicles nor do I possess any confirmation of what equipment was removed. I believe the residents of St. John are entitled to full disclosure of all the participants, customers and the remedies taken to rectify the situation.

Private Party use of Town Resources for Private Party Business Purposes

The other alleged incidents of misuse of Town resources being directed to private party business endeavors to the detriment of the Town and the Town's projects did not receive any comment.

CAPITAL ASSET RECORDS

The 2007 capital asset reporting records were in proper order from the utilization of the Keystone software program as approved in 2005 by the SBA. As APV's are entered into the accounts payable program for docket placement the program automatically transfers the information for the recording of capital assets. However; if payments for a capital asset do not go through the municipality's APV's as in this case as referenced below regarding the asset of the Waterworks, the true or total value of the asset is not recorded or completely identified.

In 2007 a water tower was erected in the Gates of St. John with completion as of June 2009, with an approved contract amount of \$2,033,000. However, payment in full has not yet materialized due to pending litigation as referenced that also included an issue with the release of partial payment #1 due to the delay with the deed from the developer. The agreement with the developer was that the town would pay the first one million dollars and then the balance would be the responsibility of the developer. The Town paid the first five and a part of six partial payments in the amount of \$1,000,000 as of January 2008. As these APV's were processed they were automatically transferred into the asset program. The balance of partial payment #6 along with the partial payments to #9 were paid directly to the vendor through the Developer's Bank with pays # 10 to #15 yet to be paid in full. These payments were not transferred over to the Keystone asset program due to the fact that manual entries would have to have

been made; the transactions were not processed through the Keystone accounts payable program.

A similar scenario is with the entry of the Wastewater utilities for the 36" interceptor sewer whereas an agreement was made with the developer of the Gates of St. John that involved a recapture agreement. This information regarding these agreements was explained to the auditors during the audit of the assets.

My Chief-Deputy Clerk is currently awaiting a call from Keystone as they are researching the process on how to post the payments that were made in these instances so that it will balance to the spreadsheet provided to the auditors. In the meantime, the asset ledger is being updated to avoid any further confusion in the future.

It was just discovered that if passwords are not changed every thirty days even though the program is not accessed by the clerks, Keystone has to be contacted in order to gain re-entry into the system and set up the passwords. A log has been prepared for documentation to ensure that the passwords for the authorized users are changed monthly. As soon as manual or over-ride entries can be made to the software program the software and spreadsheets will be in balance.

REDEVELOPMENT COMMISSION

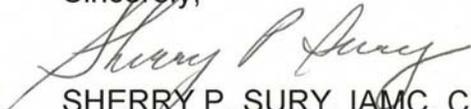
In 2008 a meeting was held on June 26, with the minutes of May 24, 2007, approved and in 2009 a meeting was held on July 23. The draft minutes for July are not approved at this time. I was not asked to provide any minutes on file for these meetings. Each of the minutes show the Commissions officers for each year of those two years.

At the Town Council meeting on February 22, 2010, two appointments were approved as ex-officio non-voting citizen members from Lake Central and Hanover Schools. Recommendations from the schools were received in 2010 with action taken by the Town Council for appointment at the first opportunity. It is anticipated that a meeting of the Redevelopment Commission will be scheduled and noticed shortly.

CONCLUSION

I trust the above response meets the requirement as established within the ten-day timeframe of the March 16, 2010, exit conference. If you should have any questions, please do not hesitate to contact me.

Sincerely,


SHERRY P. SURY, IAMC, CMC
Clerk-Treasurer

Copy: Mark Barenie, Town Council President
Dave Austgen, Town Attorney

Steve Kil, Town Manager
Jeffrey Gunning, Special Counsel to Clerk-Treasurer
Beverly Gawrys, Deputy Clerk
Robert Myers, Waterworks & Sanitary District Board President

Enc: (1)

Office of the
Town Manager

St. John Municipal Building
10955 West 93rd Avenue
St. John, Indiana 46373-8822



Stephen Z. Kil

(219) 365-6043 Voice
(219) 365-6044 Facsimile
E-Mail kil@jorsm.com

October 24, 2001

To: All employees

From: Stephen Z. Kil, Town Manager

Re: Over-time Compensation change

Effective October 27, 2001 the Town of St John will observe the following policy with regards to the above captioned matter. This change will affect all employees subject to the Personnel Policy Manual, as defined in Section I, paragraph 1.3, and those employees who participate in the pay regulations of the Personnel Policy Manual, as defined in Section IX, paragraph 9.7. The policy change is as follows:

Compensation time earned for over-time worked will be allowed to accumulate to a maximum of forty (40) hours. All over-time worked after the accumulation of forty (40) hours of compensatory time shall be "paid out" as over-time pay. In all instances, compensatory time and "paid out" over-time compensation shall be credited at time and one-half (1 and 1½).

Also, the Town Council, at the October 25, 2001 regular public meeting will be considering and amendment to the Personnel Policy Manual Section IX, paragraph 9.7, sub-paragraph (b), regarding "hours worked". If any changes should be made, your respective Department Head will explain the changes.