

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

AUDIT REPORT

OF

TOWN OF CEDAR LAKE

LAKE COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED
05/29/2007

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials.....	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	3-4
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards.....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis	6,10
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds.....	7,11
Proprietary Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Proprietary Fund.....	8,12
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds	9,13
Notes to Financial Statements	14-23
Required Supplementary Information:	
Schedules of Funding Progress.....	24
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	25-28,30-33
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Agency Funds.....	29,34
Schedule of Long-Term Debt.....	35
Audit Results and Comments:	
Local Law Enforcement Continuing Education Fund.....	36
Moving Violations.....	36-37
Ordinances and Resolutions.....	37
Capital Asset Records	37
Building Permit Fees.....	37-38
Redevelopment Commission Board Meeting Minutes.....	38
Supplemental Audit of Federal Awards:	
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	40-41
Schedule of Expenditures of Federal Awards.....	42
Note to Schedule of Expenditures of Federal Awards.....	43
Schedule of Findings and Questioned Costs.....	44
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings.....	45
Corrective Action Plan.....	46
Exit Conference.....	47
Official Response	48-49

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Maralynn Echterling	01-01-04 to 12-31-07
President of the Town Council	Gregory Wornhoff Robert H. Carnahan	01-01-05 to 12-31-05 01-01-06 to 12-31-07
Town Manager	Joan Boyer	09-05-06 to 12-31-07
Superintendent of Wastewater Utility	William Maleckar	01-01-05 to 12-31-07



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 CEDAR LAKE, 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 Cedar Lake (Town), as of and for the years ended December 31, 2005 and 2006, 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, 2005 and 2006, 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 20, 2007, 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 and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Town taken as a whole. 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.

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

The Schedules of Funding Progress, as listed in the table of contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Town has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules 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, and the Schedule of Long-Term Debt are presented for additional analysis and are not a required part of the basic financial statements. The Combining Schedules, as listed in the table of contents, has 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 Long-Term Debt has 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 it.

STATE BOARD OF ACCOUNTS

March 20, 2007



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE TOWN OF CEDAR LAKE, LAKE COUNTY, INDIANA

We have audited the financial statements of the Town of Cedar Lake (Town), as of and for the years ended December 31, 2005 and 2006, and have issued our report thereon dated March 20, 2007. 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.

Compliance

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 grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Town's management 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 20, 2007

TOWN OF CEDAR LAKE
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2005

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	Total
Primary government:							
Governmental activities:							
General government	\$ 1,451,391	\$ 386,280	\$ -	\$ 28,684	\$ (1,036,427)	\$ -	\$ (1,036,427)
Public safety	1,845,675	330,359	52,089	-	(1,463,227)	-	(1,463,227)
Highways and streets	476,426	1,000	296,177	254,955	75,706	-	75,706
Sanitation	466,296	448,715	51,957	-	34,376	-	34,376
Economic development	3,188	-	5,400	-	2,212	-	2,212
Culture and recreation	107,049	6,647	-	25,150	(75,252)	-	(75,252)
Total governmental activities	<u>4,350,025</u>	<u>1,173,001</u>	<u>405,623</u>	<u>308,789</u>	<u>(2,462,612)</u>	<u>-</u>	<u>(2,462,612)</u>
Business-type activities:							
Wastewater	<u>3,510,719</u>	<u>3,195,717</u>	<u>41,027</u>	<u>-</u>	<u>-</u>	<u>(273,945)</u>	<u>(273,975)</u>
Total primary government	<u>\$ 7,860,744</u>	<u>\$ 4,368,718</u>	<u>\$ 446,650</u>	<u>\$ 308,789</u>	<u>(2,462,612)</u>	<u>(273,945)</u>	<u>(2,736,587)</u>
General receipts:							
Property taxes					3,381,447	-	3,381,447
State cigarette tax					7,823	-	7,823
Excise tax					110,900	-	110,900
FIT tax					19,003	-	19,003
ABC gallonage/excise tax					27,716	-	27,716
Refunds/reimbursements					15,907	-	15,907
Other					49,554	-	49,554
Other local sources					-	5,891	5,891
Bonds and loans					60,930	1,038,125	1,099,055
Internal Activities					575,000	(575,000)	-
Total general receipts and internal activities					<u>4,248,280</u>	<u>469,016</u>	<u>4,717,296</u>
Change in net assets					1,785,668	195,071	1,980,709
Net assets - beginning					<u>1,231,383</u>	<u>2,557,180</u>	<u>3,788,563</u>
Net assets - ending					<u>\$ 3,017,051</u>	<u>\$ 2,752,251</u>	<u>\$ 5,769,272</u>
<u>Assets</u>							
Cash and investments					\$ 1,658,610	\$ 1,101,024	\$ 2,759,634
Restricted assets:							
Cash and investments					<u>1,358,441</u>	<u>1,651,197</u>	<u>3,009,638</u>
Total assets					<u>\$ 3,017,051</u>	<u>\$ 2,752,221</u>	<u>\$ 5,769,272</u>
<u>Net Assets</u>							
Restricted for:							
Debt service					\$ 68,531	\$ 1,489,892	\$ 1,558,423
Other purposes					1,289,910	161,305	1,451,215
Unrestricted					<u>1,658,610</u>	<u>1,101,024</u>	<u>2,759,634</u>
Total net assets					<u>\$ 3,017,051</u>	<u>\$ 2,752,221</u>	<u>\$ 5,769,272</u>

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

TOWN OF CEDAR LAKE
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, 2005

	General	Casino Gaming	Wicker and 133rd Property Tax District	Other Governmental Funds	Totals
Receipts:					
Taxes	\$ 3,006,388	\$ -	\$ 167,425	\$ 207,635	\$ 3,381,448
Licenses and permits	341,813	-	-	1,340	343,153
Intergovernmental	155,941	127,931	-	570,832	854,704
Charges for services	266,733	-	-	461,372	728,105
Fines and forfeits	42,098	-	-	15,790	57,888
Other	74,706	-	-	59,759	134,465
Total receipts	3,887,679	127,931	167,425	1,316,728	5,499,763
Disbursements:					
General government	940,398	112,109	-	930	1,053,437
Public safety	1,678,369	-	-	92,355	1,770,724
Highways and streets	-	-	-	439,376	439,376
Sanitation	-	-	-	466,296	466,296
Culture and recreation	69,577	-	-	14,675	84,252
Economic development	-	-	-	3,188	3,188
Debt service:					
Principal	2,400	-	-	103,785	106,185
Interest	6,003	-	6,802	36,353	49,158
Capital outlay:					
General government	-	-	-	15,911	15,911
Public safety	4,950	-	-	36,518	41,468
Economic development	-	-	-	60,930	60,930
Culture and recreation	9,100	-	-	-	9,100
Total disbursements	2,710,797	112,109	6,802	1,270,317	4,100,025
Excess of receipts over disbursements	1,176,882	15,822	160,623	46,411	1,399,738
Other financing sources (uses)					
Bond proceeds	-	-	-	60,930	60,930
Interfund loans	325,000	150,000	-	100,000	575,000
Transfers in	-	-	-	15,144	15,144
Transfers out	(15,144)	-	-	-	(15,144)
Tax anticipation warrants	(250,000)	-	-	-	(250,000)
Total other financing sources	59,856	150,000	-	176,074	385,930
Excess of receipts and other financing sources over disbursements and other financing uses	1,236,738	165,822	160,623	222,485	1,785,668
Cash and investment fund balance - beginning	265,610	287,798	263,882	414,093	1,231,383
Cash and investment fund balance - ending	\$ 1,502,348	\$ 453,620	\$ 424,505	\$ 636,578	\$ 3,017,051
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ 1,502,348	\$ -	\$ -	\$ 156,262	\$ 1,658,610
Restricted assets:					
Cash and investments	-	453,620	424,505	480,316	1,358,441
Total cash and investment assets - December 31	\$ 1,502,348	\$ 453,620	\$ 424,505	\$ 636,578	\$ 3,017,051
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ 68,531	\$ 68,531
Other purposes	-	453,620	424,505	411,785	1,289,910
Unrestricted	1,502,348	-	-	156,262	1,658,610
Total cash and investment fund balance - December 31	\$ 1,502,348	\$ 453,620	\$ 424,505	\$ 636,578	\$ 3,017,051

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

TOWN OF CEDAR LAKE
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUND
As of and for the Year Ended December 31, 2005

	Wastewater Utility
Operating receipts:	
Wastewater receipts	\$ 2,894,120
Lake Dale fees	71,017
Sewer tap fees	98,500
Sewer development fees	129,600
Other - Lowell	41,027
Other	2,480
Total operating receipts	3,236,744
Operating disbursements:	
Salaries and wages	252,198
Employee pensions and benefits	347,519
Purchased power	81,973
Purchased wastewater treatment	665,476
Materials and supplies	31,883
Contractual services	186,492
Rents	14,400
Insurance expense	96,315
Capital outlay	1,149,985
Depreciation and amortization	15,068
Miscellaneous disbursements	129,033
Total operating disbursements	2,970,342
Excess of operating receipts over operating disbursements	266,402
Nonoperating receipts (disbursements):	
Other local sources	5,891
Loan proceeds	1,038,125
Interest expense	(292,923)
Bond principal	(139,000)
Interfund loans	(575,000)
Miscellaneous disbursements	(108,454)
Total nonoperating disbursements	(71,361)
Excess of receipts over disbursements and nonoperating receipts	195,041
Cash and investment fund balance - beginning	2,557,180
Cash and investment fund balance - ending	\$ 2,752,221
<u>Cash and Investment Assets - December 31</u>	
Cash and investments	\$ 1,101,024
Restricted assets:	
Cash and investments	1,651,197
Total cash and investment assets - December 31	\$ 2,752,221
<u>Cash and Investment Fund Balance - December 31</u>	
Restricted for:	
Debt service	\$ 1,489,892
Other purposes	161,305
Unrestricted	1,101,024
Total cash and investment fund balance - December 31	\$ 2,752,221

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

TOWN OF CEDAR LAKE
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2005

	Pension Trust Fund	Agency Funds
Additions:		
Contributions:		
Employer	\$ 66,070	\$ -
Agency fund additions	-	2,191,927
Total additions	66,070	2,191,927
Deductions:		
Benefits	88,303	-
Agency fund deductions	-	2,233,167
Total deductions	88,303	2,233,167
Deficiency of total additions over total deductions	(22,233)	(41,240)
Cash and investment fund balance - beginning	145,691	198,715
Cash and investment fund balance - ending	\$ 123,458	\$ 157,475

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

TOWN OF CEDAR LAKE
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2006

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 1,377,108	\$ 607,130	\$ 86,084	\$ 102,969	\$ (580,925)	\$ -	\$ (580,925)
Public safety	1,919,306	243,317	32,739	11,964	(1,631,286)	-	(1,631,286)
Highways and streets	559,252	2,500	353,721	343,725	140,694	-	140,694
Sanitation	473,066	451,049	84,255	-	62,238	-	62,238
Economic development	79,481	-	5,400	-	(74,081)	-	(74,081)
Culture and recreation	152,477	11,054	-	-	(141,423)	-	(141,423)
Total governmental activities	4,560,690	1,315,050	562,199	458,658	(2,224,783)	-	(2,224,783)
Business-type activities:							
Total business-type activities	2,949,389	3,457,249	115,833	-	-	623,693	623,693
Total primary government	\$ 7,510,079	\$ 4,772,299	\$ 678,032	\$ 458,658	(2,224,783)	623,693	(1,601,090)
General receipts:							
Property taxes					2,541,596	-	2,541,596
State cigarette tax					9,041	-	9,041
Excise tax					176,383	-	176,383
FIT tax					9,021	-	9,021
ABC gallonage/excise tax					24,884	-	24,884
Refunds/reimbursements					16,723	-	16,723
Other					20,497	-	20,497
Interest					13,406	-	13,406
Other local sources					-	5,891	5,891
Bonds and loans					129,821	-	129,821
Internal Activities					(975,000)	975,000	-
Total general receipts and internal activities					1,966,372	980,891	2,947,263
Change in net assets					(258,411)	1,604,584	1,346,173
Net assets - beginning					3,017,051	2,752,221	5,769,272
Net assets - ending					\$ 2,758,640	\$ 4,356,805	\$ 7,115,445
Assets							
Cash and investments					\$ 1,053,374	\$ 1,735,755	\$ 2,789,129
Restricted assets:							
Cash and investments					1,705,266	2,621,050	4,326,316
Total assets					\$ 2,758,640	\$ 4,356,805	\$ 7,115,445
Net Assets							
Restricted for:							
Debt service					\$ 94,191	\$ 1,673,675	\$ 1,767,866
Other purposes					1,611,075	947,375	2,558,450
Unrestricted					1,053,374	1,735,755	2,789,129
Total net assets					\$ 2,758,640	\$ 4,356,805	\$ 7,115,445

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

TOWN OF CEDAR LAKE
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, 2006

	General	Casino Gaming	Wicker and 133rd Property Tax District	Other Governmental Funds	Totals
Receipts:					
Taxes	\$ 2,326,515	\$ -	\$ 99,982	\$ 115,099	\$ 2,541,596
Licenses and permits	404,951	-	-	2,520	407,471
Intergovernmental	208,737	69,819	289	875,083	1,153,928
Charges for services	311,172	-	-	469,504	780,676
Fines and forfeits	38,597	-	-	12,415	51,012
Other	120,725	-	-	92,050	212,775
Total receipts	3,410,697	69,819	100,271	1,566,671	5,147,458
Disbursements:					
General government	1,107,020	189,367	-	612	1,296,999
Public safety	1,768,757	-	-	102,611	1,871,368
Highways and streets	-	-	-	427,402	427,402
Sanitation	-	3,250	-	469,815	473,065
Culture and recreation	98,310	-	-	16,488	114,798
Economic development	-	-	-	6,659	6,659
Debt service:					
Principal	7,800	-	-	124,923	132,723
Interest	-	-	3,847	38,002	41,849
Capital outlay:					
General government	-	-	-	18,262	18,262
Highways and streets	-	39,000	-	55,800	94,800
Culture and recreation	8,000	-	-	1,943	9,943
Economic development	-	-	-	72,822	72,822
Total disbursements	2,989,887	231,617	3,847	1,335,339	4,560,690
Excess (deficiency) of receipts over disbursements	420,810	(161,798)	96,424	231,332	586,768
Other financing sources (uses)					
Bond proceeds	-	-	-	129,821	129,821
Interfund loans	(1,075,000)	100,000	-	-	(975,000)
Transfers in	-	-	-	46,397	46,397
Transfers out	(46,397)	-	-	-	(46,397)
Total other financing sources (uses)	(1,121,397)	100,000	-	176,218	(845,179)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(700,587)	(61,798)	96,424	407,550	(258,411)
Cash and investment fund balance - beginning	1,502,348	453,620	424,505	636,578	3,017,051
Cash and investment fund balance - ending	<u>\$ 801,761</u>	<u>\$ 391,822</u>	<u>\$ 520,929</u>	<u>\$ 1,044,128</u>	<u>\$ 2,758,640</u>
Cash and Investment Assets - December 31					
Cash and investments	\$ 801,761	\$ -	\$ -	\$ 251,613	\$ 1,053,374
Restricted assets:					
Cash and investments	-	391,822	520,929	792,515	1,705,266
Total cash and investment assets - December 31	<u>\$ 801,761</u>	<u>\$ 391,822</u>	<u>\$ 520,929</u>	<u>\$ 1,044,128</u>	<u>\$ 2,758,640</u>
Cash and Investment Fund Balance - December 31					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ 94,191	\$ 94,191
Other purposes	-	391,822	520,929	698,324	1,611,075
Unrestricted	801,761	-	-	251,613	1,053,374
Total cash and investment fund balance - December 31	<u>\$ 801,761</u>	<u>\$ 391,822</u>	<u>\$ 520,929</u>	<u>\$ 1,044,128</u>	<u>\$ 2,758,640</u>

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

TOWN OF CEDAR LAKE
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUND
As of and for the Year Ended December 31, 2006

	Wastewater Utility
Operating receipts:	
Wastewater receipts	\$ 2,928,153
Lake Dale fees	73,026
Sewer tap fees	132,000
Sewer development fees	320,800
Other - Lowell	115,833
Other	<u>3,270</u>
 Total operating receipts	 <u>3,573,082</u>
Operating disbursements:	
Salaries and wages	294,718
Employee pensions and benefits	324,294
Purchased power	104,303
Purchased wastewater treatment	1,121,374
Materials and supplies	55,567
Contractual services	131,955
Rents	14,400
Insurance expense	57,011
Capital outlay	217,115
Depreciation and amortization	3,147
Miscellaneous disbursements	<u>183,342</u>
 Total operating disbursements	 <u>2,507,226</u>
 Excess of operating receipts over operating disbursements	 <u>1,065,856</u>
Nonoperating receipts (disbursements):	
Other local sources	5,891
Interest expense	(299,163)
Bond principal	(143,000)
Interfund loans	<u>975,000</u>
 Total nonoperating receipts	 <u>538,728</u>
 Excess of receipts over disbursements and nonoperating receipts	 <u>1,604,584</u>
 Cash and investment fund balance - beginning	 <u>2,752,221</u>
 Cash and investment fund balance - ending	 <u>\$ 4,356,805</u>
 <u>Cash and Investment Assets - December 31</u>	
Cash and investments	\$ 1,735,755
Restricted assets:	
Cash and investments	<u>2,621,050</u>
 Total cash and investment assets - December 31	 <u>\$ 4,356,805</u>
 <u>Cash and Investment Fund Balance - December 31</u>	
Restricted for:	
Debt service	\$ 1,673,675
Other purposes	947,375
Unrestricted	<u>1,735,755</u>
 Total cash and investment fund balance - December 31	 <u>\$ 4,356,805</u>

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

TOWN OF CEDAR LAKE
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2006

	Pension Trust Fund	Agency Funds
Additions:		
Contributions:		
Employer	\$ 110,932	\$ -
Agency fund additions	-	2,395,826
Total additions	110,932	2,395,826
Deductions:		
Benefits		
Agency fund deductions	91,068	-
	-	2,388,015
Total deductions	91,068	2,388,015
Excess of total additions over total deductions	19,864	7,811
Cash and investment fund balance - beginning	123,458	157,475
Cash and investment fund balance - ending	\$ 143,322	\$ 165,286

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

TOWN OF CEDAR LAKE
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, culture and recreation, public improvements, planning and zoning, general administrative services, wastewater, and urban redevelopment.

These financial statements present the Town (primary government). There are no significant component units which require inclusion.

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

Related Organizations

The Town's officials are also responsible for appointing the members of the boards of other organizations, but the Town's accountability for these organizations does not extend beyond making the appointments. The Town appoints a board member of the Northwestern Indiana Regional Planning Commission (the Commission). The Commission's primary mission is planning and development coordination in northwestern Indiana, which includes Lake, Porter, and LaPorte Counties.

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, liabilities, 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 casino gaming fund accounts for the financial resources received from the Treasurer of Lake County as gaming admissions taxes, based upon an agreement with the County, to be used for capital improvements.

TOWN OF CEDAR LAKE
NOTES TO FINANCIAL STATEMENTS
(Continued)

The Wicker and 133rd property tax district fund is a tax increment financing district used to finance, construct, and acquire local public improvements within the district.

The Town reports the following major proprietary fund:

The wastewater utility fund accounts for the operation of the primary government's wastewater treatment plant, pumping stations and collection systems.

Additionally, the Town reports the following fund types:

The pension trust fund accounts for the activities of the 1925 police pension fund, which accumulates resources for pension benefit payments.

Agency funds account for assets held by the Town for payroll deductions and collections for state and local government units and the Cedar Lake enhancement build Indiana grant fund for lake improvements and serves as control of accounts for certain 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 temporary loans not paid back at year end between the governmental funds and wastewater 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. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs.

TOWN OF CEDAR LAKE
NOTES TO FINANCIAL STATEMENTS
(Continued)

All receipts and disbursements not meeting this definition are reported as nonoperating 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.

D. Assets and Cash and Investment Balances

1. 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.

2. 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.

3. Long-Term Debt

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

4. Equity Classification

Government-Wide Statements

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

- 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."

It is the Town's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

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.

TOWN OF CEDAR LAKE
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Operating Receipts and Disbursements

Operating receipts and disbursements for the proprietary fund 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 Balances and 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 and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

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

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

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. In September of each year, 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.

TOWN OF CEDAR LAKE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. Indiana Code 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 eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. 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

Authorization for investment activity is stated in Indiana Code 5-13. As of December 31, 2006, the Town had no investments.

B. Interfund Transfers

Interfund transfers for the years ended December 31, 2005 and 2006, were as follows:

Transfer From	Transfer To	2005	2006
General Fund	Other governmental	\$ <u>15,144</u>	\$ <u>46,397</u>

The Town typically uses transfers to fund ongoing operating subsidies and to transfer the portion of state-shared revenues from the General Fund to the debt service fund for current-year debt service requirements.

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, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

TOWN OF CEDAR LAKE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Job Related Illnesses or Injuries to Employees

During 1994, the Town joined with other governmental entities in the Indiana Public Employer's Plan, Inc. (IPEP), a public entity risk pool currently operating as a common risk management and insurance program for approximately 350 member governmental entities. This risk pool was formed in 1990. The purpose of the risk pool is to provide a medium for the funding and administration of job related illnesses or injuries to employees. 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 Cedar Lake Town Hall 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. Lease payments during the year totaled \$30,000.

C. Subsequent Event – Circuit Breaker Loan

In 2004, the State of Indiana provided to Lake County (County), for the benefit of various taxing units, a loan for property tax relief as part of its Circuit Breaker Loan Program. The loan was to cover tax bill amounts in excess of 2% of the property's assessed valuation, subject to the property having a homestead exemption on file. The County, on January 11, 2005, entered into an agreement with the Town of Cedar Lake and the other 15 taxing units who receive gaming tax distributions from Lake County, to assist in repayment of the County's share of the loan. The Town will have its gaming distribution reduced by \$4,248 quarterly for five years, beginning in April 2005, to repay its portion of the loan.

D. Rate Structure – Enterprise Funds

Wastewater Utility

The current rate structure was approved by the Town Council on December 22, 1998.

E. 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. 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.

TOWN OF CEDAR LAKE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The Town's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the Town and the Utilities is not available.

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 and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The Town's annual pension cost and related information as provided by the actuary, is presented in this note.

The use of the pay-as-you-go actuarial cost method by the Town results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

TOWN OF CEDAR LAKE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plans

	<u>PERF</u>	<u>1925 Police Officers' Pension</u>
Annual required contribution	\$ 40,658	\$ 188,800
Interest on net pension obligation	(3,822)	58,200
Adjustment to annual required contribution	<u>4,355</u>	<u>(97,200)</u>
Annual pension cost	41,191	149,800
Contributions made	<u>60,229</u>	<u>34,611</u>
Increase (decrease) in net pension obligation	(19,038)	115,189
Net pension obligation, beginning of year	<u>(52,711)</u>	<u>862,720</u>
Net pension obligation, end of year	<u>\$ (71,749)</u>	<u>\$ 977,909</u>
Contribution rates:		
Town	5.5%	456%
Plan members	3%	6%
Actuarial valuation date	07-01-05	01-01-04
Actuarial cost method	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	40 years	30 years
Amortization period (from date)	07-01-97	01-01-05
Asset valuation method	75% of expected actuarial value plus 25% of market value	4 year phase in of unrealized and realized capital

Actuarial Assumptions

Investment rate of return	7.25%	6%
Projected future salary increases:		
Total	5%	4%
Attributed to inflation	4%	4%
Attributed to merit/seniority	1%	0%
Cost-of-living adjustments	2%	2.75/4%*

* 2.75% converted members; 4% nonconverted members

TOWN OF CEDAR LAKE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Three Year Trend Information

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PERF	06-30-03	\$ 55,079	99%	\$ (47,757)
	06-30-04	51,753	110%	(52,711)
	06-30-05	41,191	116%	(71,749)
1925 Police Officers' Pension Plan	12-31-01	173,800	41%	759,936
	12-31-02	147,300	30%	862,720
	12-31-03	149,800	23%	977,909

Membership in the 1925 Police Officers' Pension Plan at January 1, 2006, was comprised of the following:

	<u>1925 Police Officers' Pension</u>
Retires and beneficiaries currently receiving benefits	4

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

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The government 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.

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

TOWN OF CEDAR LAKE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the government is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the government are established by the Board of Trustees of PERF. The government's contributions to the plan for the years ending December 31, 2006, 2005, and 2004, were \$142,712, \$128,964, and \$123,159, respectively, equal to the required contributions for each year.

TOWN OF CEDAR LAKE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 656,490	\$ 713,840	\$ (57,350)	92%	\$ 975,888	(6%)
07-01-04	685,029	686,997	(1,968)	100%	820,017	(0%)
07-01-05	732,834	655,290	77,544	112%	926,869	8%

1925 Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-99	161,713	1,805,300	(1,643,587)	9%	35,800	(4,591%)
01-01-00	150,816	1,843,700	(1,692,884)	8%	36,800	(4,600%)
01-01-01	209,106	1,883,300	(1,674,194)	11%	37,900	(4,417%)
01-01-02	218,950	1,625,300	(1,406,350)	13%	39,000	(3,606%)
01-01-03	215,392	1,258,700	(1,043,308)	17%	40,200	(2,595%)
01-01-04	192,356	1,664,600	(1,472,244)	12%	41,400	(3,556%)

TOWN OF CEDAR
 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, 2005

	Motor Vehicle Highway	Local Road and Street	Economic Development Tourism Grant	General Nonreverting Donations	Lake County Solid Waste Grant	Law Enforcement Assistance Grant
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	296,177	127,024	5,400	-	51,957	21,667
Charges for services	1,000	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	9,401	-	-	24,991	-	-
Total receipts	306,578	127,024	5,400	24,991	51,957	21,667
Disbursements:						
General government	-	-	-	532	-	-
Public safety	-	-	-	17,722	-	23,245
Highways and streets	288,162	151,214	-	-	-	-
Sanitation	-	-	-	-	45,236	-
Culture and recreation	-	-	5,000	-	-	-
Economic development	-	-	-	-	-	-
Debt service:						
Principal	6,542	27,310	-	-	-	-
Interest	560	2,638	-	-	-	-
Capital outlay:						
General government	-	-	-	7,750	-	-
Public safety	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-
Total disbursements	295,264	181,162	5,000	26,004	45,236	23,245
Excess (deficiency) of receipts over disbursements	11,314	(54,138)	400	(1,013)	6,721	(1,578)
Other financing sources						
Bond proceeds	-	-	-	-	-	-
Interfund loans	-	100,000	-	-	-	-
Transfers in	-	-	-	-	-	-
Total other financing sources	-	100,000	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	11,314	45,862	400	(1,013)	6,721	(1,578)
Cash and investment fund balance - beginning	95,614	75,834	1,200	18,067	3,318	1,578
Cash and investment fund balance - ending	<u>\$ 106,928</u>	<u>\$ 121,696</u>	<u>\$ 1,600</u>	<u>\$ 17,054</u>	<u>\$ 10,039</u>	<u>\$ -</u>
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ -	\$ -	\$ 17,054	\$ -	\$ -
Restricted assets:						
Cash and investments	106,928	121,696	1,600	-	10,039	-
Total cash and investment assets - December 31	<u>\$ 106,928</u>	<u>\$ 121,696</u>	<u>\$ 1,600</u>	<u>\$ 17,054</u>	<u>\$ 10,039</u>	<u>\$ -</u>
Cash and Investment Fund Balance - December 31						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	106,928	121,696	1,600	-	10,039	-
Unrestricted	-	-	-	17,054	-	-
Total cash and investment fund balance - December 31	<u>\$ 106,928</u>	<u>\$ 121,696</u>	<u>\$ 1,600</u>	<u>\$ 17,054</u>	<u>\$ 10,039</u>	<u>\$ -</u>

TOWN OF CEDAR
 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, 2005
 (Continued)

	Police Asset Forfeiture	Police Grants	Redevelopment District General	Stormwater Drainage	Ambulance Nonreverting Capital	EMS Grant
Receipts:						
Taxes	\$ -	\$ -	\$ 19,673	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	30,422	1,088	-	-	-
Charges for services	-	-	-	1,533	-	-
Fines and forfeits	592	-	-	-	-	-
Other	-	-	-	-	217	-
Total receipts	592	30,422	20,761	1,533	217	-
Disbursements:						
General government	-	-	-	-	-	-
Public safety	666	28,942	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	6,149	-	-
Culture and recreation	-	-	-	-	-	-
Economic development	-	-	3,188	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	16,518	-
Economic Development	-	-	-	-	-	-
Total disbursements	666	28,942	3,188	6,149	16,518	-
Excess (deficiency) of receipts over disbursements	(74)	1,480	17,573	(4,616)	(16,301)	-
Other financing sources						
Bond proceeds	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Transfers in	-	-	-	-	15,144	-
Total other financing sources	-	-	-	-	15,144	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(74)	1,480	17,573	(4,616)	(1,157)	-
Cash and investment fund balance - beginning	3,545	7,560	18,428	16,391	6,883	51
Cash and investment fund balance - ending	<u>\$ 3,471</u>	<u>\$ 9,040</u>	<u>\$ 36,001</u>	<u>\$ 11,775</u>	<u>\$ 5,726</u>	<u>\$ 51</u>
Cash and Investment Assets - December 31						
Cash and investments	\$ 3,471	\$ -	\$ 36,001	\$ 11,775	\$ 5,726	\$ -
Restricted assets:						
Cash and investments	-	9,040	-	-	-	51
Total cash and investment assets - December 31	\$ 3,471	\$ 9,040	\$ 36,001	\$ 11,775	\$ 5,726	\$ 51
Cash and Investment Fund Balance - December 31						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	9,040	-	-	-	51
Unrestricted	3,471	-	36,001	11,775	5,726	-
Total cash and investment fund balance - December 31	\$ 3,471	\$ 9,040	\$ 36,001	\$ 11,775	\$ 5,726	\$ 51

TOWN OF CEDAR
 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, 2005
 (Continued)

	Law Enforcement Continuing Education	Garbage User Fees	Park Nonreverting Operating	Corporation Bond and Interest Sinking	Park District Bond Issue
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ 82,565	\$ 39,100
Licenses and permits	1,340	-	-	-	-
Intergovernmental	-	-	-	3,682	2,118
Charges for services	5,010	447,182	6,647	-	-
Fines and forfeits	15,198	-	-	-	-
Other	-	-	25,150	-	-
Total receipts	21,548	447,182	31,797	86,247	41,218
Disbursements:					
General government	-	-	-	-	398
Public safety	21,780	-	-	-	-
Highways and streets	-	-	-	-	-
Sanitation	-	414,911	-	-	-
Culture and recreation	-	-	5,015	-	-
Economic development	-	-	-	-	-
Debt service:					
Principal	-	-	-	30,000	10,000
Interest	-	-	-	27,000	3,697
Capital outlay:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Economic Development	-	-	-	-	-
Total disbursements	21,780	414,911	5,015	57,000	14,095
Excess (deficiency) of receipts over disbursements	(232)	32,271	26,782	29,247	27,123
Other financing sources					
Bond proceeds	-	-	-	-	-
Interfund loans	-	-	-	-	-
Transfers in	-	-	-	-	-
Total other financing sources	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(232)	32,271	26,782	29,247	27,123
Cash and investment fund balance - beginning	19,526	10,306	12,876	5,826	2,716
Cash and investment fund balance - ending	\$ 19,294	\$ 42,577	\$ 39,658	\$ 35,073	\$ 29,839
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ -	\$ 42,577	\$ 39,658	\$ -	\$ -
Restricted assets:					
Cash and investments	19,294	-	-	35,073	29,839
Total cash and investment assets - December 31	\$ 19,294	\$ 42,577	\$ 39,658	\$ 35,073	\$ 29,839
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ 35,073	\$ 29,839
Other purposes	19,294	-	-	-	-
Unrestricted	-	42,577	39,658	-	-
Total cash and investment fund balance - December 31	\$ 19,294	\$ 42,577	\$ 39,658	\$ 35,073	\$ 29,839

TOWN OF CEDAR
 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, 2005
 (Continued)

	Cumulative Capital <u>Improvement</u>	Cumulative Capital <u>Development</u>	Park District Bond Capital <u>Improvement</u>	Redevelopment District Capital <u>Capital</u>	<u>Totals</u>
Receipts:					
Taxes	\$ -	\$ 66,297	\$ -	\$ -	207,635
Licenses and permits	-	-	-	-	1,340
Intergovernmental	28,684	2,613	-	-	570,832
Charges for services	-	-	-	-	461,372
Fines and forfeits	-	-	-	-	15,790
Other	-	-	-	-	59,759
Total receipts	<u>28,684</u>	<u>68,910</u>	<u>-</u>	<u>-</u>	<u>1,316,728</u>
Disbursements:					
General government	-	-	-	-	930
Public safety	-	-	-	-	92,355
Highways and streets	-	-	-	-	439,376
Sanitation	-	-	-	-	466,296
Culture and recreation	-	-	4,660	-	14,675
Economic development	-	-	-	-	3,188
Debt service:					
Principal	-	29,933	-	-	103,785
Interest	-	2,458	-	-	36,353
Capital outlay:					
General government	8,161	-	-	-	15,911
Public safety	-	20,000	-	-	36,518
Economic Development	-	-	-	60,930	60,930
Total disbursements	<u>8,161</u>	<u>52,391</u>	<u>4,660</u>	<u>60,930</u>	<u>1,270,317</u>
Excess (deficiency) of receipts over disbursements	<u>20,523</u>	<u>16,519</u>	<u>(4,660)</u>	<u>(60,930)</u>	<u>46,411</u>
Other financing sources					
Bond proceeds	-	-	-	60,930	60,930
Interfund loans	-	-	-	-	100,000
Transfers in	-	-	-	-	15,144
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,930</u>	<u>176,074</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>20,523</u>	<u>16,519</u>	<u>(4,660)</u>	<u>-</u>	<u>222,485</u>
Cash and investment fund balance - beginning	<u>65,920</u>	<u>40,175</u>	<u>8,279</u>	<u>-</u>	<u>414,093</u>
Cash and investment fund balance - ending	<u>\$ 86,443</u>	<u>\$ 56,694</u>	<u>\$ 3,619</u>	<u>\$ -</u>	<u>636,578</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ -	\$ -	\$ -	\$ -	156,262
Restricted assets:					
Cash and investments	86,443	56,694	3,619	-	480,316
Total cash and investment assets - December 31	<u>\$ 86,443</u>	<u>\$ 56,694</u>	<u>\$ 3,619</u>	<u>\$ -</u>	<u>636,578</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ 3,619	\$ -	68,531
Other purposes	86,443	56,694	-	-	411,785
Unrestricted	-	-	-	-	156,262
Total cash and investment fund balance - December 31	<u>\$ 86,443</u>	<u>\$ 56,694</u>	<u>\$ 3,619</u>	<u>\$ -</u>	<u>636,578</u>

TOWN OF CEDAR LAKE
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2005

	<u>Payroll</u>	<u>Net Wage Clearing</u>	<u>Cash Bond Escrow</u>	<u>CLEA - Build Indiana Grant</u>	<u>Total</u>
Additions:					
Agency fund additions	\$ 2,083,427	\$ -	\$ 108,500	\$ -	\$ 2,191,927
Deductions:					
Agency fund deductions	<u>2,092,729</u>	<u>-</u>	<u>107,461</u>	<u>32,977</u>	<u>2,233,167</u>
Excess (deficiency) of total additions over total deductions	(9,302)	-	1,039	(32,977)	(41,240)
Cash and investment fund balance - beginning	<u>36,505</u>	<u>477</u>	<u>115,874</u>	<u>45,859</u>	<u>198,715</u>
Cash and investment fund balance - ending	<u>\$ 27,203</u>	<u>\$ 477</u>	<u>\$ 116,913</u>	<u>\$ 12,882</u>	<u>\$ 157,475</u>

TOWN OF CEDAR
 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, 2006

	Motor Vehicle Highway	Local Road and Street	Economic Development Tourism Grant	General Nonreverting Donations	Lake County Solid Waste Grant	Law Enforcement Assistance Grant	Police Asset Forfeiture
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	353,721	123,077	5,400	11,948	84,255	7,513	-
Charges for services	2,500	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	175
Other	4,608	217	-	11,085	-	-	-
Total receipts	360,829	123,294	5,400	23,033	84,255	7,513	175
Disbursements:							
General government	-	-	-	612	-	-	-
Public safety	-	-	-	27,233	-	7,513	1,185
Highways and streets	320,381	107,021	-	-	-	-	-
Sanitation	-	-	-	-	28,376	-	-
Culture and recreation	-	-	6,200	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service:							
Principal	6,856	28,530	-	-	-	-	-
Interest	246	1,418	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Highways and streets	-	12,500	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Total disbursements	327,483	149,469	6,200	27,845	28,376	7,513	1,185
Excess (deficiency) of receipts over disbursements	33,346	(26,175)	(800)	(4,812)	55,879	-	(1,010)
Other financing sources							
Bond proceeds	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	33,346	(26,175)	(800)	(4,812)	55,879	-	(1,010)
Cash and investment fund balance - beginning	106,928	121,696	1,600	17,054	10,039	-	3,471
Cash and investment fund balance - ending	\$ 140,274	\$ 95,521	\$ 800	\$ 12,242	\$ 65,918	\$ -	\$ 2,461
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ 12,242	\$ -	\$ -	\$ 2,461
Restricted assets:							
Cash and investments	140,274	95,521	800	-	65,918	-	-
Total cash and investment assets - December 31	\$ 140,274	\$ 95,521	\$ 800	\$ 12,242	\$ 65,918	\$ -	\$ 2,461
Cash and Investment Fund Balance - December 31							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	140,274	95,521	800	-	65,918	-	-
Unrestricted	-	-	-	12,242	-	-	2,461
Total cash and investment fund balance - December 31	\$ 140,274	\$ 95,521	\$ 800	\$ 12,242	\$ 65,918	\$ -	\$ 2,461

TOWN OF CEDAR
 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, 2006
 (Continued)

	Police Grants	Redevelopment	Storm Water Drainage	Ambulance Nonreverting Capital	EMS Grant	Law Enforcement Continuing Education	Garbage User Fees
Receipts:							
Taxes	\$ -	\$ 4,621	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	2,520	-
Intergovernmental	20,603	819	-	-	-	-	-
Charges for services	-	-	-	-	-	4,900	451,049
Fines and forfeits	-	-	623	-	-	11,617	-
Other	-	-	47	556	-	-	-
Total receipts	20,603	5,440	670	556	-	19,037	451,049
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	23,394	-	-	4,343	-	34,479	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	3,047	-	-	-	438,392
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	6,659	-	-	-	-	-
Debt service:							
Principal	-	-	-	3,692	-	-	-
Interest	-	-	-	586	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Total disbursements	23,394	6,659	3,047	8,621	-	34,479	438,392
Excess (deficiency) of revenue over disbursements	(2,791)	(1,219)	(2,377)	(8,065)	-	(15,442)	12,657
Other financing sources							
Bond proceeds	-	-	-	-	-	-	-
Transfers in	-	-	-	24,410	-	21,987	-
Total other financing sources	-	-	-	24,410	-	21,987	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,791)	(1,219)	(2,377)	16,345	-	6,545	12,657
Cash and investment fund balance - beginning	9,040	36,001	11,775	5,726	51	19,294	42,577
Cash and investment fund balance - ending	\$ 6,249	\$ 34,782	\$ 9,398	\$ 22,071	\$ 51	\$ 25,839	\$ 55,234
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ 34,782	\$ 9,398	\$ 22,071	\$ -	\$ -	\$ 55,234
Restricted assets:							
Cash and investments	6,249	-	-	-	51	25,839	-
Total cash and investment assets - December 31	\$ 6,249	\$ 34,782	\$ 9,398	\$ 22,071	\$ 51	\$ 25,839	\$ 55,234
Cash and Investment Fund Balance - December 31							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	6,249	-	-	-	51	25,839	-
Unrestricted	-	34,782	9,398	22,071	-	-	55,234
Total cash and investment fund balance - December 31	\$ 6,249	\$ 34,782	\$ 9,398	\$ 22,071	\$ 51	\$ 25,839	\$ 55,234

TOWN OF CEDAR
 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, 2006
 (Continued)

	Park Nonreverting Operating	Master Plan Nonreverting	Criminal Justice Grant	Corporation Bond and Interest Sinking	Park District Bond Issue	Redevelopment Debt Service Reserve	Local Major Moves Construction
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ 40,344	\$ 20,512	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	4,464	3,840	1,899	-	220,648
Charges for services	11,055	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	75,000	-	-	-	39	-
Total receipts	11,055	75,000	4,464	44,184	22,411	39	220,648
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	-	4,464	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Culture and recreation	10,288	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	30,000	21,000	-	-
Interest	-	-	-	28,000	6,737	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	43,300
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Total disbursements	10,288	-	4,464	58,000	27,737	-	43,300
Excess (deficiency) of revenue over disbursements	767	75,000	-	(13,816)	(5,326)	39	177,348
Other financing sources							
Bond proceeds	-	-	-	-	-	46,706	-
Transfers in	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	46,706	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	767	75,000	-	(13,816)	(5,326)	46,745	177,348
Cash and investment fund balance - beginning	39,658	-	-	35,073	29,839	-	-
Cash and investment fund balance - ending	\$ 40,425	\$ 75,000	\$ -	\$ 21,257	\$ 24,513	\$ 46,745	\$ 177,348
Cash and Investment Assets - December 31							
Cash and investments	\$ 40,425	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	-	-	-	21,257	24,513	46,745	177,348
Total cash and investment assets - December 31	\$ 40,425	\$ 75,000	\$ -	\$ 21,257	\$ 24,513	\$ 46,745	\$ 177,348
Cash and Investment Fund Balance - December 31							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ 21,257	\$ 24,513	\$ 46,745	\$ -
Other purposes	-	-	-	-	-	-	177,348
Unrestricted	40,425	75,000	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 40,425	\$ 75,000	\$ -	\$ 21,257	\$ 24,513	\$ 46,745	\$ 177,348

TOWN OF CEDAR
 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, 2006
 (Continued)

	Cumulative Capital Improvement	Cumulative Capital Development	Park Bond Capital	RDC Capital Projects Loan Proceeds	Redevelopment District Capital	Totals
Receipts:						
Taxes	\$ -	\$ 49,622	\$ -	\$ -	\$ -	115,099
Licenses and permits	-	-	-	-	-	2,520
Intergovernmental	33,149	3,747	-	-	-	875,083
Charges for services	-	-	-	-	-	469,504
Fines and forfeits	-	-	-	-	-	12,415
Other	-	466	-	32	-	92,050
Total receipts	33,149	53,835	-	32	-	1,566,671
Disbursements:						
General government	-	-	-	-	-	612
Public safety	-	-	-	-	-	102,611
Highways and streets	-	-	-	-	-	427,402
Sanitation	-	-	-	-	-	469,815
Culture and recreation	-	-	-	-	-	16,488
Economic development	-	-	-	-	-	6,659
Debt service:						
Principal	-	34,845	-	-	-	124,923
Interest	-	1,015	-	-	-	38,002
Capital outlay:						
General government	18,262	-	-	-	-	18,262
Highways and streets	-	-	-	-	-	55,800
Culture and recreation	-	-	1,943	-	-	1,943
Economic development	-	-	-	41,110	31,712	72,822
Total disbursements	18,262	35,860	1,943	41,110	31,712	1,335,339
Excess (deficiency) of revenue over disbursements	14,887	17,975	(1,943)	(41,078)	(31,712)	231,332
Other financing sources						
Bond proceeds	-	-	-	51,403	31,712	129,821
Transfers in	-	-	-	-	-	46,397
Total other financing sources	-	-	-	51,403	31,712	176,218
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	14,887	17,975	(1,943)	10,325	-	407,550
Cash and investment fund balance - beginning	86,443	56,694	3,619	-	-	636,578
Cash and investment fund balance - ending	\$ 101,330	\$ 74,669	\$ 1,676	\$ 10,325	\$ -	1,044,128
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	251,613
Restricted assets:						
Cash and investments	101,330	74,669	1,676	10,325	-	792,515
Total cash and investment assets - December 31	\$ 101,330	\$ 74,669	\$ 1,676	\$ 10,325	\$ -	1,044,128
Cash and Investment Fund Balance - December 31						
Restricted for:						
Debt service	\$ -	\$ -	\$ 1,676	\$ -	\$ -	94,191
Other purposes	101,330	74,669	-	10,325	-	698,324
Unrestricted	-	-	-	-	-	251,613
Total cash and investment fund balance - December 31	\$ 101,330	\$ 74,669	\$ 1,676	\$ 10,325	\$ -	1,044,128

TOWN OF CEDAR LAKE
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2006

	<u>Payroll</u>	<u>Net Wage Clearing</u>	<u>Cash Bond Escrow</u>	<u>CLEA - Build Indiana Grant</u>	<u>Total</u>
Additions:					
Agency fund additions	\$ 2,223,945	\$ -	\$ 171,881	\$ -	\$ 2,395,826
Deductions:					
Agency fund deductions	<u>2,220,345</u>	<u>-</u>	<u>158,020</u>	<u>9,650</u>	<u>2,388,015</u>
Excess (deficiency) of total additions over total deductions	3,600	-	13,861	(9,650)	7,811
Cash and investment fund balance - beginning	<u>27,203</u>	<u>477</u>	<u>116,913</u>	<u>12,882</u>	<u>157,475</u>
Cash and investment fund balance - ending	<u>\$ 30,803</u>	<u>\$ 477</u>	<u>\$ 130,774</u>	<u>\$ 3,232</u>	<u>\$ 165,286</u>

TOWN OF CEDAR LAKE
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2006

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Town Hall	\$ 375,000	\$ 35,000
2003 Police Squad Cars	9,220	9,220
2005 Police Squad Cars	47,383	14,767
Payloader	11,842	11,842
EMS Defibrillator	19,205	7,197
Paving Equipment	270,650	49,899
Konica Minolta Bizhub	18,024	4,048
2007 Park Dodge Dakota	9,697	-
Bonds payable:		
General obligation bonds:		
Park Acquisition Bond	138,000	22,000
Redevelopment TIF Bond	510,000	-
Total governmental activities long-term debt	<u>\$ 1,409,021</u>	<u>\$ 153,973</u>
Business-type Activities:		
Wastewater Utility		
Loan Payable:		
State Revolving Loan	\$ 2,249,000	\$ 18,000
Rural Development Loan	3,247,000	27,000
Revenue bonds:		
1995 Wastewater Improvement Bond	1,253,000	100,000
Total business-type activities long-term debt:	<u>\$ 6,749,000</u>	<u>\$ 145,000</u>

TOWN OF CEDAR LAKE AUDIT
RESULTS AND COMMENTS

LOCAL LAW ENFORCEMENT CONTINUING EDUCATION FUND

The Police Department charges fees for accident reports, handgun licenses and inspection of motor vehicles, which are deposited into the local law enforcement continuing education fund as required by statute. The Police Department also charges a fee for fingerprinting, tow releases, traffic school, and case reports. The fingerprinting, tow releases, case reports fees and 50% of the traffic school collections are deposited into the Local Law Enforcement Continuing Education Fund, in accordance with various Town ordinances. However, these are not permitted sources of funding for the Local Law Enforcement Continuing Education Fund per Indiana Statute. The Town Council should revise the ordinances regarding the deposit of the fees to be compliant with Indiana Statute.

Indiana Code 5-2-8-2(b) states: "There is established in each city and in each town with a city or town court a local law enforcement continuing education program. The program is funded by amounts appropriated under IC 33-19-8-4 and fees collected under IC 9-29-4-2, IC 9-29-11-1, and IC 35-47-2-3."

The following types of revenue shall be deposited into the local law enforcement continuing education fund established under Indiana Code 5-2-8-2:

1. Law Enforcement Continuing Education fees (IC 33-19-8-4 and IC 33-19-8-6)
2. Inspection of Motor Vehicles fees (IC 9-29-4-2)
3. Vehicle Accident Report fees (IC 9-29-11-1)
4. Handgun Licenses fees (IC 35-47-2-3)
5. Proceeds from the Sale of Confiscated Weapons (IC 35-47-3-2) (Cities and Towns Bulletins and Uniform Compliance Guidelines, September 2003)

MOVING VIOLATIONS

The Town's municipal code, Title VII, deals with operation of vehicles and regulating traffic. Ordinance 804 established a Driver Education program. The Town obtained approval for the Driver Education program by Lake County Superior Court, County Division Judge Sheila Moss. The ordinance states that the program is for first time violators or those who have not completed the program within the past three years, and is applicable to drivers who receive a citation issued by town police for violation of traffic regulations of the town. The fee charged to attend the program, per ordinance, is \$75 and is payable at the police department. If the violator pays the fee for the course and successfully completes the driver education course, the charges shall be dismissed. If the violator does not qualify for or complete the course, then the matter is referred to the County Court for prosecution. As a result, many violations are handled locally, as opposed to being prosecuted through the County Courts System, and no court costs are assessed or remitted to the county clerk. The enforcement of these violations through the Drivers Education program and the court order approving the program, are not in compliance with Indiana Code 34-28-5. As of December 1, 2006, all moving violations are being remitted to the County Court System.

Indiana Code 36-1-6-3 states: "(a) Certain ordinances may be enforced by a municipal corporation without proceeding in court through:

- (1) an admission of violation before the violations clerk under IC 33-6-3; or

TOWN OF CEDAR LAKE AUDIT
RESULTS AND COMMENTS
(Continued)

- (2) administrative enforcement under section 9 of this chapter.
 - (b) Except as provided in subsection (a), a proceeding to enforce an ordinance must be brought in accordance with IC 34-28-5, section 4 of this chapter, or both.
 - (c) An ordinance defining a moving traffic violation may not be enforced under IC 33-6-3 and must be enforced in accordance with IC 34-28-5."

An ordinance defining a moving traffic violation may not be enforced under IC 33-36 and must be enforced in accordance with IC 34-28-5 which requires such cases to be heard in any circuit, superior, county, city or town court or traffic violations bureau designated by these courts (IC 36-1-6-3). (Cities and Towns Bulletin and Uniform Compliance Guidelines, September 2004)

Indiana Code 34-28-5-8 states in part: "The violations clerk or deputy violations clerk shall:

- (2) issue receipts and account for any judgments (including costs) collected; and
- (3) pay the judgments (including costs) collected to the appropriate unit of government as provided by law."

ORDINANCES AND RESOLUTIONS

Town Ordinance 867 establishes a policy and procedure for collection of ambulance and emergency medical services accounts. The ordinance states that a 10% penalty will be applied to any account not paid within 30 days of billing. Upon review of delinquent accounts, it has been determined that the 10% penalty is not being applied.

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

The Town does not maintain detailed records of capital assets for the Town or the Wastewater Utility.

The capital asset policy does not include capitalization thresholds for infrastructure, or guidance to define when infrastructure disbursements are repairs and maintenance or an improvement, which would assist in determining when such items should be capitalized.

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. 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)

BUILDING PERMIT FEES

During 2006, the plumbing permit fees were increased without Board approval. The unit has since changed the fee schedule to the approved amount.

Mathematical errors were found in the calculation of building permit fees.

TOWN OF CEDAR LAKE AUDIT
RESULTS AND COMMENTS
(Continued)

Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

REDEVELOPMENT COMMISSION BOARD MEETING MINUTES

Board minutes for four months in 2005 and five months in 2006, were not available for audit.

Indiana Code 5-14-1.5-4 states in part:

"(b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes take, by individual members if there is a roll call.
- (5) An additional information required under IC 5-1.5-2-2.5 or IC 20-12-63-7."

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 CEDAR LAKE, LAKE COUNTY, INDIANA

Compliance

We have audited the compliance of the Town of Cedar Lake (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, 2005 and 2006. 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; 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 noncompliance 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, 2005 and 2006.

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Town's management 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 20, 2007

TOWN OF CEDAR LAKE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended December 31, 2005 and 2006

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 12-31-05	Total Federal Awards Expended 12-31-06
<u>U. S. DEPARTMENT OF AGRICULTURE</u>				
Direct Grant				
Water and Waste Disposal Loans and Grants (Section 306C)	10.770		\$ 1,038,125	\$ -
<u>U. S. DEPARTMENT OF JUSTICE</u>				
Direct Grant				
Public Safety Partnership and Community Policing Grants	16.710		24,002	7,904
<u>U. S. DEPARTMENT OF TRANSPORTATION</u>				
Pass-through Indiana Criminal Justice Institute				
Highway Safety Cluster	20.600			
State and Community Highway Safety				
Operation Pullover		OP-05-02-03-101	3,627	-
OP-05-02-03-101		PT-06-04-07-23	1,821	6,689
PT-06-04-07-23		PT-07-04-01-29	-	431
Total for program			5,448	7,120
Alcohol Traffic Safety and Drunk Driving				
Prevention Incentive Grants	20.601			
Gas Grant			750	-
Safety Incentive Grants for Use of Seatbelts	20.604			
Big City/Big County Seat Belt Enforcement Program			1,171	-
Total for federal grantor agency			7,369	7,120
Total federal awards expended			\$ 1,069,496	\$ 15,024

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

TOWN OF CEDAR LAKE
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 Cedar Lake (Town) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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 CEDAR LAKE
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
 Reportable conditions 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
 Reportable conditions 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:

CFDA Number	Name of Federal Program or Cluster
10.770	Water and Waste Disposal Loans and Grants (Section 306C)

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 CEDAR LAKE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

TOWN OF CEDAR LAKE
CORRECTIVE ACTION PLAN

No matters are reportable.

TOWN OF CEDAR LAKE
EXIT CONFERENCE

The contents of this report were discussed on March 20, 2007, with Maralynn Echterling, Clerk-Treasurer; Robert H. Carnahan, President of the Town Council; Denny Wilkening, Town Council member; Jerry Reiling, Town Council member; Joan Boyer, Town Manager; and Amy Sund, Deputy Clerk-Treasurer . The official response has been made a part of this report and may be found on pages 48 and 49.



TOWN OF CEDAR LAKE

Office of the Clerk-Treasurer

7408 Constitution Avenue, P.O. Box 707, Cedar Lake, IN 46303

Tel: (219) 374-7000 Fax: (219) 374-8588

March 21, 2007

Ms. Mary Jo Small
Porter County Government Center
State board of Accounts
155 Indiana Avenue
Valparaiso, IN 46383

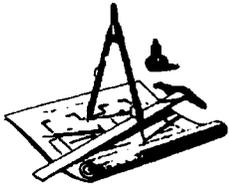
CORRECTIVE ACTION PLAN

Audits of 2005 and 2006 were completed and the exit conference was on March 20, 2007. After the exit conference we feel we have made a conscience effort to correct our problems.

1. LEEF – Deposits into the fund have been corrected. We are not depositing any additional revenue into the fund from sources identified in the audit.
2. Moving Violations – The Town Council is considering the adoption of a new ordinance for this. We had the first reading with action on the 20th of March, with anticipation of passing the ordinance this evening.
3. Ordinances and resolutions - #867 regarding ambulance billing and charging a penalty of 10%, the council is looking into writing a new ordinance allowing additional time for insurance companies to pay before implementing a penalty.
4. Capital Assets – GASB 34 has been completed through 2005 and is on record at the Town hall.
5. Building fees – have been corrected and a letter from the building department clerk is enclosed.
6. Redevelopment Commission meetings – We are reviewing the minute books for possibly being put into the wrong book.

Sincerely,

Maralynn Echterling
Clerk Treasurer
Town of Cedar Lake



Town of Cedar Lake
Planning, Zoning, Building, and Inspection
Departments

7408 Constitution Avenue

P. O. Box 707

Cedar Lake, Indiana 46303

Phone (219) 374-7400

Fax (219) 374-8588

March 20, 2007

During 2006 the plumbing permit fees were scheduled to be increased. We had a number of Cedar Lake Town employees working on this project and somewhere along the line the fees were changed from \$25.00 to \$30.00. We have since then changed the fee schedule and added a date to insure this will not happen again.

Mathematical errors were made on the building permits in 2006, we have also corrected this error by making sure that the fees are calculated by two people in the Building Department.

Thank You,

Michelle Bakker
Building Department Secretary