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

EXAMINATION REPORT
OF
TOWN OF CEDAR LAKE
LAKE COUNTY, INDIANA
January 1, 2007 to December 31, 2007



FILED
12/01/2010

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedule of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5-7
Supplementary Information:	
Schedule of Long-Term Debt	8
Other Report	9
Exit Conference.....	10

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Maralynn Echterling Amy J. Sund	01-01-04 to 12-31-07 01-01-08 to 12-31-11
President of the Town Council	Robert Carahan Dennis Wilkening	01-01-07 to 12-31-07 01-01-08 to 12-31-10
Town Manager	Joan Boyer	01-01-07 to 05-20-08
Town Administrator	Ian Nicolini	05-21-08 to 12-31-10
Superintendent of Wastewater Utility	William Maleckar James Cornett	01-01-07 to 03-15-08 03-16-08 to 12-31-10
Director of Operations	Edward Robinson, Jr.	01-01-07 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Town of Cedar Lake (Town), for the period of January 1, 2007 to December 31, 2007. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the year ended December 31, 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

October 28, 2010

TOWN OF CEDAR LAKE
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2007

	Cash and Investments		Cash and Investments	
	01-01-07	Receipts	Disbursements	12-31-07
Governmental Funds:				
General	\$ 801,761	\$ 3,168,544	\$ 3,434,697	\$ 535,608
Motor Vehicle Highway	140,274	344,963	341,469	143,768
Local Road and Street	95,521	644,576	673,474	66,623
Park Non-Reverting Operating	40,425	93,373	9,806	123,992
Law Enforcement Continuing Education	25,839	13,725	30,297	9,267
Riverboat	391,822	89,502	190,851	290,473
Rainy Day	-	56,204	12,485	43,719
General Non-Reverting Donations	12,242	40,902	33,174	19,970
Cumulative Capital Improvement	101,330	16,787	56,948	61,169
Cumulative Capital Development	74,669	19,961	52,802	41,828
Police Asset Forfeiture	2,461	3,964	2,268	4,157
Master Plan Non-Reverting Fund	75,000	-	65,936	9,064
Ambulance Non-Reverting Capital	22,071	31,358	25,289	28,140
Wicker and 133rd Property Tax District	520,929	85,941	471,705	135,165
Local Major Moves Construction	177,348	-	56,653	120,695
Park District Bond Capital	1,676	-	-	1,676
Park District Bond Issue	24,513	20,411	42,334	2,590
Economic Development Tourism Grant	800	5,400	5,000	1,200
Redevelopment	34,782	7,172	34,830	7,124
RDC Capital Projects Loan Proceeds	10,325	1,100,375	1,100,000	10,700
Lake County Solid Waste Grant	65,918	28,085	58,373	35,630
Police Grants	6,249	23,302	21,281	8,270
EMS Grants	51	-	-	51
Garbage User Fees	55,234	547,447	544,720	57,961
Corporation Bond and Interest Sinking	21,257	41,876	57,956	5,177
Redevelopment Debt Service Reserve	46,745	118	117	46,746
Redevelopment Authority Bond Proceeds	-	3,456,250	104,500	3,351,750
CLEA-Build Indiana	3,232	-	2,116	1,116
Cash Bond Escrow	130,774	166,337	166,666	130,445
Proprietary Funds:				
Stormwater Utility - Operating	9,398	2,690,875	101,200	2,599,073
Wastewater Utility - Operating	1,735,755	4,069,055	5,446,655	358,155
Wastewater Utility - Escrow Lowell	-	25,273	25,273	-
Wastewater Utility - Depreciation	132,490	47,165	5,679	173,976
Wastewater Utility - Sinking	1,673,675	1,304,911	1,905,121	1,073,465
Wastewater Utility - Construction	-	1,253,500	95,279	1,158,221
Wastewater Utility - Cedar Lake Special	814,885	2,597,538	2,919,085	493,338
Health Insurance	-	497,566	497,380	186
Fiduciary Funds:				
Police Officers' Pension	143,322	189,126	207,621	124,827
Net Wage Clearing Account	477	-	-	477
Payroll	30,803	2,388,467	2,386,823	32,447
Totals	\$ 7,424,053	\$ 25,070,049	\$ 21,185,863	\$ 11,308,239

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

TOWN OF CEDAR LAKE
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety (police and fire), highway and streets, culture and recreation, public improvements, planning and zoning, general administrative services, wastewater, and urban redevelopment.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TOWN OF CEDAR LAKE
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

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

Funding Policy and Annual Pension Cost

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

Note 7. Other Significant Items

The Town issued Storm Water District Revenue Bonds, Series 2007 for \$2,700,000 (net proceeds of \$2,655,073.88). On December 31, 2007, the Town received \$2,655,073.88 for the construction, reconstruction, repair, and installation of storm and service storm water sewers in order to maintain, dispose of, control and improve storm and surface water drainage.

The Town entered into a lease agreement with the Cedar Lake Authority. The Authority issued Lease Rental Bonds of 2007 for \$3,500,000 (net proceeds of \$3,456,250) to provide funds to finance the construction of certain road and street improvements located in economic development areas of 133rd and Wicker Avenue and Morse Street and 133rd Avenue.

The Town purchased 114 acres of land on October 16, 2007, for \$1,759,254.68 for the future site of the wastewater treatment plant.

TOWN OF CEDAR LAKE
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 8. Interfund Loans

Outstanding interfund loans at December 31, 2007:

Due to	Due From	Totals
Wastewater Utility – Cedar Lake Special Fund	General Fund	\$ 250,000.00
Cumulative Capital Improvement Fund	Corporation Bond and Interest Sinking Fund	19,897.47
Cumulative Capital Improvement Fund	Park District Bond Issue Fund	<u>10,002.91</u>
Total		<u>\$ 279,900.38</u>

Note 9. Wastewater Utility

The Towns of Cedar Lake and Lowell share equally in the usage and cost of the Lowell Wastewater Treatment Plant. Annually, the Town of Lowell engages an independent consultant to determine the percentage of each Town's usage. All operations and expenses of the plant are borne by the Town of Lowell. The Town of Cedar Lake makes monthly payments towards the operating costs, and pays one-half of all long-term debt of the Utility.

Note 10. Subsequent Events

On March 18, 2008, the Town awarded the capital improvement project phase I for street repair to Walsh & Kelly for \$933,360.78 to be paid from redevelopment bonds.

On August 12, 2008, the Town awarded the Meyer Manor Road Improvement Project to Walsh & Kelly for \$968,618.48, to be paid from the Storm Water Utility and Redevelopment Authority Bonds.

On August 21, 2008, the Town was reimbursed \$1,759,254.68 by the State of Indiana Costs Sharing for Cedar Lake Restoration Project Grant Agreement for the purchase of the 114 acres of land for the Wastewater Treatment Plant.

Note 11. Rate Structure – Enterprise Funds

Wastewater Utility

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

Storm Water Utility

The current rate structure was approved by the Town Council on June 5, 2007.

TOWN OF CEDAR LAKE
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
For The Year Ended December 31, 2007

Description of Asset	Ending Balance	Principal Due Within One Year
Governmental activities:		
Capital leases:		
Town Hall	\$ 340,000	\$ 35,000
2005 Police Squad Cars	32,616	15,772
Ambulance	73,882	19,569
Chrysler Charger	47,394	10,912
EMS Defibrillator	12,008	7,834
Paving Equipment	220,751	51,930
Konica Minolta Bizhub	13,617	4,048
2007 Park Dodge Dakota	9,697	4,583
Bonds payable:		
General obligation bonds:		
Park Acquisition Bond	104,000	12,000
2007 Redevelopment Lease Rental Bond	3,500,000	5,000
Redevelopment Bond Anticipation Note	1,100,000	1,100,000
2006 Redevelopment TIF Bond	<u>510,000</u>	<u>15,000</u>
Total governmental activities long-term debt	<u>\$ 5,963,965</u>	<u>\$ 1,281,648</u>
Business-type activities:		
Wastewater Utility:		
Loan payable:		
State Revolving Loan	\$ 2,231,000	\$ 19,000
Rural Development Loan	3,219,000	32,000
Revenue bonds:		
2007 Storm Water District Revenue Bonds	2,700,000	30,000
1995 Wastewater Improvement Bond	<u>1,153,000</u>	<u>105,000</u>
Total business-type activities long-term debt	<u>\$ 9,303,000</u>	<u>\$ 186,000</u>

TOWN OF CEDAR LAKE
OTHER REPORT

A report covering the period January 1, 2008 to December 31, 2009, was filed concurrent with this report and contains our audit results and comments.

TOWN OF CEDAR LAKE
EXIT CONFERENCE

The contents of this report were discussed on October 28, 2010, with Amy J. Sund, Clerk-Treasurer; Ian Nicolini, Town Administrator; Dennis Wilkening, President of the Town Council; and Jill Murr, Chief Deputy Clerk-Treasurer.