

B40560

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

TOWN OF SILVER LAKE  
KOSCIUSKO COUNTY, INDIANA

January 1, 2010 to December 31, 2011



**FILED**  
07/06/2012



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Angela M. Glass Tonya Conley	01-10-04 to 12-31-11 01-01-12 to 12-31-15
President of the Town Council	Linda G. Baker Chad Miner	01-01-10 to 12-31-11 01-01-12 to 12-31-12



**STATE OF INDIANA**  
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE TOWN OF SILVER LAKE, KOSCIUSKO COUNTY, INDIANA

We have audited the accompanying financial statements of the Town of Silver Lake (Town), for the years ended December 31, 2010 and 2011. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over reporting. Accordingly, we express no such opinion. 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 1, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the years ended December 31, 2010 and 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated June 20, 2012, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

Our audit was conducted for the purpose of forming an opinion on the Town's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the auditing procedures applied by us in the audit of the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Town's management, Town Council, others within the entity, 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

June 20, 2012



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

TO: THE OFFICIALS OF THE TOWN OF SILVER LAKE, KOSCIUSKO COUNTY, INDIANA

We have audited the financial statements of the Town of Silver Lake (Town), for the years ended December 31, 2010 and 2011, and have issued our report thereon dated June 20, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2011-1 to be material weaknesses.

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

Compliance and Other Matters

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

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

This report is intended solely for the information and use of the Town's management, Town Council, others within the entity, 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

June 20, 2012

## FINANCIAL STATEMENTS

The financial statements and accompanying notes were approved by management of the Town. The financial statements and notes are presented as intended by the Town.

TOWN OF SILVER LAKE  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2010

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 70,726	\$ 271,282	\$ 299,811	\$ 42,197
MVH	162,446	140,856	184,220	119,082
LRS	36,066	5,549	546	41,069
Law Enforcement Continuing Education	4,503	391	4,654	240
Rainy Day Fund	24,530	45,541	1,501	68,570
Police Donation	300	-	73	227
Cumulative Capital Development	10,546	2,991	4,322	9,215
C.E.D.I.T.	59,351	54,757	51,148	62,960
Cumulative Capital Improvement	5,551	1,599	1,768	5,382
Park Brownfield	2,200	-	-	2,200
Payroll	2,520	287,180	288,763	937
Sewage Operating	384,905	167,536	272,696	279,745
Sewage Bond And Interest	136,984	-	-	136,984
Sewage Improvement	56,934	14,870	11,856	59,948
Water Operating	10,859	176,248	233,452	(46,345)
Water Bond And Interest	55,695	80,400	73,874	62,221
Water Improvement	29,522	15,149	1,598	43,073
Water Customer Deposit	29,236	2,962	3,239	28,959
Water Debt Service	77,860	-	-	77,860
Totals	<u>\$ 1,160,734</u>	<u>\$ 1,267,311</u>	<u>\$ 1,433,521</u>	<u>\$ 994,524</u>

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

TOWN OF SILVER LAKE  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 42,197	\$ 1,217,791	\$ 1,144,428	\$ 115,560
MVH	119,082	77,852	70,159	126,775
LRS	41,069	5,411	3,919	42,561
Law Enforcement Continuing Education	240	964	372	832
Rainy Day Fund	68,570	-	17,005	51,565
Cumulative Capital Development	9,215	2,550	3,124	8,641
C.E.D.I.T.	62,960	29,043	68,294	23,709
Cumulative Capital Improvement	5,382	1,846	4,725	2,503
Police Donation	227	85	960	(648)
Park Brownfield	2,200	285	-	2,485
Payroll	937	275,997	274,030	2,904
Sewage Operating	279,745	183,947	316,298	147,394
Sewage Bond and Interest	136,984	-	-	136,984
Sewage Improvement	59,948	10,185	-	70,133
Water Operating	(46,345)	217,691	238,934	(67,588)
Water Bond and Interest	62,221	72,830	73,203	61,848
Water Improvement	43,073	10,710	11,630	42,153
Water Customer Deposit	28,959	1,763	1,163	29,559
Water Debt Service	77,860	-	350	77,510
Totals	<u>\$ 994,524</u>	<u>\$ 2,108,950</u>	<u>\$ 2,228,594</u>	<u>\$ 874,880</u>

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

TOWN OF SILVER LAKE  
NOTES TO FINANCIAL STATEMENTS

**Note 1. 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 some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statements present the financial information for the Town.

*B. Basis of Accounting*

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), 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 regulatory 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.

*C. Cash and Investments*

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

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

Licenses and permits which include amounts received from businesses, occupations, or non-businesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state,

TOWN OF SILVER LAKE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Penalties which include fees received for late payments.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies, which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

TOWN OF SILVER LAKE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

*F. Interfund Transfers*

The Town may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Town. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Town in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

TOWN OF SILVER LAKE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**Note 4. *Deposits and Investments***

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

**Note 5. *Risk Management***

The Town may be 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; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Town by recording as a disbursement any replacement items purchased.

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### SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's 2010 Annual Report can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

For additional financial information, the Town's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Town which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the Town. It is presented as intended by the Town.

TOWN OF SILVER LAKE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010

	General	MVH	LRS	Law Enforcement Continuing Education	Rainy Day Fund	Police Donation	Cumulative Capital Development	C.E.D.I.T.	Cumulative Capital Improvement	Park Brownfield
Cash and investments - beginning	\$ 70,726	\$ 162,446	\$ 36,066	\$ 4,503	\$ 24,530	\$ 300	\$ 10,546	\$ 59,351	\$ 5,551	\$ 2,200
Receipts:										
Taxes	141,907	105,139	-	-	-	-	2,674	-	-	-
Licenses and permits	40	-	-	-	-	-	-	-	-	-
Intergovernmental	117,896	27,750	5,549	-	-	-	317	38,002	1,599	-
Charges for services	519	-	-	198	-	-	-	-	-	-
Fines and forfeits	175	-	-	159	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-	-
Other receipts	10,745	7,967	-	34	45,541	-	-	16,755	-	-
Total receipts	271,282	140,856	5,549	391	45,541	-	2,991	54,757	1,599	-
Disbursements:										
Personal services	132,918	20,562	-	-	-	-	-	-	-	-
Supplies	9,653	21,333	546	800	-	73	-	-	-	-
Other services and charges	87,528	87,494	-	3,854	1,501	-	4,322	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-	-
Capital outlay	42,987	53,726	-	-	-	-	-	36,497	1,768	-
Utility operating expenses	-	-	-	-	-	-	-	-	-	-
Other disbursements	26,725	1,105	-	-	-	-	-	14,651	-	-
Total disbursements	299,811	184,220	546	4,654	1,501	73	4,322	51,148	1,768	-
Excess (deficiency) of receipts over disbursements	(28,529)	(43,364)	5,003	(4,263)	44,040	(73)	(1,331)	3,609	(169)	-
Cash and investments - ending	\$ 42,197	\$ 119,082	\$ 41,069	\$ 240	\$ 68,570	\$ 227	\$ 9,215	\$ 62,960	\$ 5,382	\$ 2,200

TOWN OF SILVER LAKE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Payroll	Sewage Operating	Sewage Bond And Interest	Sewage Improvement	Water Operating	Water Bond And Interest	Water Improvement	Water Customer Deposit	Water Debt Service	Totals
Cash and investments - beginning	\$ 2,520	\$ 384,905	\$ 136,984	\$ 56,934	\$ 10,859	\$ 55,695	\$ 29,522	\$ 29,236	\$ 77,860	\$ 1,160,734
Receipts:										
Taxes	-	-	-	-	-	-	-	-	-	249,720
Licenses and permits	-	-	-	-	-	-	-	-	-	40
Intergovernmental	-	-	-	-	-	-	-	-	-	191,113
Charges for services	-	-	-	-	-	-	-	-	-	717
Fines and forfeits	-	-	-	-	-	-	-	-	-	334
Utility fees	-	156,428	-	-	167,568	-	-	2,962	-	326,958
Other receipts	287,180	11,108	-	14,870	8,680	80,400	15,149	-	-	498,429
Total receipts	287,180	167,536	-	14,870	176,248	80,400	15,149	2,962	-	1,267,311
Disbursements:										
Personal services	-	-	-	-	-	-	-	-	-	153,480
Supplies	-	-	-	-	-	-	-	-	-	32,405
Other services and charges	-	-	-	-	-	-	-	-	-	184,699
Debt service - principal and interest	-	-	-	-	-	73,874	-	-	-	73,874
Capital outlay	-	5,792	-	-	3,065	-	-	-	-	143,835
Utility operating expenses	-	245,840	-	11,856	123,335	-	1,598	1,511	-	384,140
Other disbursements	288,763	21,064	-	-	107,052	-	-	1,728	-	461,088
Total disbursements	288,763	272,696	-	11,856	233,452	73,874	1,598	3,239	-	1,433,521
Excess (deficiency) of receipts over disbursements	(1,583)	(105,160)	-	3,014	(57,204)	6,526	13,551	(277)	-	(166,210)
Cash and investments - ending	\$ 937	\$ 279,745	\$ 136,984	\$ 59,948	\$ (46,345)	\$ 62,221	\$ 43,073	\$ 28,959	\$ 77,860	\$ 994,524

TOWN OF SILVER LAKE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011

	General	MVH	LRS	Law Enforcement Continuing Education	Rainy Day Fund	Cumulative Capital Development	C.E.D.I.T.	Cumulative Capital Improvement	Police Donation	Park Brownfield
Cash and investments - beginning	\$ 42,197	\$ 119,082	\$ 41,069	\$ 240	\$ 68,570	\$ 9,215	\$ 62,960	\$ 5,382	\$ 227	\$ 2,200
Receipts:										
Taxes	186,425	70,070	-	-	-	2,419	-	-	-	-
Licenses and permits	-	-	-	300	-	-	-	-	-	-
Intergovernmental	1,004,863	4,957	5,411	-	-	131	28,043	1,568	-	-
Charges for services	581	1,934	-	-	-	-	-	-	-	10
Fines and forfeits	50	-	-	285	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-	-	-
Other receipts	25,872	891	-	379	-	-	1,000	278	85	275
Total receipts	<u>1,217,791</u>	<u>77,852</u>	<u>5,411</u>	<u>964</u>	<u>-</u>	<u>2,550</u>	<u>29,043</u>	<u>1,846</u>	<u>85</u>	<u>285</u>
Disbursements:										
Personal services	133,060	18,533	-	-	-	-	-	-	-	-
Supplies	13,961	15,676	1,994	-	-	-	-	542	541	-
Other services and charges	130,304	31,361	1,925	-	4,942	3,124	3,090	4,183	419	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-	-
Capital outlay	860,848	4,186	-	372	12,063	-	65,204	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-	-
Other disbursements	6,255	403	-	-	-	-	-	-	-	-
Total disbursements	<u>1,144,428</u>	<u>70,159</u>	<u>3,919</u>	<u>372</u>	<u>17,005</u>	<u>3,124</u>	<u>68,294</u>	<u>4,725</u>	<u>960</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>73,363</u>	<u>7,693</u>	<u>1,492</u>	<u>592</u>	<u>(17,005)</u>	<u>(574)</u>	<u>(39,251)</u>	<u>(2,879)</u>	<u>(875)</u>	<u>285</u>
Cash and investments - ending	<u>\$ 115,560</u>	<u>\$ 126,775</u>	<u>\$ 42,561</u>	<u>\$ 832</u>	<u>\$ 51,565</u>	<u>\$ 8,641</u>	<u>\$ 23,709</u>	<u>\$ 2,503</u>	<u>\$ (648)</u>	<u>\$ 2,485</u>

TOWN OF SILVER LAKE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Payroll	Sewage Operating	Sewage Bond and Interest	Sewage Improvement	Water Operating	Water Bond and Interest	Water Improvement	Water Customer Deposit	Water Debt Service	Totals
Cash and investments - beginning	\$ 937	\$ 279,745	\$ 136,984	\$ 59,948	\$ (46,345)	\$ 62,221	\$ 43,073	\$ 28,959	\$ 77,860	\$ 994,524
Receipts:										
Taxes	-	-	-	-	-	-	-	-	-	258,914
Licenses and permits	-	-	-	-	-	-	-	-	-	300
Intergovernmental	-	12,170	-	-	-	-	-	-	-	1,057,143
Charges for services	-	-	-	-	-	-	-	-	-	2,525
Fines and forfeits	-	-	-	-	-	-	-	-	-	335
Utility fees	-	150,629	-	-	195,212	-	-	1,763	-	347,604
Penalties	-	5,472	-	-	13,284	-	-	-	-	18,756
Other receipts	275,997	15,676	-	10,185	9,195	72,830	10,710	-	-	423,373
Total receipts	275,997	183,947	-	10,185	217,691	72,830	10,710	1,763	-	2,108,950
Disbursements:										
Personal services	273,010	-	-	-	-	-	-	-	-	424,603
Supplies	-	-	-	-	-	-	-	-	-	32,714
Other services and charges	-	-	-	-	-	-	-	-	-	179,348
Debt service - principal and interest	-	-	-	-	-	73,203	-	-	-	73,203
Capital outlay	-	114,280	-	-	21,283	-	11,630	-	-	1,089,866
Utility operating expenses	-	184,987	-	-	106,286	-	-	731	-	292,004
Other disbursements	1,020	17,031	-	-	111,365	-	-	432	350	136,856
Total disbursements	274,030	316,298	-	-	238,934	73,203	11,630	1,163	350	2,228,594
Excess (deficiency) of receipts over disbursements	1,967	(132,351)	-	10,185	(21,243)	(373)	(920)	600	(350)	(119,644)
Cash and investments - ending	\$ 2,904	\$ 147,394	\$ 136,984	\$ 70,133	\$ (67,588)	\$ 61,848	\$ 42,153	\$ 29,559	\$ 77,510	\$ 874,880

TOWN OF SILVER LAKE  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2011

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	\$ 18,063	\$ 9,520
Wastewater	3,777	11,348
Water	8,835	10,076
Totals	\$ 30,675	\$ 30,944

TOWN OF SILVER LAKE  
SCHEDULE OF LEASES AND DEBT  
December 31, 2011

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: CARDINAL OFFICE PRODUCTS	COPY FAX PRINTER	<u>\$ 2,327</u>	03-01-08	03-01-13

  

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose	
Governmental activities: Lease/purchase	FIRE STATION	<u>\$ 92,690</u> <u>\$ 26,098</u>
Water: Notes and loans payable	USDA RURAL DEVELOPMENT	756,000    49,910
Notes and loans payable	LAKE CITY BANK	<u>150,000</u> <u>27,200</u>
Total Water		<u>906,000</u> <u>77,110</u>
Totals		<u>\$ 998,690</u> <u>\$ 103,208</u>

TOWN OF SILVER LAKE  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2011

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance
Governmental activities:	
Land	\$ 72,037
Infrastructure	42,754
Buildings	634,229
Improvements other than buildings	991,855
Machinery, equipment and vehicles	323,960
Construction in progress	8,145
Books and other	16,858
Total governmental activities	2,089,838
Wastewater:	
Land	333,000
Infrastructure	3,242,742
Buildings	571,889
Improvements other than buildings	6,269
Machinery, equipment and vehicles	294,630
Books and other	9,842
Total Wastewater	4,458,372
Water:	
Land	24,985
Infrastructure	4,244,716
Buildings	205,564
Improvements other than buildings	22,141
Machinery, equipment and vehicles	309,329
Books and other	9,842
Total Water	4,816,577
Total capital assets	\$ 11,364,787

TOWN OF SILVER LAKE  
AUDIT RESULTS AND COMMENTS

***OVERDRAWN FUND BALANCES***

The Water Operating Fund was overdrawn in 2010 and 2011. The Police Donation Fund was overdrawn in 2011.

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***HYDRANT RENTAL***

The Town of Silver Lake owes the Water Utility hydrant rental of \$33,400 for the year 2010, pursuant to Rate Ordinance 98-10-03 passed by the Town Council on the 28th day of October 1998.

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)

***PENALTIES, INTEREST, AND OTHER CHARGES***

Penalties and interest totaling \$84.45 were paid to the Lake City Bank in 2011 for credit card payments made after the due date.

Penalties and interest totaling \$462.86 were paid to the Indiana Department of Revenue for four instances of late payment of state and local payroll taxes.

Penalties and interest totaling \$365.71 were paid to the Indiana Department of Revenue for four instances of late payment of sales tax.

Penalties and interest totaling \$794.16 were paid to the Internal Revenue Service for two instances of late payment of federal payroll taxes.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit. Additionally officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***APPROPRIATIONS***

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

TOWN OF SILVER LAKE  
AUDIT RESULTS AND COMMENTS  
(Continued)

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
MVH	2010	<u>\$ 7,788</u>

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

**CONDITION OF RECORDS**

We noted the following deficiencies relating to the recordkeeping during our period of audit:

1. Record balances were not reconciled to depository balances during the two year period.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

2. There were a considerable number of posting errors. These errors included deposits not receipted, checks and receipts not recorded in the proper amounts, electronic payments not posted, and other electronic payments posted twice.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

3. There was no detail provided for the balance in the Payroll Fund, and the fund balance could not be identified.
4. The customer deposit register was not reconciled to the fund ledger. The customer deposit fund balance exceeded the total account balances in the customer deposit register by \$636.33 at December 31, 2011.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

5. Important items of business were not recorded in the official minutes. These items included the final decision to award the contract for the storm water project, approval of additional appropriations resolutions, approval of contract change orders, and annual determination of the Town's contribution percentage to the employees' deferred compensation plans.

Indiana Code 5-14-1.5-4(b) states:

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

TOWN OF SILVER LAKE  
AUDIT RESULTS AND COMMENTS  
(Continued)

- (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 taken, by individual members if there is a roll call."

***BANK ACCOUNT RECONCILIATIONS***

Depository reconciliations of the fund balances to the bank account balances were not presented for audit. In order to provide the Clerk-Treasurer taking office on January 1, 2012, with reconciled fund balances, the fund balances of the General Fund, MVH Fund, Water Operating Fund, and Wastewater Operating Fund required adjustments of a \$464 decrease, \$12 increase, \$6,693 decrease, and \$719 decrease, respectively.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***OFFICIAL BOND***

The official bond of the former Clerk-Treasurer for the four year term ending December 31, 2011, was not filed in the Office of the County Recorder. The official bonds of both the former and current Clerk-Treasurer are for the penal sum of \$15,000.

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

Indiana Code 5-4-1-18(c)(2) regarding the bonds of town clerk-treasurers states in part: "The amount may not be less than thirty thousand dollars (\$30,000) . . ."

***INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING***

We noted several deficiencies in the internal control system of the Town related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the Town to reduce risks to achievement of financial reporting objectives. The Town has not separated incompatible activities related to receipts, (utility billings and collections,) disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to occur undetected.

TOWN OF SILVER LAKE  
AUDIT RESULTS AND COMMENTS  
(Continued)

2. **Preparing Financial Statements:** Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Town's audited financial statements and then determining how those identified risks should be managed. The Town has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements.
3. **Monitoring of Controls:** Effective internal control over financial reporting requires the Town Council to monitor and assess the quality of the Town's system of internal control. The Town Council has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the Town at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objections, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE TOWN OF SILVER LAKE, KOSCIUSKO COUNTY, INDIANA

Compliance

We have audited the compliance of the Town of Silver 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 its major federal program for the years ended December 31, 2010 and 2011. The Town's major federal program is 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 its major federal program is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether 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 its major federal program for the years ended December 31, 2010 and 2011.

Internal Control Over Compliance

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

This report is intended solely for the information and use of the Town's management, Town Council, others within the entity, 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

June 20, 2012

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#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying note presented were approved by management of the Town. The schedule and note are presented as intended by the Town.

TOWN OF SILVER LAKE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For The Years Ended December 31, 2010 and 2011

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 12-31-10	Total Federal Awards Expended 12-31-11
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Indiana Office of Community and Rural Affairs				
CDBG - State-Administered CDBG Cluster				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228			
Storm water Project		DR2-09-115	\$ -	\$ 830,971

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

TOWN OF SILVER 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 Silver Lake (Town) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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

TOWN OF SILVER 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?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Programs:

\_\_\_\_\_  
Name of Federal Program or Cluster

CDBG – State Administered CDBG Cluster

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

Auditee qualified as low-risk auditee? no

**Section II – Financial Statement Findings**

**FINDING 2011-1 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING**

We noted several deficiencies in the internal control system of the Town related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the Town to reduce risks to the achievement of financial reporting objectives. The Town has not separated incompatible activities related to receipts, (utility billings and collections,) disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

TOWN OF SILVER LAKE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2. **Preparing Financial Statements:** Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Town's audited financial statements and then determining how those identified risks should be managed. The Town has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements.
3. **Monitoring of Controls:** Effective internal control over financial reporting requires the Town Council to monitor and assess the quality of the Town's system of internal control. The Town Council has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the Town at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner.

The Accounting and Uniform Compliance Guidelines Manual for Cities and Towns – State of Indiana, Chapter 7 states in part:

"Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objections, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making."

We recommended that the Town officials take the following steps: (1) Identify and assess the risks of material misstatement of the Town's audited financial statements and the risks related to the safeguarding of assets; (2) Develop and implement policies and control procedures designed to minimize the risks identified; (3) Monitor the performance and effectiveness of the controls implemented; and (4) Document the policies and procedures implemented.

***Section III – Federal Award Findings and Questioned Costs***

No matters are reportable.

TOWN OF SILVER LAKE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



## Town of Silver Lake

### FEDERAL FINDING 2011-1, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

The management of the Town of Silver Lake has reviewed the Financial Statement Findings related to their audit for the years 2010 and 2011 and we offer the following corrective actions;

Lack of Segregation of Duties-The Clerk-Treasurer's Office will review their office procedures and attempt to assign duties such that there will be as much segregation of incompatible activities as is practical. In addition, the employees will cross perform certain duties particularly when an employee is on vacation. However, the town is a very small governmental unit and management has determined the cost associated with employing the additional staff necessary to properly segregate the duties in the business office would outweigh the benefits of a stronger internal control structure. Management acknowledges and assumes the risk inherent with the current design of their business office.

Sincerely,

  
Silver Lake Clerk-Treasurer

PO Box 159  
604 N. Jefferson St.  
Silver Lake, IN 46982  
260-352-2120 Office  
260-352-2035 Fax  
[tconley@townofsilverlake.com](mailto:tconley@townofsilverlake.com)

TOWN OF SILVER LAKE  
EXIT CONFERENCE

The contents of this report were discussed on June 20, 2012, with Tonya Conley, Clerk-Treasurer and Chad Miner, President of the Town Council. The officials concurred with our audit findings.