

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

TOWN OF CEDAR LAKE  
LAKE COUNTY, INDIANA

January 1, 2012 to December 31, 2013



**FILED**  
06/05/2015



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#### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Amy J. Gross	01-01-12 to 12-31-15
President of the Town Council	Randall Niemeyer	01-01-12 to 12-31-15



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

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

***Report on the Financial Statement***

We have audited the accompanying financial statement of the Town of Cedar Lake (Town), which comprises the financial position and results of operations for the period of January 1, 2012 to December 31, 2013, and the related notes to the financial statement.

***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statement in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As discussed in Note 1 of the financial statement, the Town prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the period of January 1, 2012 to December 31, 2013.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Town for the period of January 1, 2012 to December 31, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated April 16, 2015, 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* in considering the Town's internal control over financial reporting and compliance.


***Accompanying Information***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the Town's financial statement. 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 statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement 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 statement. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

  
Paul D. Joyce, CPA  
State Examiner

April 16, 2015



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

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

We have audited, 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, the financial statement of the Town of Cedar Lake (Town), which comprises the financial position and results of operations for the period of January 1, 2012 to December 31, 2013, and the related notes to the financial statement, and have issued our report thereon dated April 16, 2015, wherein we noted the Town followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statement, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not 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 statement 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 items 2013-001 and 2013-002 to be material weaknesses.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
(Continued)

***Compliance and Other Matters***

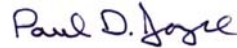
As part of obtaining reasonable assurance about whether the Town's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001.

***Town of Cedar Lake's Response to Findings***

The Town's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

April 16, 2015

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

TOWN OF CEDAR LAKE  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended December 31, 2012 and 2013

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12	Receipts	Disbursements	Cash and Investments 12-31-13
GENERAL FUND	\$ 1,120,650	\$ 3,163,270	\$ 3,444,296	\$ 839,624	\$ 3,440,888	\$ 3,266,851	\$ 1,013,661
MOTOR VEHICLE HIGHWAY	79,543	310,067	281,057	108,553	348,007	259,103	197,457
LOCAL ROAD & STREET	44,964	125,715	104,380	66,299	133,749	98,002	102,046
PARK & REC N/R OPERATING	31,752	20,941	19,960	32,733	20,976	22,270	31,439
E.D. TOURISM GRANT FUND	-	9,450	9,450	-	4,725	4,725	-
GARBAGE	327,322	882,132	744,951	464,503	905,317	898,518	471,302
LEEF	31,708	26,473	39,167	19,014	36,181	39,801	15,394
CASINO GAMING FUND	339,515	237,906	106,071	471,350	338,362	286,525	523,187
RAINY DAY FUND	34,081	20,336	8,200	46,217	-	27,733	18,484
ASSET SEIZURE FUND	5,580	-	-	5,580	-	-	5,580
LEVY EXCESS FUND	6,847	-	-	6,847	-	-	6,847
CUMULATIVE CAP IMPROVE	23,736	30,660	35,182	19,214	32,175	30,956	20,433
CCDF	455,922	181,993	289,707	348,208	179,084	250,584	276,708
2013 RDA CONSTRUCTION FUND	-	-	-	-	2,784,682	657,432	2,127,250
POLICE NON-REVERTING	28,893	45,527	17,442	56,978	41,431	60,799	37,610
RDC BOND PROCEEDS	744,376	-	401,835	342,541	26,049	368,590	-
AMBULANCE N/R CAPITAL	12,883	25,138	21,060	16,961	24,240	32,174	9,027
REDEV:TIF - WKR/133 ALLOC	227,681	931,896	317,070	842,507	1,158,269	855,855	1,144,921
PARK IMPACT FEE	-	54,851	-	54,851	85,707	-	140,558
METRO POLICE PENSION FUND	296,562	106,252	102,019	300,795	206,414	202,772	304,437
ALL TOWN FUNDS INVESTMENT	-	2,002,956	2,002,956	-	1,001,347	1,000,000	1,347
2011 A&B RDA BONDS	-	757,794	660,000	97,794	640,569	327,000	411,363
SVT LLC PROJECT FUND	-	737,948	85,750	652,198	193	652,383	8
SVT LLC CAPITALIZED INTEREST	-	62,117	4,222	57,895	16	40,000	17,911
SVT LLC BOND FUND	-	2,111	-	2,111	1	-	2,112
2011 RDA DEBT SERVICE	-	-	-	-	-	-	-
CHASE HY SAVINGS	7,963	730	8,693	-	-	-	-
CENTIER INVESTMENT	-	-	-	-	-	-	-
FEE OFFSET ACCOUNT	-	-	-	-	400,000	-	400,000
2013 RDA BONDS	-	-	-	-	26,010	-	26,010
2013 RDA DEBT SERVICE RESERVE	-	-	-	-	197,613	-	197,613
GENERAL FUND N/R DONATION	3,467	6,050	3,829	5,688	42,245	43,213	4,720
L.C. SOLID WASTE GRANT	26,365	94,398	64,256	56,507	60,238	58,155	58,590
POLICE ASSET FORFEITURE	5,629	-	1,245	4,384	-	550	3,834
DARE PROGRAM	8,380	7,875	9,466	6,789	10,217	8,713	8,293
POLICE GRANTS	3,852	15,784	14,080	5,556	2,064	7,620	-
TOWN HALL DEBT SERVICE	29,117	55,724	59,000	25,841	58,354	57,000	27,195
PARK DISTRICT BOND ISSUE	2,297	-	-	2,297	-	-	2,297
CLUBHOUSE NON-REVERTING	10,825	8,272	920	18,177	8,671	2,534	24,314
REDEV DIST - GENERAL	54,790	29,923	10,232	74,481	55,561	28,526	101,516
RDC CAPITAL PROJECTS FUND	8,385	-	-	8,385	-	-	8,385

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

TOWN OF CEDAR LAKE  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended December 31, 2012 and 2013  
(Continued)

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12	Receipts	Disbursements	Cash and Investments 12-31-13
RDC DEBT SERVICE RESERVE	46,706	-	-	46,706	-	-	46,706
RDA 2007 BOND	48,745	4	-	48,749	293,090	341,839	-
RDA LEASE RENTAL BONDS	91,900	686,409	408,601	369,708	262,353	291,745	340,316
RDC DEBT SERVICE	94,727	317,070	300,125	111,672	272,344	271,344	112,672
RDA 2011A BOND	460,615	276,196	728,095	8,716	-	274	8,442
RDA 2011B BOND	1,262,854	12,241	1,272,906	2,189	-	2,189	-
NET WAGE CLEARING ACCOUNT	1,061	2,000	1,524	1,537	2,000	1,536	2,001
PAYROLL	40,616	3,464,270	3,489,077	15,809	2,909,794	2,900,161	25,442
CASH BOND ESCROW	477,389	42,901	255,361	264,929	122,589	114,089	273,429
CLEA - BUILD INDIANA	194	-	-	194	-	-	194
DSB-STORM WATER OPER	164,519	813,875	691,980	286,414	719,488	670,777	335,125
DSB-STORM BOND PROCEEDS	2,868	-	-	2,868	-	2,868	-
STORM WATER INVESTMENT	-	250,348	250,348	-	200,269	-	200,269
DSB-STORM DEBT SERVICE	96,539	377,173	382,573	91,139	206,853	205,385	92,607
DSB-STORM DEBT RESERVE	216,470	-	-	216,470	-	-	216,470
DSB-STORM CAP CONST	216,132	-	23,252	192,880	108,066	21,479	279,467
DSB-WW OPERATING	1,436,121	4,039,339	4,313,928	1,161,532	3,889,312	4,432,660	618,184
DSB-WW DEVELOPMENT	1,626,466	108,380	-	1,734,846	115,310	-	1,850,156
WASTEWATER INVESTMENT	-	3,004,347	3,004,347	-	2,002,694	-	2,002,694
SEWER SINKING INVESTMENT	-	250,348	250,348	-	600,808	-	600,808
SEWER SINKING ACCOUNT	481,329	750,205	526,040	705,494	709,290	481,933	932,851
SEWER SINKING RESERVE	489,633	-	-	489,633	-	-	489,633
DSB-WW DEPRECIATION	199,115	28,500	65,329	162,286	18,000	60,042	120,244
DSB-WWTP SPECIAL	3,810,980	4,153,040	3,630,536	4,333,484	842,860	1,248,164	3,928,180
DSB-WATER UTILITY OPER	413,286	4,347,984	4,581,359	179,911	873,204	831,399	221,716
DSB-WATER UTILITY DEPOSIT	5,403	4,536	3,816	6,123	5,328	4,320	7,131
DSB-WATER DEBT SERVICE	26,018	337,236	343,145	20,109	370,591	370,591	20,109
WATER INVESTMENT	-	300,435	300,435	-	100,135	-	100,135
WATER BOND 2010B	606	68,919	-	69,525	84,108	147,118	6,515
SRF B&I PAYMENT	139,955	145,510	37,256	248,209	316,160	260,155	304,214
SRFDW DEBT SERVICE RESERVE	-	27,881	-	27,881	51,614	-	79,495
WATER DEPRECIATION	-	-	-	-	8,001	-	8,001
DSB-WATER DEVELOPMENT	100,081	14,960	-	115,041	28,606	-	143,647
DSB-WATER BAN PROCEEDS	66,658	-	66,658	-	-	-	-
UTILITY CLEARING ACCOUNT	70,576	1,338,355	1,319,510	89,421	307,755	303,289	93,887
RDA 2011 SINKING	-	660,000	330,000	330,000	336,365	666,365	-
RDA 2011 OPERATING & RESERVE	-	14,327	-	14,327	3,212	9,365	8,174
RDA 2013 BOND AND INTEREST	-	-	-	-	30,001	-	30,001
Totals	\$ 16,060,647	\$ 35,791,078	\$ 35,443,045	\$ 16,408,680	\$ 28,059,555	\$ 23,227,471	\$ 21,240,764

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

TOWN OF CEDAR LAKE  
NOTES TO FINANCIAL STATEMENT

**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 statement presents the financial information for the Town.

**B. Basis of Accounting**

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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 statement. The aggregate receipts 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 nonbusinesses 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.

TOWN OF CEDAR LAKE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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, 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.

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 statement. The aggregate disbursements 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.

TOWN OF CEDAR LAKE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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 CEDAR LAKE  
NOTES TO FINANCIAL STATEMENT  
(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 statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

**Note 6. *Pension Plans***

*A. Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing 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 Indiana Public Retirement System (INPRS) 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 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS 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:

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

TOWN OF CEDAR LAKE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy and Annual Pension Cost*

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

*B. 1925 Police Officers' Pension Plan*

*Plan Description*

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

*Funding Policy*

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

*On Behalf Payments*

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

*C. 1977 Police Officers' and Firefighters' Pension and Disability Fund*

*Plan Description*

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS) 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 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

INPRS 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:

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy*

The contribution requirements of plan members and the Town are established by the Board of Trustees of INPRS.

#### SUPPLEMENTARY INFORMATION - UNAUDITED

For additional financial information, the Town's 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 statement 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 CEDAR LAKE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2012

	GENERAL FUND	MOTOR VEHICLE HIGHWAY	LOCAL ROAD & STREET	PARK & REC N/R OPERATING	E.D. TOURISM GRANT FUND	GARBAGE	LEEF	CASINO GAMING FUND	RAINY DAY FUND	ASSET SEIZURE FUND
Cash and investments - beginning	\$ 1,120,650	\$ 79,543	\$ 44,964	\$ 31,752	\$ -	\$ 327,322	\$ 31,708	\$ 339,515	\$ 34,081	\$ 5,580
Receipts:										
Taxes	1,892,285	-	-	-	9,450	-	-	-	-	-
Licenses and permits	526,889	250	-	-	-	-	6,160	-	-	-
Intergovernmental	189,381	292,669	124,173	-	-	-	-	162,148	-	-
Charges for services	271,000	-	-	18,837	-	-	1,950	-	-	-
Fines and forfeits	58,154	-	-	-	-	-	17,753	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-	-
Other receipts	225,561	17,148	1,542	2,104	-	882,132	610	75,758	20,336	-
Total receipts	3,163,270	310,067	125,715	20,941	9,450	882,132	26,473	237,906	20,336	-
Disbursements:										
Personal services	2,075,428	210,415	-	6,575	-	-	-	-	-	-
Supplies	102,348	31,153	104,380	7,642	-	-	2,396	-	-	-
Other services and charges	1,073,697	9,624	-	1,757	9,450	-	13,249	32,470	8,200	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-	-
Capital outlay	2,120	13,651	-	3,336	-	-	16,059	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-	-
Other disbursements	190,703	16,214	-	650	-	744,951	7,463	73,601	-	-
Total disbursements	3,444,296	281,057	104,380	19,960	9,450	744,951	39,167	106,071	8,200	-
Excess (deficiency) of receipts over disbursements	(281,026)	29,010	21,335	981	-	137,181	(12,694)	131,835	12,136	-
Cash and investments - ending	\$ 839,624	\$ 108,553	\$ 66,299	\$ 32,733	\$ -	\$ 464,503	\$ 19,014	\$ 471,350	\$ 46,217	\$ 5,580

TOWN OF CEDAR LAKE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2012  
(Continued)

	LEVY EXCESS FUND	CUMULATIVE CAP IMPROVE	CCDF	2013 RDA CONSTRUCTION FUND	POLICE NON-REVERTING	RDC BOND PROCEEDS	AMBULANCE N/R CAPITAL	REDEV:TIF - WKR/133 ALLOC	PARK IMPACT FEE	METRO POLICE PENSION FUND
Cash and investments - beginning	\$ 6,847	\$ 23,736	\$ 455,922	\$ -	\$ 28,893	\$ 744,376	\$ 12,883	\$ 227,681	\$ -	\$ 296,562
Receipts:										
Taxes	-	-	149,088	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	30,660	11,845	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	21,060	-	45,527	-	25,138	931,896	54,851	106,252
Total receipts	-	30,660	181,993	-	45,527	-	25,138	931,896	54,851	106,252
Disbursements:										
Personal services	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	19,572	-	-	-	253,135	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	15,610	268,647	-	-	148,700	21,060	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-	-
Other disbursements	-	-	21,060	-	17,442	-	-	317,070	-	102,019
Total disbursements	-	35,182	289,707	-	17,442	401,835	21,060	317,070	-	102,019
Excess (deficiency) of receipts over disbursements	-	(4,522)	(107,714)	-	28,085	(401,835)	4,078	614,826	54,851	4,233
Cash and investments - ending	\$ 6,847	\$ 19,214	\$ 348,208	\$ -	\$ 56,978	\$ 342,541	\$ 16,961	\$ 842,507	\$ 54,851	\$ 300,795

TOWN OF CEDAR LAKE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2012  
(Continued)

	ALL TOWN FUNDS INVESTMENT	2011 A&B RDA BONDS	SVT LLC PROJECT FUND	SVT LLC CAPITALIZED INTEREST	SVT LLC BOND FUND	2011 RDA DEBT SERVICE	CHASE HY SAVINGS	CENTIER INVESTMENT	FEE OFFSET ACCOUNT	2013 RDA BONDS
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,963	\$ -	\$ -	\$ -
Receipts:										
Taxes	-	690,503	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	67,291	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-	-
Other receipts	2,002,956	-	737,948	62,117	2,111	-	730	-	-	-
Total receipts	2,002,956	757,794	737,948	62,117	2,111	-	730	-	-	-
Disbursements:										
Personal services	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	660,000	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-	-
Other disbursements	2,002,956	-	85,750	4,222	-	-	8,693	-	-	-
Total disbursements	2,002,956	660,000	85,750	4,222	-	-	8,693	-	-	-
Excess (deficiency) of receipts over disbursements	-	97,794	652,198	57,895	2,111	-	(7,963)	-	-	-
Cash and investments - ending	\$ -	\$ 97,794	\$ 652,198	\$ 57,895	\$ 2,111	\$ -	\$ -	\$ -	\$ -	\$ -

TOWN OF CEDAR LAKE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2012  
(Continued)

	2013 RDA DEBT SERVICE RESERVE	GENERAL FUND N/R DONATION	L.C. SOLID WASTE GRANT	POLICE ASSET FORFEITURE	DARE PROGRAM	POLICE GRANTS	TOWN HALL DEBT SERVICE	PARK DISTRICT BOND ISSUE	CLUBHOUSE NON-REVERTING	REDEV DIST - GENERAL
Cash and investments - beginning	\$ -	\$ 3,467	\$ 26,365	\$ 5,629	\$ 8,380	\$ 3,852	\$ 29,117	\$ 2,297	\$ 10,825	\$ 54,790
Receipts:										
Taxes	-	-	-	-	-	-	51,723	-	-	27,180
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	4,001	-	-	2,159
Charges for services	-	-	-	-	-	-	-	-	7,924	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-	-
Other receipts	-	6,050	94,398	-	7,875	15,784	-	-	348	584
Total receipts	-	6,050	94,398	-	7,875	15,784	55,724	-	8,272	29,923
Disbursements:										
Personal services	-	-	46,367	-	-	12,051	-	-	-	3,443
Supplies	-	-	9,964	-	-	-	-	-	-	-
Other services and charges	-	-	3,743	265	-	-	-	-	-	6,161
Debt service - principal and interest	-	-	-	-	-	-	59,000	-	-	-
Capital outlay	-	-	-	980	-	-	-	-	572	-
Utility operating expenses	-	-	-	-	-	-	-	-	-	-
Other disbursements	-	3,829	4,182	-	9,466	2,029	-	-	348	628
Total disbursements	-	3,829	64,256	1,245	9,466	14,080	59,000	-	920	10,232
Excess (deficiency) of receipts over disbursements	-	2,221	30,142	(1,245)	(1,591)	1,704	(3,276)	-	7,352	19,691
Cash and investments - ending	\$ -	\$ 5,688	\$ 56,507	\$ 4,384	\$ 6,789	\$ 5,556	\$ 25,841	\$ 2,297	\$ 18,177	\$ 74,481

TOWN OF CEDAR LAKE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2012  
(Continued)

	RDC CAPITAL PROJECTS FUND	RDC DEBT SERVICE RESERVE	RDA 2007 BOND	RDA LEASE RENTAL BONDS	RDC DEBT SERVICE	RDA 2011A BOND	RDA 2011B BOND	NET WAGE CLEARING ACCOUNT	PAYROLL	CASH BOND ESCROW
Cash and investments - beginning	\$ 8,385	\$ 46,706	\$ 48,745	\$ 91,900	\$ 94,727	\$ 460,615	\$ 1,262,854	\$ 1,061	\$ 40,616	\$ 477,389
Receipts:										
Taxes	-	-	-	580,004	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	32,804	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	4	73,601	317,070	276,196	12,241	2,000	3,464,270	42,901
Total receipts	-	-	4	686,409	317,070	276,196	12,241	2,000	3,464,270	42,901
Disbursements:										
Personal services	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	29,694	103,041	-	-	-
Debt service - principal and interest	-	-	-	335,000	225,344	-	-	-	-	-
Capital outlay	-	-	-	-	-	422,479	1,159,814	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	73,601	74,781	275,922	10,051	1,524	3,489,077	255,361
Total disbursements	-	-	-	408,601	300,125	728,095	1,272,906	1,524	3,489,077	255,361
Excess (deficiency) of receipts over disbursements	-	-	4	277,808	16,945	(451,899)	(1,260,665)	476	(24,807)	(212,460)
Cash and investments - ending	\$ 8,385	\$ 46,706	\$ 48,749	\$ 369,708	\$ 111,672	\$ 8,716	\$ 2,189	\$ 1,537	\$ 15,809	\$ 264,929



TOWN OF CEDAR LAKE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2012  
(Continued)

	CLEA - BUILD INDIANA	DSB-STORM WATER OPER	DSB-STORM BOND PROCEEDS	STORM WATER INVESTMENT	DSB-STORM DEBT SERVICE	DSB-STORM DEBT RESERVE	DSB-STORM CAP CONST	DSB-WW OPERATING	DSB-WW DEVELOPMENT	WASTEWATER INVESTMENT
Cash and investments - beginning	\$ 194	\$ 164,519	\$ 2,868	\$ -	\$ 96,539	\$ 216,470	\$ 216,132	\$ 1,436,121	\$ 1,626,466	\$ -
Receipts:										
Taxes	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Utility fees	-	398,249	-	-	-	-	-	2,477,805	108,380	-
Other receipts	-	415,626	-	250,348	377,173	-	-	1,561,534	-	3,004,347
Total receipts	-	813,875	-	250,348	377,173	-	-	4,039,339	108,380	3,004,347
Disbursements:										
Personal services	-	160,558	-	-	-	-	-	310,395	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	204,484	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	14,977	-	-	-	-	-	31,858	-	-
Utility operating expenses	-	80,519	-	-	-	-	-	1,925,730	-	-
Other disbursements	-	435,926	-	250,348	382,573	-	23,252	1,841,461	-	3,004,347
Total disbursements	-	691,980	-	250,348	382,573	-	23,252	4,313,928	-	3,004,347
Excess (deficiency) of receipts over disbursements	-	121,895	-	-	(5,400)	-	(23,252)	(274,589)	108,380	-
Cash and investments - ending	\$ 194	\$ 286,414	\$ 2,868	\$ -	\$ 91,139	\$ 216,470	\$ 192,880	\$ 1,161,532	\$ 1,734,846	\$ -

TOWN OF CEDAR LAKE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2012  
(Continued)

	SEWER SINKING INVESTMENT	SEWER SINKING ACCOUNT	SEWER SINKING RESERVE	DSB-WW DEPRECIATION	DSB-WWTP SPECIAL	DSB-WATER UTILITY OPER	DSB-WATER UTILITY DEPOSIT	DSB-WATER DEBT SERVICE	WATER INVESTMENT	WATER BOND 2010B
Cash and investments - beginning	\$ -	\$ 481,329	\$ 489,633	\$ 199,115	\$ 3,810,980	\$ 413,286	\$ 5,403	\$ 26,018	\$ -	\$ 606
Receipts:										
Taxes	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	437,545	-	-	-	-
Other receipts	250,348	750,205	-	28,500	4,153,040	3,910,439	4,536	337,236	300,435	68,919
Total receipts	250,348	750,205	-	28,500	4,153,040	4,347,984	4,536	337,236	300,435	68,919
Disbursements:										
Personal services	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	1,700	-	-	-	-
Debt service - principal and interest	-	485,258	-	-	-	-	-	212,023	-	-
Capital outlay	-	-	-	35,825	-	33,251	-	-	-	-
Utility operating expenses	-	-	-	19,004	-	354,102	-	-	-	-
Other disbursements	250,348	40,782	-	10,500	3,630,536	4,192,306	3,816	131,122	300,435	-
Total disbursements	250,348	526,040	-	65,329	3,630,536	4,581,359	3,816	343,145	300,435	-
Excess (deficiency) of receipts over disbursements	-	224,165	-	(36,829)	522,504	(233,375)	720	(5,909)	-	68,919
Cash and investments - ending	\$ -	\$ 705,494	\$ 489,633	\$ 162,286	\$ 4,333,484	\$ 179,911	\$ 6,123	\$ 20,109	\$ -	\$ 69,525

TOWN OF CEDAR LAKE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2012  
(Continued)

	SRF B&I PAYMENT	SRFDW DEBT SERVICE RESERVE	WATER DEPRECIATION	DSB-WATER DEVELOPMENT	DSB-WATER BAN PROCEEDS	UTILITY CLEARING ACCOUNT	RDA 2011 SINKING	RDA 2011 OPERATING & RESERVE	RDA 2013 BOND AND INTEREST	Totals
Cash and investments - beginning	\$ 139,955	\$ -	\$ -	\$ 100,081	\$ 66,658	\$ 70,576	\$ -	\$ -	\$ -	\$ 16,060,647
Receipts:										
Taxes	-	-	-	-	-	-	-	-	-	3,400,233
Licenses and permits	-	-	-	-	-	-	-	-	-	533,299
Intergovernmental	-	-	-	-	-	-	-	-	-	917,131
Charges for services	-	-	-	-	-	-	-	-	-	299,711
Fines and forfeits	-	-	-	-	-	-	-	-	-	75,907
Utility fees	-	-	-	-	-	-	-	-	-	3,421,979
Other receipts	145,510	27,881	-	14,960	-	1,338,355	660,000	14,327	-	27,142,818
Total receipts	145,510	27,881	-	14,960	-	1,338,355	660,000	14,327	-	35,791,078
Disbursements:										
Personal services	-	-	-	-	-	-	-	-	-	2,825,232
Supplies	-	-	-	-	-	-	-	-	-	257,883
Other services and charges	-	-	-	-	-	-	-	-	-	1,770,242
Debt service - principal and interest	-	-	-	-	-	-	-	-	-	1,976,625
Capital outlay	-	-	-	-	-	-	-	-	-	2,188,939
Utility operating expenses	-	-	-	-	-	-	-	-	-	2,379,355
Other disbursements	37,256	-	-	-	66,658	1,319,510	330,000	-	-	24,044,769
Total disbursements	37,256	-	-	-	66,658	1,319,510	330,000	-	-	35,443,045
Excess (deficiency) of receipts over disbursements	108,254	27,881	-	14,960	(66,658)	18,845	330,000	14,327	-	348,033
Cash and investments - ending	\$ 248,209	\$ 27,881	\$ -	\$ 115,041	\$ -	\$ 89,421	\$ 330,000	\$ 14,327	\$ -	\$ 16,408,680

TOWN OF CEDAR LAKE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2013

	GENERAL FUND	MOTOR VEHICLE HIGHWAY	LOCAL ROAD & STREET	PARK & REC N/R OPERATING	E.D. TOURISM GRANT FUND	GARBAGE	LEEF	CASINO GAMING FUND	RAINY DAY FUND	ASSET SEIZURE FUND
Cash and investments - beginning	\$ 839,624	\$ 108,553	\$ 66,299	\$ 32,733	\$ -	\$ 464,503	\$ 19,014	\$ 471,350	\$ 46,217	\$ 5,580
Receipts:										
Taxes	2,037,374	-	-	-	4,725	-	-	-	-	-
Licenses and permits	545,948	250	-	-	-	-	8,690	-	-	-
Intergovernmental	328,139	347,698	132,627	-	-	-	-	338,362	-	-
Charges for services	308,813	-	-	20,948	-	864,868	1,960	-	-	-
Fines and forfeits	56,342	-	-	-	-	-	16,075	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-	-
Other receipts	164,272	59	1,122	28	-	40,449	9,456	-	-	-
Total receipts	3,440,888	348,007	133,749	20,976	4,725	905,317	36,181	338,362	-	-
Disbursements:										
Personal services	2,053,303	205,836	-	9,515	-	-	-	-	27,733	-
Supplies	112,182	42,764	97,804	7,051	-	-	3,648	-	-	-
Other services and charges	924,851	7,054	-	2,339	-	854,210	13,059	34,482	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-	-
Capital outlay	7,492	3,406	-	3,365	-	935	20,650	252,043	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-	-
Other disbursements	169,023	43	198	-	4,725	43,373	2,444	-	-	-
Total disbursements	3,266,851	259,103	98,002	22,270	4,725	898,518	39,801	286,525	27,733	-
Excess (deficiency) of receipts over disbursements	174,037	88,904	35,747	(1,294)	-	6,799	(3,620)	51,837	(27,733)	-
Cash and investments - ending	\$ 1,013,661	\$ 197,457	\$ 102,046	\$ 31,439	\$ -	\$ 471,302	\$ 15,394	\$ 523,187	\$ 18,484	\$ 5,580

TOWN OF CEDAR LAKE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2013  
(Continued)

	LEVY EXCESS FUND	CUMULATIVE CAP IMPROVE	CCDF	2013 RDA CONSTRUCTION FUND	POLICE NON-REVERTING	RDC BOND PROCEEDS	AMBULANCE N/R CAPITAL	REDEV:TIF - WKR/133 ALLOC	PARK IMPACT FEE	METRO POLICE PENSION FUND
Cash and investments - beginning	\$ 6,847	\$ 19,214	\$ 348,208	\$ -	\$ 56,978	\$ 342,541	\$ 16,961	\$ 842,507	\$ 54,851	\$ 300,795
Receipts:										
Taxes	-	-	163,624	-	-	-	-	908,236	-	106,279
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	31,033	15,460	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	31,667	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-	-
Other receipts	-	1,142	-	2,784,682	9,764	26,049	24,240	250,033	85,707	100,135
Total receipts	-	32,175	179,084	2,784,682	41,431	26,049	24,240	1,158,269	85,707	206,414
Disbursements:										
Personal services	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	14,780	-	209,819	-	59,715	-	475,241	-	102,772
Debt service - principal and interest	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	15,034	250,584	-	-	282,826	32,174	132,260	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-	-
Other disbursements	-	1,142	-	447,613	60,799	26,049	-	248,354	-	100,000
Total disbursements	-	30,956	250,584	657,432	60,799	368,590	32,174	855,855	-	202,772
Excess (deficiency) of receipts over disbursements	-	1,219	(71,500)	2,127,250	(19,368)	(342,541)	(7,934)	302,414	85,707	3,642
Cash and investments - ending	\$ 6,847	\$ 20,433	\$ 276,708	\$ 2,127,250	\$ 37,610	\$ -	\$ 9,027	\$ 1,144,921	\$ 140,558	\$ 304,437

TOWN OF CEDAR LAKE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2013  
(Continued)

	ALL TOWN FUNDS INVESTMENT	2011 A&B RDA BONDS	SVT LLC PROJECT FUND	SVT LLC CAPITALIZED INTEREST	SVT LLC BOND FUND	2011 RDA DEBT SERVICE	CHASE HY SAVINGS	CENTIER INVESTMENT	FEE OFFSET ACCOUNT	2013 RDA BONDS
Cash and investments - beginning	\$ -	\$ 97,794	\$ 652,198	\$ 57,895	\$ 2,111	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:										
Taxes	-	585,271	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	55,298	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-	-
Other receipts	1,001,347	-	193	16	1	-	-	-	400,000	26,010
Total receipts	1,001,347	640,569	193	16	1	-	-	-	400,000	26,010
Disbursements:										
Personal services	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	327,000	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-	-
Other disbursements	1,000,000	-	652,383	40,000	-	-	-	-	-	-
Total disbursements	1,000,000	327,000	652,383	40,000	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	1,347	313,569	(652,190)	(39,984)	1	-	-	-	400,000	26,010
Cash and investments - ending	\$ 1,347	\$ 411,363	\$ 8	\$ 17,911	\$ 2,112	\$ -	\$ -	\$ -	\$ 400,000	\$ 26,010

TOWN OF CEDAR LAKE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2013  
(Continued)

	2013 RDA DEBT SERVICE RESERVE	GENERAL FUND N/R DONATION	L.C. SOLID WASTE GRANT	POLICE ASSET FORFEITURE	DARE PROGRAM	POLICE GRANTS	TOWN HALL DEBT SERVICE	PARK DISTRICT BOND ISSUE	CLUBHOUSE NON-REVERTING	REDEV DIST - GENERAL
Cash and investments - beginning	\$ -	\$ 5,688	\$ 56,507	\$ 4,384	\$ 6,789	\$ 5,556	\$ 25,841	\$ 2,297	\$ 18,177	\$ 74,481
Receipts:										
Taxes	-	-	60,238	-	-	-	53,359	-	-	50,765
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	4,995	-	-	4,796
Charges for services	-	-	-	-	-	-	-	-	8,667	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-	-
Other receipts	197,613	42,245	-	-	10,217	2,064	-	-	4	-
Total receipts	197,613	42,245	60,238	-	10,217	2,064	58,354	-	8,671	55,561
Disbursements:										
Personal services	-	-	45,016	-	-	-	-	-	-	7,563
Supplies	-	-	13,139	550	-	-	-	-	-	194
Other services and charges	-	-	-	-	-	-	-	-	209	20,388
Debt service - principal and interest	-	-	-	-	-	-	57,000	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	2,321	381
Utility operating expenses	-	-	-	-	-	-	-	-	-	-
Other disbursements	-	43,213	-	-	8,713	7,620	-	-	4	-
Total disbursements	-	43,213	58,155	550	8,713	7,620	57,000	-	2,534	28,526
Excess (deficiency) of receipts over disbursements	197,613	(968)	2,083	(550)	1,504	(5,556)	1,354	-	6,137	27,035
Cash and investments - ending	\$ 197,613	\$ 4,720	\$ 58,590	\$ 3,834	\$ 8,293	\$ -	\$ 27,195	\$ 2,297	\$ 24,314	\$ 101,516

TOWN OF CEDAR LAKE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2013  
(Continued)

	RDC CAPITAL PROJECTS FUND	RDC DEBT SERVICE RESERVE	RDA 2007 BOND	RDA LEASE RENTAL BONDS	RDC DEBT SERVICE	RDA 2011A BOND	RDA 2011B BOND	NET WAGE CLEARING ACCOUNT	PAYROLL	CASH BOND ESCROW
Cash and investments - beginning	\$ 8,385	\$ 46,706	\$ 48,749	\$ 369,708	\$ 111,672	\$ 8,716	\$ 2,189	\$ 1,537	\$ 15,809	\$ 264,929
Receipts:										
Taxes	-	-	-	239,877	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	22,476	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	293,090	-	272,344	-	-	2,000	2,909,794	122,589
Total receipts	-	-	293,090	262,353	272,344	-	-	2,000	2,909,794	122,589
Disbursements:										
Personal services	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	341,839	-	-	274	2,189	-	-	-
Debt service - principal and interest	-	-	-	291,745	271,344	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	1,536	2,900,161	114,089
Total disbursements	-	-	341,839	291,745	271,344	274	2,189	1,536	2,900,161	114,089
Excess (deficiency) of receipts over disbursements	-	-	(48,749)	(29,392)	1,000	(274)	(2,189)	464	9,633	8,500
Cash and investments - ending	<u>\$ 8,385</u>	<u>\$ 46,706</u>	<u>\$ -</u>	<u>\$ 340,316</u>	<u>\$ 112,672</u>	<u>\$ 8,442</u>	<u>\$ -</u>	<u>\$ 2,001</u>	<u>\$ 25,442</u>	<u>\$ 273,429</u>



TOWN OF CEDAR LAKE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2013  
(Continued)

	CLEA - BUILD INDIANA	DSB-STORM WATER OPER	DSB-STORM BOND PROCEEDS	STORM WATER INVESTMENT	DSB-STORM DEBT SERVICE	DSB-STORM DEBT RESERVE	DSB-STORM CAP CONST	DSB-WW OPERATING	DSB-WW DEVELOPMENT	WASTEWATER INVESTMENT
Cash and investments - beginning	\$ 194	\$ 286,414	\$ 2,868	\$ -	\$ 91,139	\$ 216,470	\$ 192,880	\$ 1,161,532	\$ 1,734,846	\$ -
Receipts:										
Taxes	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Utility fees	-	574,428	-	-	-	-	-	2,424,194	115,310	-
Other receipts	-	145,060	-	200,269	206,853	-	108,066	1,465,118	-	2,002,694
Total receipts	-	719,488	-	200,269	206,853	-	108,066	3,889,312	115,310	2,002,694
Disbursements:										
Personal services	-	136,953	-	-	-	-	-	363,957	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	6,642	-	-	-	-	-	109,182	-	-
Debt service - principal and interest	-	-	-	-	205,385	-	-	-	-	-
Capital outlay	-	6,946	-	-	-	-	21,479	35,905	-	-
Utility operating expenses	-	68,981	-	-	-	-	-	1,858,463	-	-
Other disbursements	-	451,255	2,868	-	-	-	-	2,065,153	-	-
Total disbursements	-	670,777	2,868	-	205,385	-	21,479	4,432,660	-	-
Excess (deficiency) of receipts over disbursements	-	48,711	(2,868)	200,269	1,468	-	86,587	(543,348)	115,310	2,002,694
Cash and investments - ending	\$ 194	\$ 335,125	\$ -	\$ 200,269	\$ 92,607	\$ 216,470	\$ 279,467	\$ 618,184	\$ 1,850,156	\$ 2,002,694

TOWN OF CEDAR LAKE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2013  
(Continued)

	SEWER SINKING INVESTMENT	SEWER SINKING ACCOUNT	SEWER SINKING RESERVE	DSB-WW DEPRECIATION	DSB-WWTP SPECIAL	DSB-WATER UTILITY OPER	DSB-WATER UTILITY DEPOSIT	DSB-WATER DEBT SERVICE	WATER INVESTMENT	WATER BOND 2010B
Cash and investments - beginning	\$ -	\$ 705,494	\$ 489,633	\$ 162,286	\$ 4,333,484	\$ 179,911	\$ 6,123	\$ 20,109	\$ -	\$ 69,525
Receipts:										
Taxes	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Utility fees	-	219,907	-	-	-	420,635	5,328	-	-	-
Other receipts	600,808	489,383	-	18,000	842,860	452,569	-	370,591	100,135	84,108
Total receipts	600,808	709,290	-	18,000	842,860	873,204	5,328	370,591	100,135	84,108
Disbursements:										
Personal services	-	-	-	-	-	104,188	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	4,547	-	-	-	-
Debt service - principal and interest	-	481,933	-	-	998,164	-	-	370,591	-	147,118
Capital outlay	-	-	-	60,042	-	57,777	-	-	-	-
Utility operating expenses	-	-	-	-	-	140,431	-	-	-	-
Other disbursements	-	-	-	-	250,000	524,456	4,320	-	-	-
Total disbursements	-	481,933	-	60,042	1,248,164	831,399	4,320	370,591	-	147,118
Excess (deficiency) of receipts over disbursements	600,808	227,357	-	(42,042)	(405,304)	41,805	1,008	-	100,135	(63,010)
Cash and investments - ending	\$ 600,808	\$ 932,851	\$ 489,633	\$ 120,244	\$ 3,928,180	\$ 221,716	\$ 7,131	\$ 20,109	\$ 100,135	\$ 6,515

TOWN OF CEDAR LAKE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2013  
(Continued)

	SRF B&I PAYMENT	SRFDW DEBT SERVICE RESERVE	WATER DEPRECIATION	DSB-WATER DEVELOPMENT	DSB-WATER BAN PROCEEDS	UTILITY CLEARING ACCOUNT	RDA 2011 SINKING	RDA 2011 OPERATING & RESERVE	RDA 2013 BOND AND INTEREST	Totals
Cash and investments - beginning	\$ 248,209	\$ 27,881	\$ -	\$ 115,041	\$ -	\$ 89,421	\$ 330,000	\$ 14,327	\$ -	\$ 16,408,680
Receipts:										
Taxes	-	-	-	-	-	-	-	-	-	4,209,748
Licenses and permits	-	-	-	-	-	-	-	-	-	554,888
Intergovernmental	-	-	-	-	-	-	-	-	-	1,280,884
Charges for services	-	-	-	-	-	-	-	-	-	1,205,256
Fines and forfeits	-	-	-	-	-	-	-	-	-	104,084
Utility fees	-	-	-	28,606	-	-	-	-	-	3,788,408
Other receipts	316,160	51,614	8,001	-	-	307,755	336,365	3,212	30,001	16,916,287
Total receipts	316,160	51,614	8,001	28,606	-	307,755	336,365	3,212	30,001	28,059,555
Disbursements:										
Personal services	-	-	-	-	-	-	-	-	-	2,954,064
Supplies	-	-	-	-	-	-	-	-	-	277,332
Other services and charges	-	-	-	-	-	-	-	-	-	3,183,592
Debt service - principal and interest	260,155	-	-	-	-	-	-	-	-	3,410,435
Capital outlay	-	-	-	-	-	-	-	-	-	1,185,620
Utility operating expenses	-	-	-	-	-	-	-	-	-	2,067,875
Other disbursements	-	-	-	-	-	303,289	666,365	9,365	-	10,148,553
Total disbursements	260,155	-	-	-	-	303,289	666,365	9,365	-	23,227,471
Excess (deficiency) of receipts over disbursements	56,005	51,614	8,001	28,606	-	4,466	(330,000)	(6,153)	30,001	4,832,084
Cash and investments - ending	\$ 304,214	\$ 79,495	\$ 8,001	\$ 143,647	\$ -	\$ 93,887	\$ -	\$ 8,174	\$ 30,001	\$ 21,240,764

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TOWN OF CEDAR LAKE  
SCHEDULE OF LEASES AND DEBT  
December 31, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Ally Bank (2014 Fire Dept Merger)	2011 Chevy Silverado	\$ 5,325	12/30/2012	2/28/2019
First State Bank (2014 Fire Dept Merger)	3 Fire Trucks	35,630	1/1/2008	7/1/2022
JPMorgan Chase Bank	2012 Freightliners	78,049	6/27/2011	1/26/2016
PNC Equipment Finance	2011 Dodge Chargers	14,768	12/7/2011	6/7/2016
PNC Equipment Finance	2008 Chevy Ambulance	21,060	10/1/2010	10/1/2014
PNC Equipment Finance	2012 Dodge Chargers	28,225	7/19/2012	7/19/2015
Republic First National	2013 Fire Air Packs	22,227	8/1/2013	2/1/2018
Republic First National	2013 Dodge Chargers & Rams	37,958	10/1/2013	4/1/2016
Total governmental activities		<u>243,242</u>		
Storm Water:				
PNC Equipment Finance	John Deere Excavator	<u>3,526</u>	2/1/2010	8/1/2015
Wastewater:				
JPMorgan Chase Bank	2011 Vactor	35,826	6/27/2011	1/26/2016
PNC Equipment Finance	2009 Chevy Silverado	5,587	2/1/2010	8/1/2015
PNC Equipment Finance	John Deere Excavator	<u>3,526</u>	2/1/2010	8/1/2015
Total Wastewater		<u>44,939</u>		
Total of annual lease payments		<u>\$ 291,707</u>		

Type	Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Redevelopment Authority - Tandem w/ Storm Water Bond	\$ 2,985,000	\$ 345,500
General obligation bonds	Redevelopment Authority A and B Bonds - Cedar Pt Park/Shades & Oaks	3,190,000	662,000
General obligation bonds	Town Hall Debt - Mortgage Bonds	100,000	59,000
Revenue bonds	Redevelopment TIF 133rd Improvements	2,410,000	225,044
Revenue bonds	SVT LLC Taxable Economic Development	800,000	25,000
Revenue bonds	Redevelopment Authority Bonds - Eastside & Phase II Water Main	<u>2,595,000</u>	<u>98,000</u>
Total governmental activities		<u>12,080,000</u>	<u>1,414,544</u>
Storm Water:			
Revenue bonds	Storm Water Infrastructure Improvements	<u>2,210,000</u>	<u>211,285</u>
Wastewater:			
Revenue bonds	Sewage Works Refunding	<u>4,380,000</u>	<u>487,733</u>
Water:			
Revenue bonds	2009 Waterworks Refunding Bond - SRF - Assumed from Utilities Inc #501 Replacement Bond	805,000	76,251
Revenue bonds	2010 Waterworks Revenue Bond - SRF - Construction Loan #502	1,560,000	115,552
Revenue bonds	2010 B Waterworks Revenue Bond - Wells Fargo Trustee	710,000	84,108
Revenue bonds	2011 Waterworks Revenue Bond - SRF - Pooled Loan #503	<u>1,314,000</u>	<u>47,016</u>
Total Water		<u>4,389,000</u>	<u>322,927</u>
Totals		<u>\$ 23,059,000</u>	<u>\$ 2,436,489</u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE**

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

***Report on Compliance for the Major Federal Program***

We have audited the Town of Cedar Lake's (Town) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the period of January 1, 2012 to December 31, 2013. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Town's major federal program based on our audit of the types of compliance requirements referred to above. 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the Town's compliance.

***Opinion on the Major Federal Program***

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the period of January 1, 2012 to December 31, 2013.



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)

***Report on Internal Control Over Compliance***


Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2013-003 to be material weaknesses.

The Town's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The Town's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

April 16, 2015

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#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTE

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.

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TOWN OF CEDAR LAKE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2012 and 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
<u>Department of Justice</u>					
Bulletproof Vest Partnership Program Bulletproof Vest Grant	Direct Grant	16.607	1121-0235	\$ 901	\$ -
Public Safety Partnership and Community Policing Grants COPS Hiring Grant	Direct Grant	16.710	2011UMWX0061	61,004	77,209
JAG Program Cluster ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	Lake County	16.803	2009-SBB9-1671	8,561	-
Total - Department of Justice				70,466	77,209
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction Parrish & 137th Ave Sidewalk Project Bike Racks Wicker & 133rd Ave Widening Project 133rd. Ave. from US 41 to Industrial Dr.	Indiana Department of Transportation	20.205 20.205 20.205 20.205	DES # 0810443 DES # 1005629 DES # 9503540 DES # 0200739	2,157 - 15,913 -	- 1,238 - 186,047
Total - Department of Transportation				18,070	187,285
<u>Environmental Protection Agency</u>					
Capitalization Grants for Drinking Water State Revolving Funds Water Utility SRF Loans	Indiana Finance Authority	66.468	DW 10134503	648,328	-
Total federal awards expended				\$ 736,864	\$ 264,494

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 and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. 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 5-11-1-25), 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 Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Program:

CFDA Number	Name of Federal Program or Cluster
66.468	Capitalization Grants for Drinking Water State Revolving Funds

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

Auditee qualified as low-risk auditee?	no
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**Section II - Financial Statement Findings**

**FINDING 2013-001 - INTERNAL CONTROLS AND COMPLIANCE  
OVER FINANCIAL TRANSACTIONS AND REPORTING**

We noted several deficiencies in the internal control system of the Town related to financial transactions and reporting.

*Controls*

The Town implemented new financial accounting software in 2012 which records transactions on a modified accrual basis. However, the Town's financial statement was presented on the regulatory basis which reports on cash transactions. The change in software also presented the Town the opportunity to perform certain tasks electronically. We noted several deficiencies in the internal control system of the Town related to financial transactions and reporting.

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

*Receipts*

Segregation of duties over receipts and the daily collections process was not evident. Daily reports generated identify only the employee who generated them. There was no evidence of oversight, review, or approval of the transactions.

*Journal Entry Disbursements*

Certain transactions can be recorded with journal entries rather than actual receipts or vendor checks/electronic fund transfers (EFTs). The vendor checks and EFTs are approved and paid through the normal claims process; however, payments made via journal entries are not subject to approval by the Town Council.

*Payroll Disbursements*

In the new software, employees are able to keep track of their hours worked and the Town is able to approve the records of hours worked electronically. Some employees have the ability to approve timesheets in the software, but reports that identify who approved each timesheet cannot be produced. It could not be determined if the hours worked were approved by an appropriate individual.

*Financial Reporting*

The Town did not have a proper system of internal controls in place to prevent, or detect and correct, errors in the preparation of the financial statement. The Town should have proper controls in place over the preparation of the financial statement to ensure accurate and reliable reporting of the Town's financial activity. Adequate internal control requires sufficient oversight, review, and approval to ensure complete and accurate financial reporting. Due to the lack of internal controls, material misstatements in the financial statement were undetected. We believe these deficiencies in the internal control system constitute material weaknesses.

*Compliance*

The Clerk-Treasurer is required to report all financial information in the Annual Financial Report (AFR). This information is used to compile the financial statement. The financial statement presented for audit included the following errors:

1. The beginning cash and investment balances were not accurately reported for eight funds. These errors resulted in the beginning balances to be overstated by a total of \$9,459,441. The prior-year audited financial statement ending cash and investment balances were not compared to the current-year beginning balances before the AFR was submitted.
2. The RDA 2011 Sinking fund activity is detailed in a Bank of New York Mellon Trust Account. This trust account is not reported in the Town's ledger and was not reported in the AFR. This resulted in receipts of \$660,000 and \$336,365 and disbursements of \$330,000 and \$666,365, for the years 2012 and 2013, respectively, not being accounted for in the Town's records or reported on the financial statement.
3. The RDA 2011 Operating and Reserve fund activity is detailed in a Bank of New York Mellon Trust Account. This trust account is not reported in the Town's ledger and was not reported in the AFR. This resulted in receipts of \$14,327 and \$3,212, for 2012 and 2013, respectively, and disbursements of \$9,365 for 2013, not being accounted for in the Town's records or reported on the financial statement.



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

4. The RDA 2013 Bond and Interest fund activity is detailed in a Bank of New York Mellon Trust Account. This trust account is not reported in the Town's ledger and was not reported in the AFR. This resulted in receipts of \$30,001 for 2013, not being accounted for in the Town's records or reported on the financial statement.
5. The Town acquired a new software system in 2012 which is a modified accrual accounting system. Numerous journal entries were recorded in the Town's general ledger for 2012 and 2013. These entries were recorded on the modified accrual basis as cash receipts and disbursements; however, the entries did not actually affect the cash account. Because the journal entries were included in the cash receipts and disbursements on the Town's financial statement which was prepared on the regulatory basis, the receipts and disbursements were overstated by the amount of the journal entries. For 2012, both receipts and disbursements were overstated by \$7,335,991; for 2013, both receipts and disbursements were overstated by \$69,359.
6. Receipts and disbursements were reported in error for two trust accounts. This resulted in the receipts being overstated by \$572,712 and \$10,499 for 2012 and 2013, respectively. This also resulted in the disbursements being overstated by \$130,555 and \$301,596 for 2012 and 2013, respectively.
7. The SVT LLC Project Fund receipts were reported twice and the receipt amount was also recorded as a disbursement. This resulted in both receipts and disbursements being overstated by \$737,889 for 2012.
8. The SVT LLC Capitalized Interest fund receipts and disbursements were overstated by \$64,222 for 2012. It could not be determined how the receipts and disbursements were reported.
9. A voided check was receipted back in and also added back to the disbursements of the Cash Bond Escrow fund. This resulted in both receipts and disbursements being overstated by \$180,472 for 2012.
10. The Centier Investment fund disbursements for 2012 were overstated by \$5,950,000 as a result of investment activity being reported twice.

Audit adjustments were proposed, accepted by the Clerk-Treasurer, and made to the financial statement presented in this report.

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 objectives, 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)

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

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

***FINDING 2013-002 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

The Town did not have a proper system of internal controls in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The Clerk-Treasurer prepares the SEFA without oversight, review, or approval.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material misstatements of the SEFA will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the SEFA. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

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 objectives, 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)

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

***FINDING 2013-003 - INTERNAL CONTROL OVER CAPITALIZATION  
GRANTS FOR DRINKING WATER STATE REVOLVING FUNDS***

Federal Agency: Environmental Protection Agency  
Federal Program: Capitalization Grants for Drinking Water State Revolving Funds  
CFDA Number: 66.468  
Federal Award Number and Year (or Other Identifying Number): DW 10134503  
Pass-Through Entity: Indiana Finance Authority

Management of the Town has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Allowable Costs and Reporting compliance requirements that have a direct and material effect on the program.

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

The Town retained a Financial Advisor (Advisor) to help administer the Capitalization Grants for Drinking Water State Revolving Funds program (SRF). Once the Indiana Finance Authority approved the costs eligible for reimbursement, the Advisor had to procure the accounts payable vouchers, the invoices, and the proof of payment (cancelled checks) from the Town to complete the SRF Disbursement Request forms. The Town Council approved the original disbursements paid in 2009, 2010, and 2011, through their normal approval procedures; however, there was no process to review the disbursements for compliance with the Allowable Costs requirements of the SRF program.

The disbursements were then submitted for reimbursement on the SRF Disbursement Request form prepared by the Advisor. According to the SRF Disbursement Request forms, the Contact Person was the Deputy Clerk-Treasurer and the Authorized Representative was the Clerk-Treasurer. The Advisor did not sign the forms; the Deputy Clerk-Treasurer signed as the Authorized Representative. There was no evidence of an oversight, review, or approval process over these reports.

The failure to establish an effective internal control system places the Town at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the Town.

We recommended that the Town establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

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#### AUDITEE PREPARED DOCUMENT

The subsequent document was provided by management of the Town. The document is presented as intended by the Town.

## ***Town of Cedar Lake***

7408 Constitution Ave – PO Box 707 – Cedar Lake, IN 46303

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



April 16, 2015

Contact Person Responsible for Corrective Action:

Amy J. Gross, Clerk-Treasurer

Contact Phone Number:

(219) 374-7000

### **CORRECTIVE ACTION PLAN**

#### **FINDING 2013-001 – Internal Controls and Compliance over Financial Transactions and Reporting**

##### **CONTROLS**

We respectfully disagree with the findings as presented. The Town of Cedar Lake upholds accuracy and transparency to the fullest extent possible. Given the currently noted emphasis on procedures pertaining to State of Indiana financial reporting (mid 2014 into 2015) regarding Controls and the budgetary constrictions experienced by the majority of municipalities in the State of Indiana that limit a municipal's ability to staff its operations at levels that enable workable adherence to controls and compliance; the Town is constantly investigating and learning about alternative methods to fulfill this emphasis. The Town was proactive regarding the controls and compliance issue as in early 2012 the Town converted to a State of Indiana approved accounting software program. This program uses electronic processes to facilitate the compliance with the controls issue. The software program uses the modified accrual basis of accounting. At the time of approval for use of this software, the Town received notification that all financial transactions that occur within the Town must be recorded through the software. The Town believes that it has adhered to that stipulation as well.

##### **Receipts**

The Town respectfully disagrees with the findings as presented. The electronic process of accounting allows for the security measure of denying completion of tasks without proper security clearance. Likewise the process allows for the electronic approval of tasks given one's security clearance. At the time of software implementation these security clearances were set and are only changeable by the Town Official(s) with the proper preset security clearances to effect security changes. Given the accounting professions migration to a paperless environment, it is becoming standard industry practice that physical paper reports are no longer the norm. Auditing through the computer/software has become the new normal and to require paper reports/verifications are the exceptions and require special programming to deliver that requirement. The Town has already remedied the purported weakness of the lack of evidence which could only be determined to refer to the lack of a physical paper reports. The software provider is programming the ability for the Town to physically print security clearances and access activity. Anticipated completion of this process should occur on or before June 30, 2015.

The Town has also implemented the requirement that limits the number of duties in this area that any one employee shall perform. If the requirements for timely deposits will be violated by the limits on duties, the timely deposit requirement takes precedence however notification of this noncompliance

shall be made to an employee's direct supervisor. Additional verification by the supervisor is required specific to this noncompliance event.

#### **Journal Entry Disbursements**

The Town respectfully disagrees with the findings as presented. Journal Entries made by the Town are not made for the entry of an original receipt of funds or for the final payment to a vendor. Journal Entries are typically made for purposes of transferring funds that are required to be held in restricted funds for a future final disbursement. Journal Entries are used to avoid duplication of entries due to the edict of all transactions that occur within the Town's accounting system must be recorded. Journal Entries are also used to correct original entries that upon internal review are deemed to have been incorrectly coded and/or entered.

Although all original transactions have previously received Town Council approval, the Town is placing all entries, whether original or journal entry in specific appropriation reports to the Town Council for their ultimate sign-off. These reports have become a part of the consent agenda that is approved by the Town Council. This action plan was effective February 3, 2015.

#### **Payroll Disbursements**

The Town respectfully disagrees with the findings as presented. While the Town does concur that physical reports indicating the authorized Town employee and/or Official who rendered approval of time entries were not capable of being produced in paper form, the information was readily available through the computer software. As noted previously the Town has directed its software provider to create the report that will be responsive to the State's requirement for physical paper reports. Anticipated completion of this process is on or before September 30, 2015.

#### **Financial Reporting**

The Town respectfully disagrees with the findings as presented. The Town does have a proper system in place. The Town received accounting directives which when implemented within the confines of the approved software system, created obviously unintended and here to fore unknown consequences to the electronically filed financial information by all parties to the financial reporting process. Town Officials internally questioned the original directives given their understanding of and training with their software. The electronically submitted financial information is a true reflection of the directive received requiring the recording of all transactions that occur in the system. During the 2015 review of the 2012 and 2013 electronically submitted financial information the unintended and here to fore unknown consequences were identified and removed. There were no deficiencies in the internal control system being used by the Town. The purported deficiencies arose due to the introduction of a directive that does not conform to the approved software.

Due to information received at required 2014-2015 regulatory meetings, it has and is becoming more evident that ongoing review and updating/implementation of internal controls is an area of current and future review focus. The Town is working with its Financial Advisor, Legal Advisor and fellow Clerks and Treasurers on updating its current controls and implementing additional controls as circumstances dictate. These updates will be on a forward looking basis as the requirements are being changed currently. 2014 Financial Information will be updated within the Gateway System if 2015 changes would necessitate that. It is expected that on or before December 31, 2015, the current policy will be amended for any know additions/changes that need to be incorporated.

## COMPLIANCE

The Town respectfully disagrees with the findings as presented. In keeping with historical consistency and requirements, the Town used the cash summary report and supporting documentation in the new software to enter data into the Gateway program for the annual report. We believed this was in compliance with what occurred for many years prior to the Gateway system going live, and transitioning into the new electronic method of annual reporting. The cash summary report is the equivalent to the fund report in the old Keystone program that the Town consistently used for annual reporting and bank reconciliation. After transitioning to the new software, and completing the reporting requirements for 2012 and 2013, it was reported to us in 2015 that any corrective entries in the receipt (debit) and disbursement (credit) columns should have been omitted. The adjustments were made upon receipt of this news and re-submitted in Gateway.

Concerning the bank trustee statements, the Town reflects all transactions as follows. The original receipt comes into Operating and Maintenance (O&M). Subsequent transfers are then made to place the available funds into restricted funds. These restricted funds are debt service and under some circumstances a debt reserve account. Funds are then transferred to the trustee according to the transfer schedules. The funds are held until a final disbursement is made by the bank trustee to the bondholder. These transfers and payments are made according to bond covenants which have been properly approved by the Town Council.

The RDA 2011 Sinking Fund detail that the Town controls is detailed on the financial records as are any other similar funds. We believed that our requirements were fulfilled. Some bank trustee accounts are being invested and are not under the direct control of the Town. Regulatory directives currently received have required the inclusion of restricted fund balances in the books and records of the Town even though the Town has no control over those funds as required by the funding agency. Retroactive application of current directives was not indicated to be necessary, and does not follow industry methodologies for changes in procedures. In order to avoid redundancy, and an unnecessary excess of fund reclassification transactions, the Town will be further reviewing the trustee bank accounts to implement an efficient method of mirror imaging them as a part of our financial recordkeeping. Many of these transactions are reclassifications (from available funds to restricted funds) causing duplication of financial transactions. These transactions would then appear as a receipt (debit) or disbursement (credit) numerous times exaggerating the activity. We will be working to redefine this process.

During the conversion of our new software in 2012, the programmers worked with us to revise some of the funds in the program related to investments. This was to simplify the manner by which each invested fund reflects on our financial records and we were able to make a journal entry allocating the interest to each fund. In order to be transparent, we had to close the old account by showing there was a disbursement so the balance would be zero. A new fund was then established reflecting the revised method of accounting for principal and interest allocation. This was in keeping with tradition and instruction provided to us in the past. As this does complicate the listing of funds even more, it does provide for segregation of those funds as directed. Other matters noted were errors made in posting as we transitioned to our software. These errors were acknowledged and corrected in Gateway. The only way to correct an error is to reverse the transaction, which would place the funds back into a receipt (debit) or disbursement (credit) thereby exaggerating the activity in those columns. This is in keeping with the requirements that all transactions must be recorded in the financial records. As the audit period was for 2012 and 2013, it was not reported to us until 2015 that these transactions were to be pulled in the Gateway program.



#### **FINDING 2013-002 – Preparation of the Schedule of Expenditures of Federal Awards**

The Town respectfully disagrees with the findings as presented. The Clerk-Treasurer prepares the schedule as required listing the grant name, description, CFDA number if known, amount received and disbursed, and the pass-through agency if any. The Clerk-Treasurer would have the in-depth knowledge to prepare and revise the schedule as needed being that this position is required to retain all documentation, process requests and claims for reimbursement, complete reports, and the like. The receipt and disbursement transactions are all recorded in the financial records of the Town and therefore transparent. The vacated town manager's position was filled as of January 2015. This person will work with the Clerk-Treasurer to review the schedule after its preparation so there will be two sources for verification. This news of requiring a second review and signature was only given to us in 2015; however the audit period was for 2012 and 2013.

#### **FINDING 2013-003 – Internal Control over Capitalization Grants for Drinking Water State Revolving Funds**

The Town respectfully disagrees with the findings as presented. The Town and its Officials, Representatives and Financial Advisor complied with all SRF and EPA requirements as known and represented to them by the SRF. The SRF has final approval of compliance with their requirements for original payments from debt funds or reimbursement of previously paid amounts to the Town. The SRF process contains numerous controls both on the Town side and the SRF's side of the process.

The amount of Federal Funds equaled \$1,314,000 which was used to reimburse all but \$3,112.66 of the actual project costs paid from temporary financing pending permanent financing. All other costs were either paid from cash on hand in the Town's water utility or from a loan from the Town's sewer utility to the water utility which had been transferred to the control of the SRF as part of the financing process.

The Town does agree that the SRF's legal counsel's invoice which was paid from funds from the water utility not long term debt, did not adhere to the Town's internal controls for accounts payable procedures. It was not initially processed through the Town's accounts payable process and then returned to the SRF for their approval and payment. It was submitted to the SRF for payment at closing on their disbursement request forms with the proper Town representative's sign off. The amount of the SRF's legal counsel costs equaled \$7,500 of the total projects costs of \$1,844,000.

The appointment of an alternate signer for the SRF's request for disbursements was appropriately approved by the Town Council and according to SRF parameters. The controls over the SRF Disbursement Requests were followed as set forth by the SRF program and the program Finance Agreement along with the assignment of responsibility for submission of Disbursement Requests by the Town's Council.

TOWN OF CEDAR LAKE, LAKE COUNTY, INDIANA



Amy J. Gross, IAMC, MMC, CPM  
Clerk-Treasurer

#### OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the Town. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.