

JOSEPH SCANSAROLI
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February 10, 2011

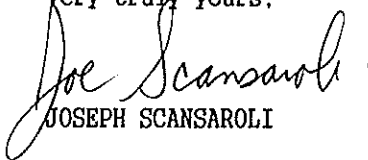
Mr. Robert Hanson, Council President
Indian Lake Borough
1301 Causeway Drive
Central City, Pennsylvania 15926

Dear Mr. Hanson:

Enclosed are twelve copies of the financial statements for Indian Lake Borough for the year ended December 31, 2010 with comparative figures for 2009.

Please call me if you have any questions.

Very truly yours,


JOSEPH SCANSAROLI

JS:ls

Enclosures

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INDEPENDENT AUDITOR'S REPORT

Members of the Council
Indian Lake Borough:

I have audited the accompanying statement of cash revenues and expenditures of Indian Lake Borough for the years ended December 31, 2010 and 2009. This financial statement is the responsibility of the Borough's management. My responsibility is to express an opinion on this financial statement based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether this financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit of the statement of cash revenues and expenditures provides a reasonable basis for my opinion.

The policy of Indian Lake Borough is to prepare its financial statement on the basis of cash receipts and disbursements; consequently, revenues are recognized when received rather than when earned and expenditures are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying financial statement is not intended to present the results of operations in conformity with generally accepted accounting principles.

In my opinion, the financial statement referred to in the first paragraph presents fairly, in all material respects, the cash revenues and expenditures of Indian Lake Borough for the years ended December 31, 2010 and 2009 on the basis of accounting described in the third paragraph.

January 31, 2011

Joseph Scansaroli

INDIAN LAKE BOROUGH

Statement of Cash Revenues and Expenditures

Year ended December 31, 2010
with comparative figures for 2009

	General Fund	Highway Aid Fund	Sewer Fund	Water Fund	Special	2010	2009
					Revenue Fund		
Cash revenues:							
Real estate taxes (note 3)	\$ 585,735	-	-	-	-	585,735	574,227
Earned income taxes	45,322	-	-	-	-	45,322	58,470
Real estate transfer taxes	32,773	-	-	-	-	32,773	17,868
Licenses, permits and fines (note 4)	137,720	-	-	-	-	137,720	117,140
Gifts and grants Received from Indian Lake Service Corporation	18,093	49,226	-	-	-	67,319	70,094
Charges for services	86,306	-	-	-	-	86,306	86,239
Interest income	59,990	-	35,548	147,980	-	243,518	232,790
Other	10,358	41	130	8,952	-	19,481	10,586
	4,986	-	-	-	-	4,986	4,395
Total cash revenues	<u>981,283</u>	<u>49,267</u>	<u>35,678</u>	<u>156,932</u>	-	<u>1,223,160</u>	<u>1,171,809</u>
Expenditures:							
Administration	54,335	-	4,198	5,616	-	64,149	73,769
Employee benefits	56,927	-	-	7,969	-	64,896	67,145
Tax collection	32,093	-	-	-	-	32,093	32,327
Engineering	451	-	517	28,732	-	29,700	13,675
Legal and accounting	53,759	-	10	1,623	-	55,392	55,023
Municipal building and office expense	15,439	-	-	-	-	15,439	14,157
Sewage expense	5,150	-	6,094	-	-	11,244	15,359
Police and fire protection	158,844	-	-	-	-	158,844	110,438
Highway maintenance and repair	165,616	49,300	-	-	-	214,916	320,473
Maintenance labor	94,057	-	6,142	17,018	-	117,217	115,843
Lake maintenance and repair	1,370,343	-	-	-	-	1,370,343	1,363,612
Insurance	19,320	-	312	4,255	-	23,887	21,645
Debt service	105,769	-	-	18,925	-	124,694	66,131
Purchase of equipment	-	-	21,701	-	-	21,701	51,973
Pumping costs	-	-	-	12,275	-	12,275	11,895
Repairs and maintenance	34,381	-	636	11,653	-	46,670	17,604
Materials and supplies	-	-	371	13,317	-	13,688	6,848
Contracted services	-	-	-	87,339	-	87,339	2,700
Other	3,066	-	232	2,460	-	5,758	4,908
Total expenditures	<u>2,169,550</u>	<u>49,300</u>	<u>40,213</u>	<u>211,182</u>	-	<u>2,470,245</u>	<u>2,365,525</u>
Deficiency of cash revenues over expenditures	(1,188,267)	(33)	(4,535)	(54,250)	-	(1,247,085)	(1,193,716)
Cash, beginning of year	916,256	69	76,263	595,888	-	1,588,476	1,402,686
Proceeds from bank loan	1,319,217	-	-	-	-	1,319,217	1,381,405
Payroll taxes withheld, net	(1,912)	-	-	-	-	(1,912)	(1,899)
Cash, end of year	<u>\$ 1,045,294</u>	<u>36</u>	<u>71,728</u>	<u>541,638</u>	-	<u>1,658,696</u>	<u>1,588,476</u>

See accompanying notes to financial statement.

INDIAN LAKE BOROUGH
Notes to Financial Statement
December 31, 2010

Note 1 - Organization

Indian Lake Borough was incorporated on April 1, 1966. The Council of Indian Lake Borough is comprised of seven members and the Mayor. All members are elected to four-year terms by general election. The Borough provides services to Borough residents, including public safety and police protection, street maintenance, recreation, public improvements, planning and zoning, water services and general administrative services.

Note 2 - Long-Term Debt

Long-term debt at December 31, 2010 consisted of the following:

Note payable in monthly installments of \$1,577.07 for upgrading the water system. The balance of the note was \$176,229.00 at December 31, 2010.

Maturities of this note are as follows:

2011	\$ 14,122
2012	14,530
2013	15,000
2014	15,420
2015	15,824
2016 and thereafter	<u>25,370</u>
	\$ <u>100,266</u>

The Borough also has a line-of-credit with a bank. The Borough owed \$4,966,621.00 as of December 31, 2010 on the line-of-credit.

INDIAN LAKE BOROUGH
Notes to Financial Statement, Continued
December 31, 2010

Note 3 - Real Estate Taxes

Indian Lake Borough uses the elected tax collector for current real estate tax collection. Real estate taxes are assessed on a calendar year basis. These taxes may be paid at discount through April 30, at face through June 30 and with a penalty from July 1 through the delinquency date. The 2010 taxes become delinquent after February 15, 2011. Delinquent real estate taxes are submitted to Somerset County for collection.

The following is a schedule setting forth the 2010 real estate tax information for Indian Lake Borough.

	<u>Real Estate Taxes</u>
Assessed valuation or taxables	\$ 46,043,721
Rate	<u>13.00</u>
Total tax	598,568
Uncollected as of December 31, 2010	(25,589)
Prior years' delinquent taxes received	<u>12,756</u>
Tax collected in 2010	<u>\$ 585,735</u>

Note 4 - Licenses, Permits and Fines

In 2010, licenses, permits and fines for Indian Lake Borough were comprised of the following:

Boat licenses	\$ 111,465
Cable television franchise fee	12,233
Citations and court fines	2,960
Building permits	10,862
Sign permits	<u>200</u>
	<u>\$ 137,720</u>

Note 5 - Pension Plan

The Borough has a deferred compensation plan under which full-time employees may contribute up to 4% of their wages to the plan and the Borough matches 2%. The Borough's cost was \$3,098.00 for the year ended December 31, 2010.

The Borough also has a pension plan for its full-time employees. The Borough's share of the pension expense for the year ended December 31, 2010 was \$14,294.00 and the Borough was reimbursed for this amount by the State of Pennsylvania.