

**CITY OF SILVER BAY  
Lake County, Minnesota**

*Management Letter  
For the Fiscal Year Ended December 31, 2009*

**CITY OF SILVER BAY  
Lake County, Minnesota**

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**REPORT ON MATTERS IDENTIFIED AS A RESULT OF  
THE AUDIT OF THE FINANCIAL STATEMENTS**

March 30, 2010

Honorable Mayor and Members  
of the City Council  
City of Silver Bay  
Silver Bay, Minnesota

In planning and performing our audit of the financial statements of the City of Silver Bay, Minnesota, as of and for the year ended December 31, 2009, in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. Material weaknesses and significant deficiencies identified, if any, are stated within this letter.

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 City's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



The accompanying memorandum includes financial analysis and recommendations for improvement of accounting procedures and internal control measures that came to our attention as a result of our audit of the financial statements of the City for the year ended December 31, 2009. The matters discussed herein were considered by us during our audit and they do not modify the opinion expressed in our Independent Auditor's Report dated March 30, 2010, on such statements.

This communication is intended solely for the information and use of management, the City Council, federal and state oversight awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Kern, DeWenter, Viere, Ltd.*

KERN, DEWENTER, VIERE, LTD.  
St. Cloud, Minnesota

**CITY OF SILVER BAY  
Lake County, Minnesota**

**SIGNIFICANT DEFICIENCIES  
December 31, 2009**

**LACK OF SEGREGATION OF ACCOUNTING DUTIES**

During the year ended December 31, 2009, the City had a lack of segregation of accounting duties due to a limited number of office employees.

Management and the City Council are aware of the lack of segregation of accounting duties and have taken certain steps to compensate for the condition, but due to the small staff needed to handle all of the accounting duties, the costs of obtaining desirable segregation of accounting duties can often exceed benefits which could be derived. However, management and the City Council must remain aware of this situation and should continually monitor the accounting system, including changes that occur.

The lack of segregation of accounting duties can be demonstrated in the following areas, which is not intended to be an all inclusive list:

- The Deputy Clerk has full general ledger access, including the ability to write and post journal entries, and is also responsible for review of the financial activities of the City, including preparation of the bank reconciliation.
- Receipting Process:
  - The Assistant Deputy Clerk creates and sends invoices, occasionally collects payments as they are received, prepares deposits and enters the receipts into the accounting system.
  - The Assistant Deputy Clerk enters the utility billing into the utility billing register, bills commercial and residential customers and mails the utility bills. The Assistant Deputy Clerk also occasionally receives payments, records the receipts and is also able to make adjustments to the utility billing register.
- Payroll:
  - The Deputy Clerk processes payroll, prints checks and signs with Certex signer.
- Disbursement Process:
  - The Assistant Deputy Clerk creates a batch list for City Council approval, enters information for payment on all bills, prints checks, mails checks and creates the paid claims list that is presented to the City Council.

**CITY OF SILVER BAY  
Lake County, Minnesota**

**SIGNIFICANT DEFICIENCIES  
December 31, 2009**

**PREPARATION OF FINANCIAL STATEMENTS**

As a function of the audit process, auditors are required to gain an understanding of the City's internal control, including the financial reporting process.

The City does not have an internal control system designed to provide for the preparation of the financial statements being audited. As auditors, we were requested to draft the financial statements and accompanying Notes to the Financial Statements. This circumstance is not unusual in a city of your size.

Even though all management decisions related to financial reporting are made by the City's management and approval of the financial statements lies with management, it is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

**CITY OF SILVER BAY  
Lake County, Minnesota**

**DEFICIENCY  
December 31, 2009**

**CAPITAL ASSET TRACKING SOFTWARE**

During our audit, we noted the City does not internally maintain its capital asset listing. The City did purchase the capital asset module for the Banyon finance system; however, it is currently not being used.

We recommend the City implement the use of the Banyon capital asset module for maintaining the City's capital asset listing.

**CITY OF SILVER BAY  
Lake County, Minnesota**

**RECOMMENDATIONS FOR MANAGEMENT  
December 31, 2009**

**CONSIDER THE IMPLICATIONS OF GOVERNMENTAL ACCOUNTING  
STANDARDS BOARD STATEMENT NO. 51, *ACCOUNTING AND FINANCIAL  
REPORTING FOR INTANGIBLE ASSETS***

Governments possess many different types of assets that may be considered intangible assets, including easements, land rights, patents, trademarks and computer software. Currently, there is an absence of sufficiently specific authoritative guidance that addresses questions regarding whether and when intangible assets should be considered capital assets for reporting purposes, resulting in inconsistencies in the accounting and financial reporting of intangible assets among state and local governments, particularly in the areas of recognition, initial measurement and amortization.

Governmental Accounting Standards Board (GASB) Statement No. 51 establishes accounting and financial reporting requirements for intangible assets to reduce these inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets.

The Statement identifies an intangible asset as having the following three characteristics:

- It lacks physical substance.
- It is nonfinancial in nature.
- Its useful life extends beyond a single reporting period.

The requirements of this Statement are effective for the year ending December 31, 2010. The provisions of this Statement generally are required to be applied retroactively. For governments that were classified as phase 1 or phase 2 governments for the purpose of implementing GASB Statement No. 34, retroactive reporting is required for intangible assets acquired in fiscal years ending after June 30, 1980, except for those considered to have indefinite useful lives as of the effective date of this Statement and those that would be considered internally generated. Retroactive reporting of intangible assets by phase 3 governments is encouraged but not required.

**CONSIDER THE IMPLICATIONS OF GASB STATEMENT NO. 54, *FUND BALANCE  
REPORTING AND GOVERNMENTAL FUND TYPE DEFINITIONS***

GASB Statement No. 54 was enacted to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The initial distinction that is made in reporting fund balance information is identifying amounts that are considered nonspendable, such as fund balance associated with inventories or prepaid expenses. This Statement also provides for additional classification as restricted, committed, assigned and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

**CITY OF SILVER BAY  
Lake County, Minnesota**

**RECOMMENDATIONS FOR MANAGEMENT  
December 31, 2009**

**CONSIDER THE IMPLICATIONS OF GASB STATEMENT NO. 54, *FUND BALANCE REPORTING AND GOVERNMENTAL FUND TYPE DEFINITIONS***

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed, unless that is a negative balance. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed or assigned.

Governments are allowed to have stabilization amounts which are formally set aside for use in emergency situations or when revenue shortages or budgetary imbalances arise. These funds must be restricted or committed for a specific purpose, and cannot occur routinely.

Governments are required to have a fund balance policy which addresses a reasonable minimum level of unrestricted fund balance to be maintained, how the unrestricted fund balance can be used or spent down and how that fund balance will be replenished if it falls below the minimum level.

Elimination of the reserved component of fund balance in favor of a restricted classification will enhance the consistency between information reported in the government-wide statements and information in the government fund financial statements and avoid confusion about the relationship between the reserved fund balance and restricted net assets. The Statement is also designed to enhance the usefulness of fund balance information by clarifying the definitions of governmental fund types. For example, special revenue funds are created only to report a revenue source that is restricted or committed to a specified purpose, and that revenue source should constitute a substantial portion of the resources reported in the fund. In addition, the definition of the capital project fund type has been clarified to focus on the broader, more consistent understanding of capital outlays and capital activities in today's environment.

This Statement is effective for the year ending December 31, 2011; however, early implementation is encouraged. Fund balance reclassifications made to conform to the provisions of this Statement should be applied retroactively by restating fund balance for all prior periods presented.

**CITY OF SILVER BAY  
Lake County, Minnesota**

**REQUIRED COMMUNICATION  
December 31, 2009**

We have audited the basic financial statements of the City for the year ended December 31, 2009, and have issued our report dated March 30, 2010. Professional standards require that we provide you with the following information related to our audit.

**OUR RESPONSIBILITY UNDER U.S. GENERALLY ACCEPTED AUDITING  
STANDARDS AND *GOVERNMENT AUDITING STANDARDS***

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of the City. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit.

**PLANNED SCOPE AND TIMING OF THE AUDIT**

We performed the audit according to the planned scope and timing previously communicated to you.

**QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES**

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City are described in Note 1 to the financial statements. The City approved an out of state travel policy during 2009. The City also revised its cell phone and investment policies during 2009. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

**CITY OF SILVER BAY  
Lake County, Minnesota**

**REQUIRED COMMUNICATION  
December 31, 2009**

**QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Depreciation – The City is currently depreciating its capital assets over their estimated useful lives, as determined by management, using the straight-line method.

Expense Allocation – The City is currently allocating certain costs among the programs and supporting services benefited. The costs are allocated based on management's estimates.

We evaluated the key factors and assumptions used to develop the above estimates in determining they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent and clear.

**DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT**

We encountered no difficulties in dealing with management in performing and completing our audit.

**CORRECTED AND UNCORRECTED MISSTATEMENTS**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

**DISAGREEMENTS WITH MANAGEMENT**

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

**MANAGEMENT REPRESENTATIONS**

We requested certain representations from management which were provided to us in the management representation letter.

**CITY OF SILVER BAY  
Lake County, Minnesota**

**REQUIRED COMMUNICATION  
December 31, 2009**

**MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the City’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. We are not aware of any consultations by the City’s management with other accountants during the course of our audit.

**OTHER ISSUES**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS**

We have not reviewed, and it is our understanding, that no other published documents exist that contain audited financial statement information, for which we are currently auditing. As stated in our engagement letter, if you publish or reproduce the financial statements or make reference to our Firm name in relation to such documents, you agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

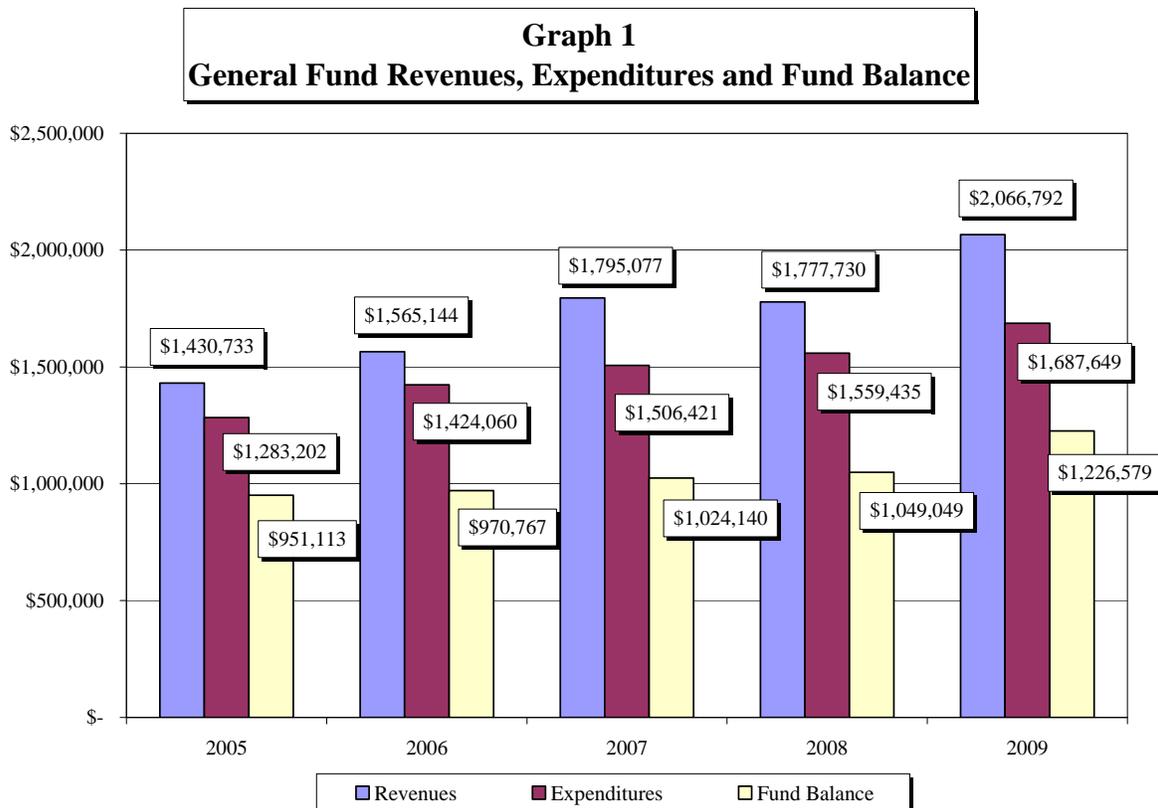
**CITY OF SILVER BAY  
Lake County, Minnesota**

**FINANCIAL ANALYSIS  
December 31, 2009**

The following pages provide graphic representation of select data pertaining to the financial position and operations of the City for the past five years. Our analysis of each graph is presented to provide a basis for discussion of past performance and how implementing certain changes may enhance future performance. We suggest you view each graph and document if our analysis is consistent with yours. A subsequent discussion of this information should be useful for planning purposes.

**GENERAL FUND**

Revenues over expenditures, before transfers and other financing sources, in the General Fund for 2009 totaled \$ 379,143. This was an improvement from \$ 218,295 in 2008, despite an increase in the amount transferred out to other funds. General Fund revenues funded \$ 272,807 in routine operating transfers to fund Library, Cemetery, Airport, Arena, Park and Recreation and Community Building Funds' operations. Fund balance in the General Fund increased \$ 177,530, or 16.9%, from \$ 1,049,049 in 2008 to \$ 1,226,579 in 2009. This fund balance represents just less than nine months of total General Fund operating expenditures. As Graph 1 illustrates, revenues increased for the fourth time in the five years presented and expenditures have steadily increased over the last five years. Fund balance has also increased steadily over the last five years, with the largest increase from 2008 to 2009.



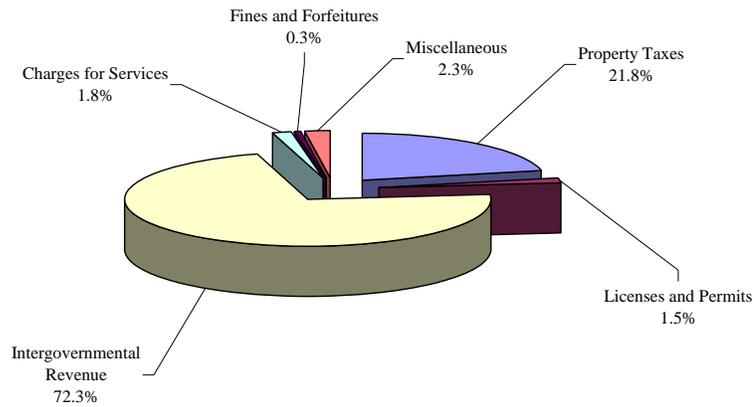
**CITY OF SILVER BAY  
Lake County, Minnesota**

**FINANCIAL ANALYSIS  
December 31, 2009**

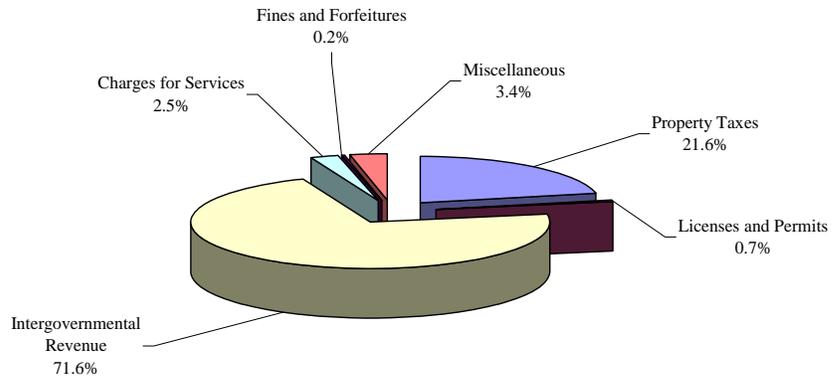
**GENERAL FUND**

As Graphs 2 and 3 indicate, the City relies upon intergovernmental revenue and tax levies as the majority of its total General Fund revenues. These two revenues accounted for 94.1% and 93.2% of total revenue in 2009 and 2008, respectively.

**Graph 2  
General Fund 2009 Revenues by Source**



**Graph 3  
General Fund 2008 Revenues by Source**



**CITY OF SILVER BAY  
Lake County, Minnesota**

**FINANCIAL ANALYSIS  
December 31, 2009**

**GENERAL FUND**

	Year Ended December 31,				
	2005	2006	2007	2008	2009
<b>REVENUES:</b>					
Property Taxes	\$ 189,719	\$ 216,159	\$ 337,664	\$ 384,465	\$ 450,321
Licenses and Permits	7,421	10,157	13,521	12,786	30,548
Intergovernmental Revenue	1,151,186	1,206,869	1,322,115	1,271,862	1,493,936
Charges for Services	28,801	41,203	45,735	43,953	37,413
Fines and Forfeitures	3,605	4,219	3,295	4,269	6,902
Miscellaneous	50,001	86,537	72,747	60,395	47,672
<b>Total Revenues</b>	<b>\$ 1,430,733</b>	<b>\$ 1,565,144</b>	<b>\$ 1,795,077</b>	<b>\$ 1,777,730</b>	<b>\$ 2,066,792</b>

General Fund revenues increased 16.3% during 2009. The increase in revenues was primarily a result of increases in property taxes and intergovernmental revenues. Property taxes increased \$ 65,856, or 17.1%, as a result of an increase in the property tax levy due to the additional \$ 72,000 capital equipment levy which was new for 2009; the City also received additional delinquent prior year amounts. Intergovernmental revenues increased \$ 222,074, or 17.5%, which is attributed to two factors. First, the City received approximately \$ 47,000 more in Local Government Aid (LGA) than in the prior year. In addition, the City received a number of state and federal grants to cover the damage done by the March ice storm.

	Year Ended December 31,				
	2005	2006	2007	2008	2009
<b>EXPENDITURES:</b>					
General Government	\$ 395,396	\$ 417,728	\$ 499,176	\$ 406,709	\$ 396,565
Public Safety	467,584	474,844	502,449	559,129	564,161
Public Works	365,470	367,897	412,026	444,217	520,644
Culture and Recreation	27,328	16,984	17,921	31,085	29,293
Debt Service	-	-	26,260	26,261	56,009
Capital Outlay	27,424	146,607	48,589	92,034	120,977
<b>Total Expenditures</b>	<b>\$ 1,283,202</b>	<b>\$ 1,424,060</b>	<b>\$ 1,506,421</b>	<b>\$ 1,559,435</b>	<b>\$ 1,687,649</b>

General Fund expenditures increased 8.2% during 2009. This increase was primarily a result of increases in public works, debt service and capital outlay expenditures. Public works expenditures increased \$ 76,427, or 17.2%, due to increased costs for tree replacement as the result of the ice storm. Debt service expenditures increased \$ 29,748 due to making payments in 2009 for the first time for the 2008 Bobcat lease and the two mowers purchased in 2009. Capital outlay increased \$ 28,943, or 31.4%, primarily as a result of the purchase of two mowers for the golf course.

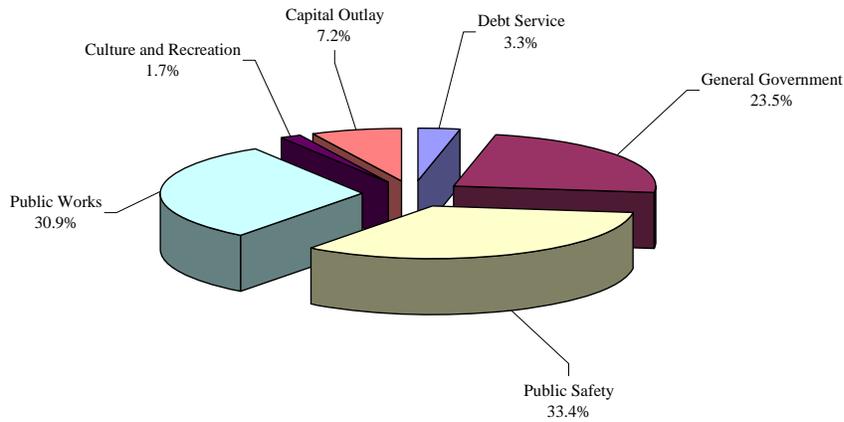
**CITY OF SILVER BAY  
Lake County, Minnesota**

**FINANCIAL ANALYSIS  
December 31, 2009**

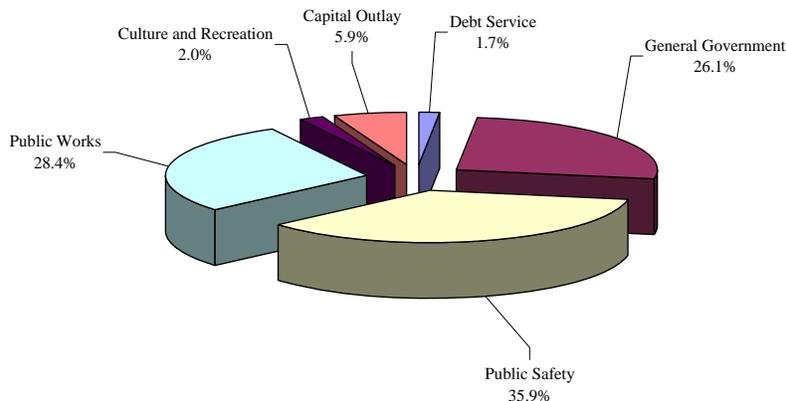
**GENERAL FUND**

Graphs 4 and 5 illustrate the breakdown of expenditures by function for the last two years. As with other cities of similar size, public safety, public works and general government expenditures make up the largest components of General Fund expenditures. There was more allocated to debt service and capital outlay in 2009 as a result of the City purchasing two new mowers on capital leases. As a result, the amount allocated to other functions decreased slightly.

**Graph 5  
General Fund 2009 Expenditures by Function**



**Graph 5  
General Fund 2008 Expenditures by Function**



**CITY OF SILVER BAY  
Lake County, Minnesota**

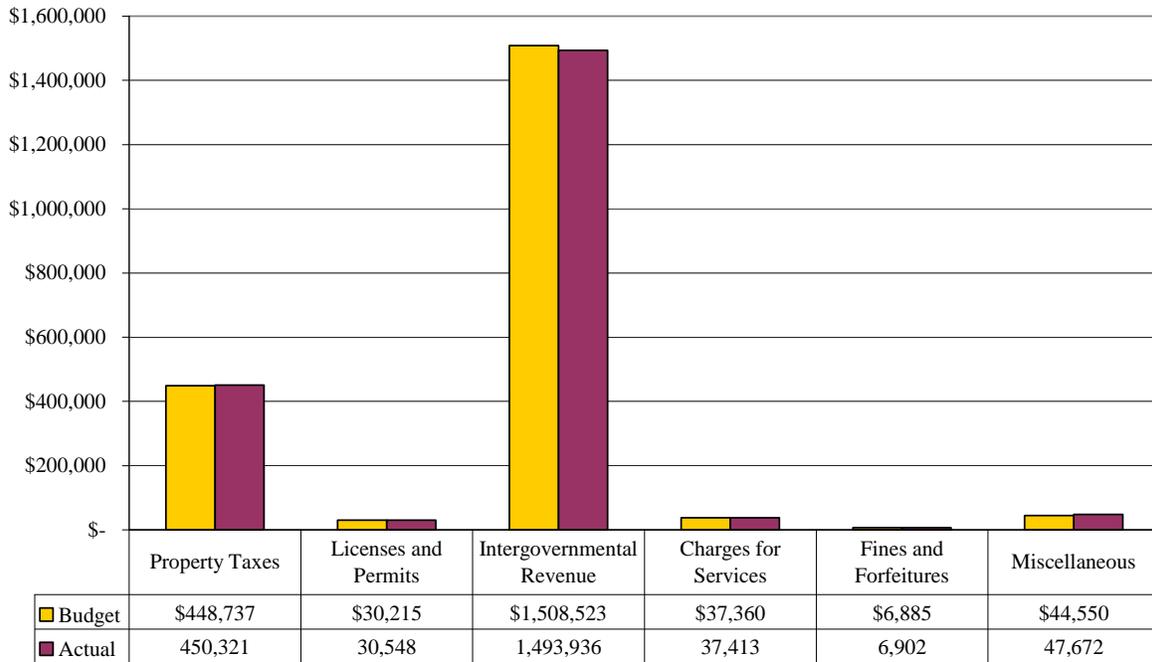
**FINANCIAL ANALYSIS  
December 31, 2009**

**GENERAL FUND**

Graphs 6 and 7 outline the budget and actual comparison for General Fund revenues and expenditures.

Overall, revenue was \$ 9,478 under budget. Actual intergovernmental revenue was lower than budget by \$ 14,587, while miscellaneous revenue was over budget by \$ 3,122. The rest of the revenues were accurately budgeted for as the next largest variance is \$ 1,584 over budget in property taxes, which is less than a 1 % budget variance.

**Graph 6  
2009 General Fund Revenues  
Budget and Actual**



**CITY OF SILVER BAY  
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**FINANCIAL ANALYSIS  
December 31, 2009**

**GENERAL FUND**

Overall, expenditures were \$ 42,320, or 2.6%, over budget in 2009. The majority of the difference is in capital outlay which was \$ 48,222 over budget. This is due to the new mowers that were purchased.

**Graph 7  
2009 General Fund Expenditures  
Budget and Actual**



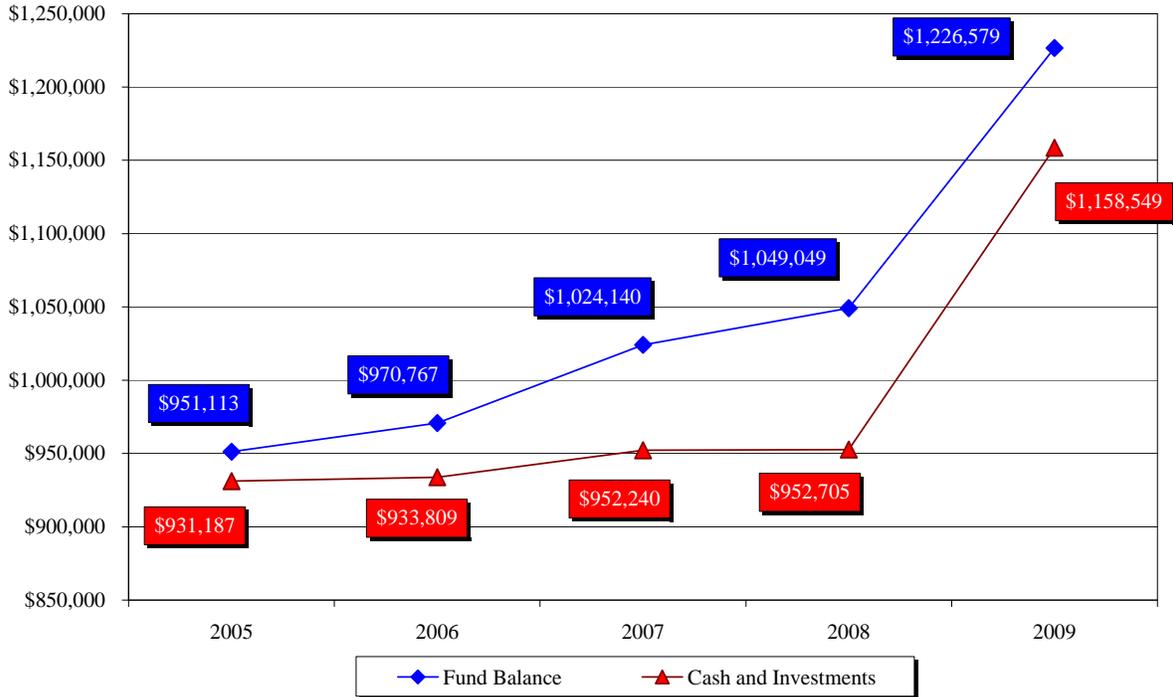
**CITY OF SILVER BAY  
Lake County, Minnesota**

**FINANCIAL ANALYSIS  
December 31, 2009**

**GENERAL FUND**

As illustrated on Graph 8, the fund balance and cash balance in the General Fund increased significantly in 2009. Cash increased during 2009 by approximately 21.6%, while fund balance increased 16.9%. We commend the City and its administration for its focus and dedication in maintaining its General Fund balance at levels that can adequately fund operations and provide sufficient reserves to fund small projects without incurring bond issuance costs.

**Graph 8  
General Fund**



**CITY OF SILVER BAY  
Lake County, Minnesota**

**FINANCIAL ANALYSIS  
December 31, 2009**

**LIQUOR FUND**

Liquor Fund operating trends are illustrated on the graphs on the following page. Sales remained stable, increasing only 3.7% from \$ 882,964 in 2008 to \$ 915,267 in 2009. Gross profit percentage decreased from 44.2% in 2008 to 41.9% in 2009. Income before operating transfers was \$ 57,518 in 2009, a decrease from the 2008 total of \$ 73,178. This was primarily a result of decreased investment income and increased interest expense. The Liquor Fund continued to transfer profits to fund various City operations as they have in the past. The transfer for 2009 totaled \$ 7,649 compared to a transfer of \$ 11,246 in 2008.

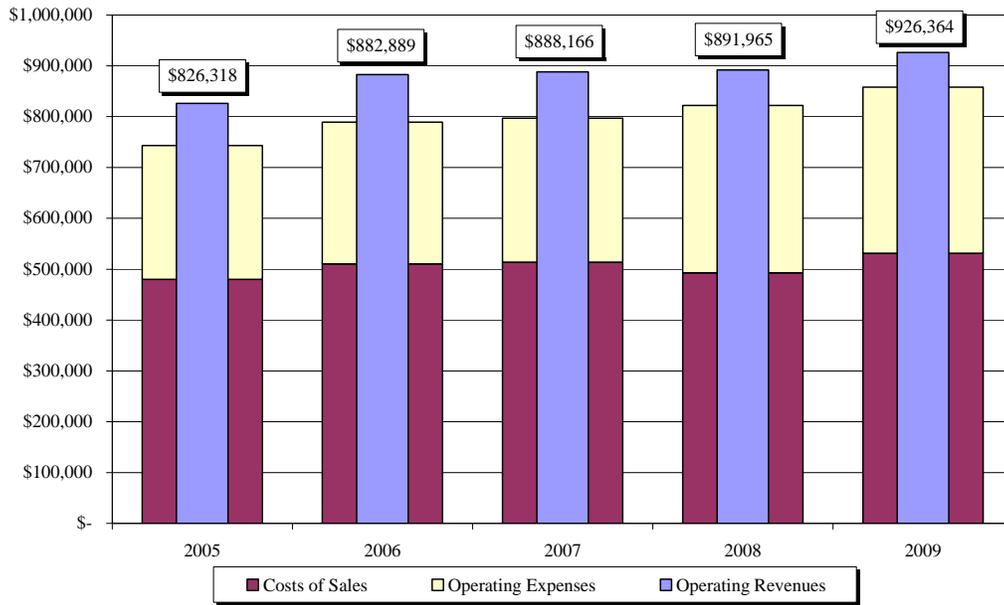
We recommend the City continue to review markups on all products to maintain a gross profit percentage at approximately 40% to 42%. The liquor operations should consider increased strategic marketing through new products and promotion and display of higher margin products in order to increase sales and improve operating results. With this policy, the City should continue to have the necessary funds to provide for park and recreation and public works reserve projects as they have in the past.

**CITY OF SILVER BAY  
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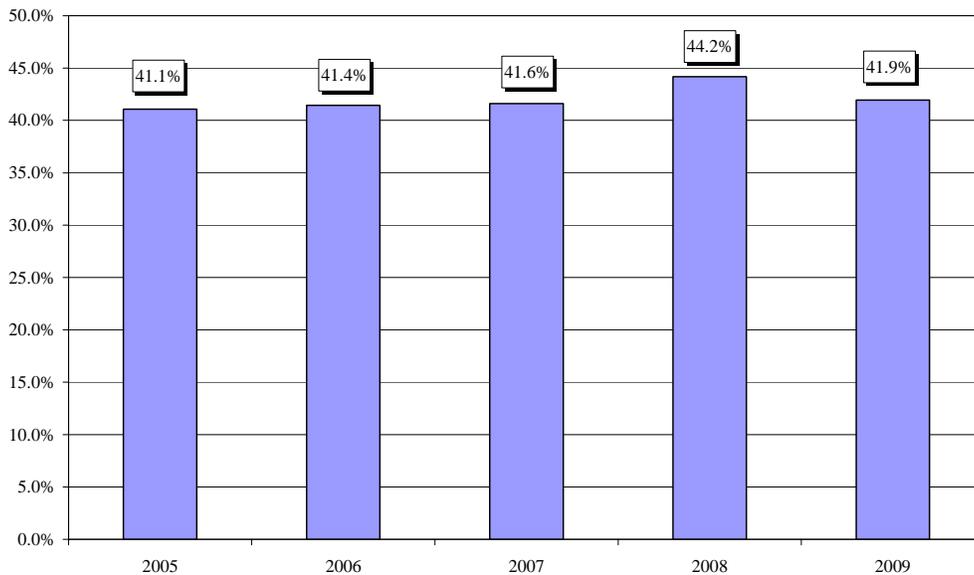
**FINANCIAL ANALYSIS  
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**LIQUOR FUND**

**Graph 9  
Liquor Fund**



**Graph 10  
Liquor Fund Gross Profit Percentage**



**CITY OF SILVER BAY  
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**FINANCIAL ANALYSIS  
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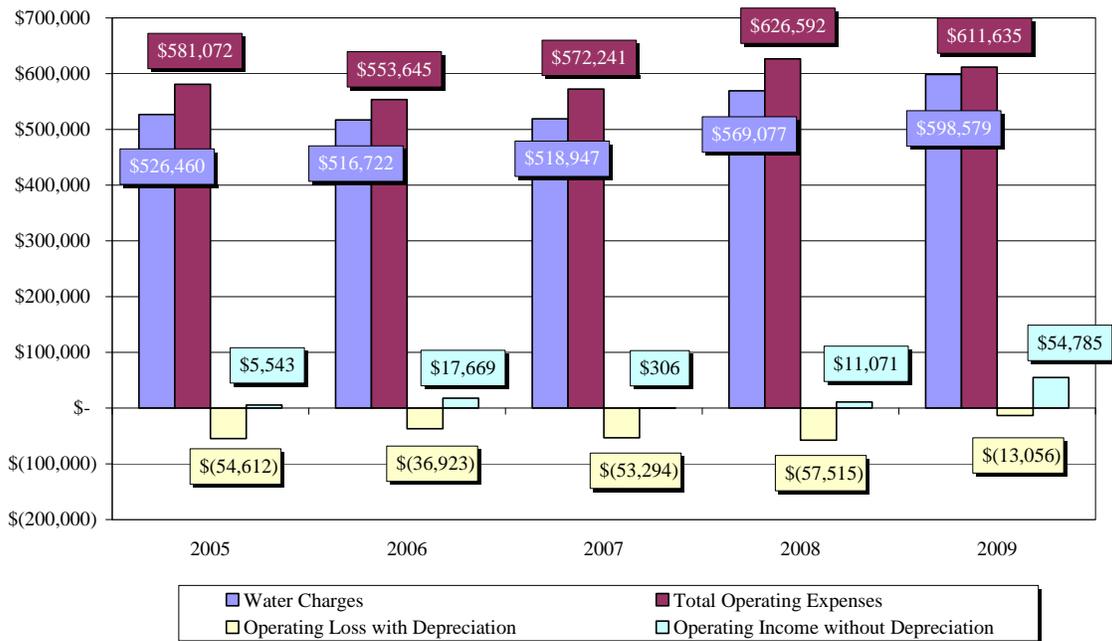
**WATER AND SEWER FUNDS**

Water and sewer rates increased in late 1995, 1999, 2005, 2007, 2008 and 2009 to fund the repayment of the water and wastewater treatment facilities and water system improvements financed through the PFA loan program. Sufficient revenues were not generated during any of the last five years in the Water Fund to cover the costs associated with the facilities, as demonstrated by the 2009 operating loss of \$ 13,056 in the Water Fund. The Sewer Fund has had an operating profit during two of the previous five years; however, it operated at a loss of \$ 35,102 in 2009, an increase from the 2008 operating loss of \$ 28,168.

The operating trends of the Water and Sewer Funds are illustrated in graphs 11 and 12. Operating expenses of the Water Fund decreased 2.4% in 2009. Operating revenues increased 5.2% in 2009 primarily due to an increase in rates.

We recommend the City continue to monitor operating costs and user fees in this Fund to ensure rates are sufficient to provide revenues to cover operating costs and fund future capital improvements of the water system. Even with the water rate increase in 2009, the City still incurred an operating loss with the inclusion of depreciation expense charged to the Fund.

**Graph 11  
Water Fund**



**CITY OF SILVER BAY  
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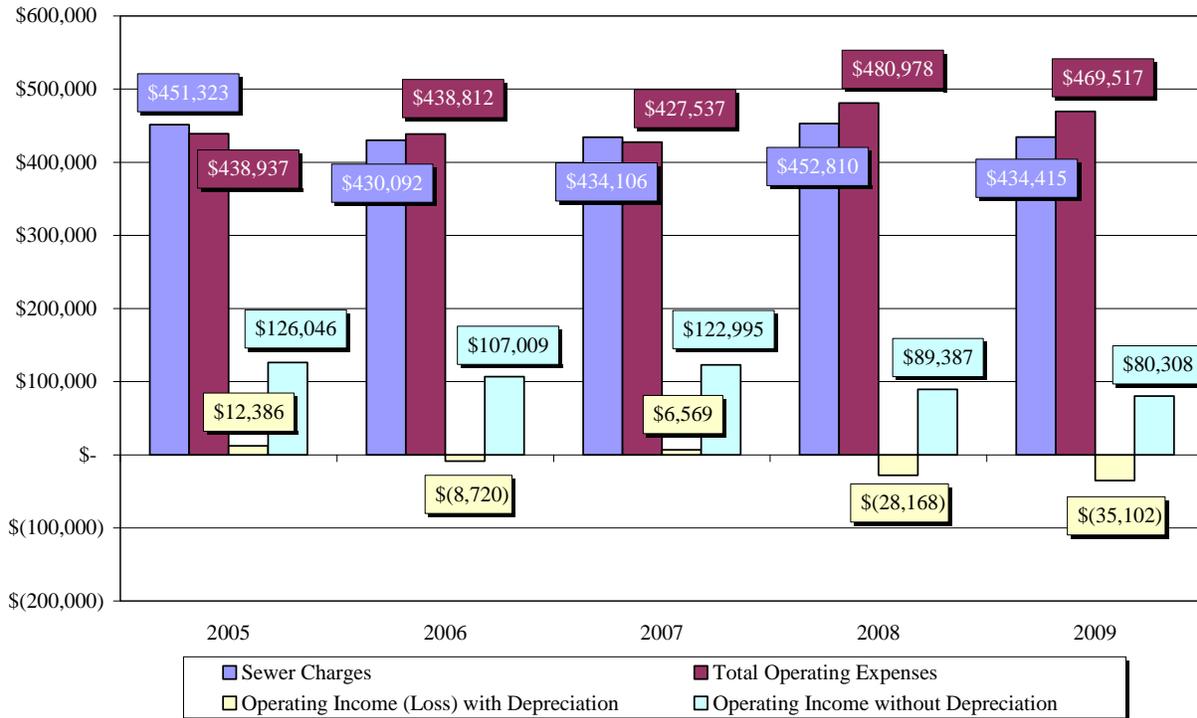
**FINANCIAL ANALYSIS  
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**WATER AND SEWER FUNDS**

Despite the increase in rates, Sewer Fund operating revenues decreased 4.1% in 2009 due to a decrease in usage. Operating expenses decreased 2.4% due to various small decreases.

We recommend the City continue to monitor operating costs and user fees in this Fund to ensure rates are sufficient to provide revenues to cover operating costs including depreciation and fund future improvements.

**Graph 12  
Sewer Fund**



**CITY OF SILVER BAY  
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**WATER AND SEWER FUNDS**

**Graph 13  
Net Asset Balances  
Water Fund and Sewer Fund**

