

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

FINANCIAL STATEMENT EXAMINATION REPORT  
OF

LAKE MICHIGAN DISTRICTS HOUSEHOLD  
HAZARDOUS WASTE INTERLOCAL

LAPORTE COUNTY, INDIANA

January 1, 2010 to December 31, 2011



**FILED**  
09/19/2012



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Coordinator	Thomas Buford	01-01-10 to 12-31-12
Controller	Carol Trost	01-01-10 to 12-31-12
Chairman of the Board	Gerry Scheub Rick Niemeyer	01-01-10 to 12-31-11 01-01-12 to 12-31-12



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE LAKE MICHIGAN DISTRICTS HOUSEHOLD  
HAZARDOUS WASTE INTERLOCAL, LAPORTE COUNTY, INDIANA

We have examined the financial statements of the Lake Michigan Districts Household Hazardous Waste Interlocal (District), for the period of January 1, 2010 to December 31, 2011. The District's management is responsible for the financial statements. Our responsibility is to express an opinion based on our examination.

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

As discussed in Note 1, the District prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis noted above is a different basis than that used in the prior year.

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

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables, and Schedule of Capital Assets as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the District's management, District's Board, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

July 5, 2012

## FINANCIAL STATEMENTS

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

LAKE MICHIGAN DISTRICTS HOUSEHOLD HAZARDOUS WASTE INTERLOCAL  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Governmental Fund: General	<u>\$ 9,428</u>	<u>\$ 567,297</u>	<u>\$ 570,389</u>	<u>\$ 6,336</u>

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

LAKE MICHIGAN DISTRICTS HOUSEHOLD HAZARDOUS WASTE INTERLOCAL  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For The Year Ended December 31, 2011

	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Governmental Fund: General	<u>\$ 6,336</u>	<u>\$ 591,047</u>	<u>\$ 586,307</u>	<u>\$ 11,076</u>

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

LAKE MICHIGAN DISTRICTS HOUSEHOLD HAZARDOUS WASTE INTERLOCAL  
NOTES TO FINANCIAL STATEMENTS

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The District was established under the laws of the State of Indiana. The District operates under an appointed governing board.

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

*B. Basis of Accounting*

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

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

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Charges for services which can include, but are not limited to the following: recycling fees, other administrative 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 statements. The aggregate disbursements may include, but are not limited to, 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.

LAKE MICHIGAN DISTRICTS HOUSEHOLD HAZARDOUS WASTE INTERLOCAL  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level.

**Note 3. 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 District 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 4. Risk Management**

The District 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 District to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the District by recording as a disbursement and replacement items purchased.

**Note 5. Pension Plan**

*Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this

LAKE MICHIGAN DISTRICTS HOUSEHOLD HAZARDOUS WASTE INTERLOCAL  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 District 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  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

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

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## SUPPLEMENTARY INFORMATION – UNAUDITED

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

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

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

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

LAKE MICHIGAN DISTRICTS HOUSEHOLD HAZARDOUS WASTE INTERLOCAL  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010

	General
Cash and investments - beginning	\$ <u>9,428</u>
Receipts:	
Charges for services	559,090
Other receipts	<u>8,207</u>
Total receipts	<u>567,297</u>
Disbursements:	
Personal services	88,318
Supplies	12,537
Other services and charges	<u>469,534</u>
Total disbursements	<u>570,389</u>
Deficiency of receipts over disbursements	<u>(3,092)</u>
Cash and investments - ending	<u><u>\$ 6,336</u></u>

LAKE MICHIGAN DISTRICTS HOUSEHOLD HAZARDOUS WASTE INTERLOCAL  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011

	General
Cash and investments - beginning	\$ <u>6,336</u>
Receipts:	
Charges for services	111,047
Other receipts	<u>480,000</u>
Total receipts	<u>591,047</u>
Disbursements:	
Personal services	89,579
Supplies	10,955
Other services and charges	<u>485,773</u>
Total disbursements	<u>586,307</u>
Excess of receipts over disbursements	<u>4,740</u>
Cash and investments - ending	<u>\$ <u>11,076</u></u>

LAKE MICHIGAN DISTRICTS HOUSEHOLD HAZARDOUS WASTE INTERLOCAL  
SCHEDULE OF PAYABLES  
December 31, 2011

<u>Government or Enterprise</u>	<u>Accounts Payable</u>
Governmental activities	<u>\$ 13,129</u>

LAKE MICHIGAN DISTRICTS HOUSEHOLD HAZARDOUS WASTE INTERLOCAL  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2011

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

	<u>Ending Balance</u>
Governmental activities:	
Buildings	\$ 88,760
Machinery, equipment and vehicles	<u>83,660</u>
Total governmental activities	<u>172,420</u>
Total capital assets	<u><u>\$ 172,420</u></u>

LAKE MICHIGAN DISTRICTS HOUSEHOLD HAZARDOUS WASTE INTERLOCAL  
EXAMINATION RESULT AND COMMENT

***BOARD AND BOARD MEETINGS***

Lake, Porter, and LaPorte County Solid Waste Management Districts entered into a Household Waste Interlocal Agreement on March 10, 2008. The agreement stated that the Board shall be comprised of the Board President of each Waste Management District and that the Board should meet quarterly. During our audit period the Board met on February 23, 2010, and again on October 25, 2011.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

LAKE MICHIGAN DISTRICTS HOUSEHOLD HAZARDOUS WASTE INTERLOCAL  
EXIT CONFERENCE

The contents of this report were discussed on July 5, 2012, with Commissioner Barbara Huston, Board member; Thomas Buford, Coordinator; and Carol Trost, Controller. The officials concurred with our finding.