

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

FINANCIAL STATEMENT EXAMINATION REPORT
OF

LITTLE CALUMET RIVER BASIN
DEVELOPMENT COMMISSION
LAKE COUNTY, INDIANA

January 1, 2012 to December 31, 2012



FILED
10/22/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Dan Repay	01-01-12 to 12-31-13
Treasurer	Anthony Broadnax	01-01-12 to 12-31-13
Chairman of the Board	William Baker	01-01-12 to 12-31-13



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE LITTLE CALUMET RIVER BASIN
DEVELOPMENT COMMISSION, LAKE COUNTY, INDIANA

We have examined the accompanying financial statement of the Little Calumet River Basin Development Commission (District), for the year ended December 31, 2012. The financial statement is the responsibility of the District's management. Our responsibility is to express an opinion on the financial statement 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 statement 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 statement 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 effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the District for the year ended December 31, 2012.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the District for the year ended December 31, 2012, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the District's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, 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 examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

Bruce Hartman
State Examiner

August 29, 2013

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FINANCIAL STATEMENT

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

LITTLE CALUMET RIVER BASIN DEVELOPMENT COMMISSION
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2012

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
General Fund	\$ 32,292	\$ 185,770	\$ 120,204	\$ 97,858
Corps Escrow Construction Fund	99,011	109	-	99,120
Land Acquisition Fund	385,653	2,971,841	2,017,499	1,339,995
Little Calumet Savings	240,856	15,901	16,430	240,327
Totals	<u>\$ 757,812</u>	<u>\$ 3,173,621</u>	<u>\$ 2,154,133</u>	<u>\$ 1,777,300</u>

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

LITTLE CALUMET RIVER BASIN DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENT

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 statement presents the financial information for the District.

B. Basis of Accounting

The financial statement is 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 statement. The aggregate receipts may include the following sources:

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, 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, recycling fees, cable TV receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

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.

LITTLE CALUMET RIVER BASIN DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENT
(Continued)

E. Disbursements

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

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.

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

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 District 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 District. 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 District. 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 District 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.

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.

LITTLE CALUMET RIVER BASIN DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENT
(Continued)

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 statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 5. Subsequent Events

On June 21, 2013, the District received \$6,534,690 from the first annual special assessment imposed under Indiana Code 14-13-2-18.5 against each taxable parcel of real property within the watershed of the Little Calumet River and Burns Waterway in Lake County.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the District'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 Report of the District which is 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.

LITTLE CALUMET RIVER BASIN DEVELOPMENT COMMISSION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012

	General Fund	Corps Escrow Construction Fund	Land Acquisition Fund	Little Calumet Savings	Totals
Cash and investments - beginning	\$ 32,292	\$ 99,011	\$ 385,653	\$ 240,856	\$ 757,812
Receipts:					
Charges for services	183,412	-	2,971,321	-	3,154,733
Other receipts	<u>2,358</u>	<u>109</u>	<u>520</u>	<u>15,901</u>	<u>18,888</u>
Total receipts	<u>185,770</u>	<u>109</u>	<u>2,971,841</u>	<u>15,901</u>	<u>3,173,621</u>
Disbursements:					
Supplies	4,040	-	-	-	4,040
Other services and charges	116,164	-	1,401,466	13,100	1,530,730
Capital outlay	-	-	600,396	-	600,396
Other disbursements	<u>-</u>	<u>-</u>	<u>15,637</u>	<u>3,330</u>	<u>18,967</u>
Total disbursements	<u>120,204</u>	<u>-</u>	<u>2,017,499</u>	<u>16,430</u>	<u>2,154,133</u>
Excess (deficiency) of receipts over disbursements	<u>65,566</u>	<u>109</u>	<u>954,342</u>	<u>(529)</u>	<u>1,019,488</u>
Cash and investments - ending	<u>\$ 97,858</u>	<u>\$ 99,120</u>	<u>\$ 1,339,995</u>	<u>\$ 240,327</u>	<u>\$ 1,777,300</u>

LITTLE CALUMET RIVER BASIN DEVELOPMENT COMMISSION
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2012

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 175,087</u>	<u>\$ 7,091</u>

LITTLE CALUMET RIVER BASIN DEVELOPMENT COMMISSION
SCHEDULE OF LEASES AND DEBT
December 31, 2012

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: McShane's	Copier lease	\$ 2,745	12-14-10	12-14-13
Total of annual lease payments		<u>\$ 2,745</u>		

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose	
Governmental activities: Notes and loans payable	Regional Development Authority loan	\$ 2,430,000
Totals		<u>\$ 2,430,000</u>

LITTLE CALUMET RIVER BASIN DEVELOPMENT COMMISSION
SCHEDULE OF CAPITAL ASSETS
December 31, 2012

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:	
Land	<u>\$ 3,694,006</u>
Total capital assets	<u><u>\$ 3,694,006</u></u>

LITTLE CALUMET RIVER BASIN DEVELOPMENT COMMISSION
EXIT CONFERENCE

The contents of this report were discussed on August 29, 2013, with Anthony Broadnax, Treasurer; William Baker, Chairman of the Board; Dan Repay, Executive Director; and Sandy Mordus, Office Manager. Our examination disclosed no material items that warrant comment at this time.