

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF
LAKE COUNTY, INDIANA
January 1, 2012 to December 31, 2012



FILED
10/24/2013

TABLE OF CONTENTS

| <u>Description</u> | <u>Page</u> |
|---|-------------|
| Schedule of Officials | 2 |
| Independent Auditor's Report | 3-5 |
| 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 | 6-7 |
| Financial Statement: | |
| Statement of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis | 10-14 |
| Notes to Financial Statement | 15-20 |
| Supplementary Information - Unaudited: | |
| Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis | 22-65 |
| Schedule of Payables and Receivables | 66 |
| Schedule of Leases and Debt | 67 |
| Schedule of Capital Assets..... | 68 |
| Other Reports..... | 69 |
| Supplemental Audit of Federal Awards: | |
| Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance..... | 72-74 |
| Schedule of Expenditures of Federal Awards | 76-78 |
| Notes to Schedule of Expenditures of Federal Awards..... | 79 |
| Schedule of Findings and Questioned Costs | 80-105 |
| Auditee Prepared Schedules: | |
| Summary Schedule of Prior Audit Findings | 106-113 |
| Corrective Action Plan..... | 114-142 |
| Exit Conference..... | 143 |

SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|---|--|--|
| Auditor | Peggy Holinga Katona | 01-01-11 to 12-31-14 |
| Treasurer | John E. Petalas | 01-01-11 to 12-31-14 |
| Clerk | Michael A. Brown | 01-01-10 to 12-31-13 |
| Sheriff | John Buncich | 01-01-11 to 12-31-14 |
| Recorder | Michelle R. Fajman Michael B. Brown | 01-30-10 to 12-31-12 01-01-13 to 12-31-16 |
| President of the Board of County Commissioners | Gerry J. Scheub Roosevelt Allen Jr. | 01-01-12 to 12-31-12 01-01-13 to 12-31-13 |
| President of the County Council | Jerome A. Prince Ted F. Bilski | 01-01-12 to 12-31-12 01-01-13 to 12-31-13 |



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF LAKE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of Lake County (County), which comprises the financial position and results of operations for the year ended December 31, 2012, 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 County'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 County'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 County 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 County for the year ended December 31, 2012.

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 County for the year ended December 31, 2012, 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 August 20, 2013, on our consideration of the County'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 County'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 County'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 County'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 auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

Other Information

Included in the financial statement are the receipts and disbursements activity from emergency telephone system fees (IC 36-8-16), enhanced wireless emergency telephone fees (IC 36-8-16.5), and statewide 911 services fees (IC 36-8-16.7). In accordance with Indiana Code 36-8-16-14, Indiana Code 36-8-16.5-41, and Indiana Code 36-8-16.7-38, these fees have been subject to an annual audit performed by the Indiana State Board of Accounts and, in our opinion, are fairly stated, in all material respects, in relation to the financial statement taken as a whole.



Bruce Hartman
State Examiner

August 20, 2013



STATE OF INDIANA
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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 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 Lake County (County), which comprises the financial position and results of operations for the year ended December 31, 2012, and the related notes to the financial statement, and have issued our report thereon dated August 20, 2013, wherein we noted the County 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 County'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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 2012-01, 2012-02, and 2012-03 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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

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)

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 items 2012-01, 2012-02, and 2012-03.

Lake County's Response to Findings

The County's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The County'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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Bruce Hartman
State Examiner

August 20, 2013

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FINANCIAL STATEMENT

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

LAKE COUNTY
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 | \$ (4,459) | \$ 175,377,043 | \$ 177,135,053 | \$ (1,762,469) |
| County Highway Dept | 2,141,046 | 5,152,432 | 5,069,443 | 2,224,035 |
| Local Road and Street | 1,361,890 | 760,871 | 178,745 | 1,944,016 |
| Sheriff's Accident Report | 24,338 | 16,968 | 1,370 | 39,936 |
| Sheriff's Firearms Training | 34,877 | 32,430 | 39,190 | 28,117 |
| Park Non-reverting Operating | 83,128 | 4,460,714 | 4,481,697 | 62,145 |
| County Health | 1,334,266 | 2,561,359 | 2,243,007 | 1,652,618 |
| Lake County Animal Shelter | 50,591 | 71,780 | 67,131 | 55,240 |
| Sheriff's Law Enforcement Continuing Education | 7,717 | - | 4,012 | 3,705 |
| Special Vehicle Inspection Fund | 6,236 | 2,255 | - | 8,491 |
| Clerk's Records Perpetuation | 37,836 | 170,414 | 82,064 | 126,186 |
| Surveyor's Electronic Mapping Data | 5,465 | 10,059 | 8,018 | 7,506 |
| Infraction Deferral Program | 1,229,262 | 889,517 | 1,159,479 | 959,300 |
| Unsafe Building Fund | 248,364 | 25,617 | - | 273,981 |
| Gambling Admission Tax | 3,373,544 | 13,272,037 | 14,853,815 | 1,791,766 |
| Emergency Telephone System | 1,546,887 | 518,823 | 2,065,710 | - |
| Drug Free Community | 439,301 | 329,062 | 404,672 | 363,691 |
| Emergency Local Planning | 105,812 | - | 20,993 | 84,819 |
| Parks And Recreation | 458,026 | 8,224,718 | 8,483,916 | 198,828 |
| Prosecutor Incentive Fund | 122,924 | 100 | 30,215 | 92,809 |
| Supplemental Juvenile Probation Service | 161,839 | 52,099 | 58,623 | 155,315 |
| Supplemental Adult Probation Services | 2,152,604 | 823,908 | 1,119,386 | 1,857,126 |
| County Recorder's Perpetuation Fund | 489,320 | 602,419 | 417,407 | 674,332 |
| Health Maintenance | 272,528 | 55,760 | 48,881 | 279,407 |
| Prosecutor's Pre-trial Diversion | 924,451 | 319,480 | 346,986 | 896,945 |
| Juvenile Court C.A.S.A. | 128,215 | 298,464 | 321,341 | 105,338 |
| Misdemeanant County Jail Housing | 660,610 | 773,437 | 479,328 | 954,719 |
| Criminal Court Supplemental Public Defender Service | 79,667 | 241,445 | 258,537 | 62,575 |
| Jail Commissary | 28,171 | 740,789 | 715,569 | 53,391 |
| Surveyor's Corner Perpetuation | 196,150 | 82,868 | 106,143 | 172,875 |
| Jury Fees | 205,657 | 120,182 | 145,220 | 180,619 |
| Rainy Day | 154,664 | - | 135,800 | 18,864 |
| Inmate Medical | 5,291 | 3,888 | 7,059 | 2,120 |
| Sales Disclosure | 62,082 | 34,025 | 43,160 | 52,947 |
| Lake County Community Corrections Program | 240 | - | - | 240 |
| County Child Advocacy | 9,029 | 450 | - | 9,479 |
| ID Security Protection | 801,991 | 46,107 | 16,650 | 831,448 |
| Sex and Violent Offenders | 29,617 | 21,635 | 19,027 | 32,225 |
| Reassessment 2015 | 1,442,241 | 1,455,779 | 128,874 | 2,769,146 |
| Auditor Ineligible Deduction | 31,279 | 1,006,308 | 130,131 | 907,456 |
| Elected Officials Training Fund | 16,065 | 46,202 | 4,776 | 57,491 |
| Non-Reverting Park and Recreation | 545,837 | 919,434 | 928,559 | 536,712 |
| Redevelopment Bonds | - | 905,996 | 905,996 | - |
| Cumulative Bridge | 5,835,143 | 2,065,896 | 1,284,901 | 6,616,138 |
| Drainage Improvements | 1,003,512 | 1,455,778 | 1,360,447 | 1,098,843 |
| Non-reverting Self Insurance | 3,003,989 | 16,766,406 | 17,456,909 | 2,313,486 |
| Congressional School Principal | 35,000 | 887 | - | 35,887 |
| Municipal Court Costs | 10,995 | 136,692 | 136,669 | 11,018 |
| Congressional School Interest | 20,199 | - | - | 20,199 |
| Tax Sale Surplus | 7,636,182 | 13,580,343 | 9,071,530 | 12,144,995 |
| Tax Sale Redemption | 1,668,084 | 6,919,634 | 8,038,215 | 549,503 |
| Fines and Forfeitures | 41,685 | 181,414 | 194,438 | 28,661 |
| State Sales Disclosure Fee | 2,345 | 34,430 | 34,145 | 2,630 |
| Overweight Vehicle Fines | 494 | 72,252 | 62,303 | 10,443 |
| Sheriff | 1,299,633 | 4,471,262 | 4,965,740 | 805,155 |
| Infraction Judgements | 52,380 | 882,134 | 870,800 | 63,714 |
| Inheritance Tax | 3,330,240 | 13,728,776 | 11,450,727 | 5,608,289 |
| Special Death Benefit Fees | 5,175 | 53,620 | 54,255 | 4,540 |
| Education Plate Fees Distribution | 17,471 | 17,156 | 13,256 | 21,371 |
| County Innkeepers Tax | 255,253 | 190,075 | 619,700 | (174,372) |
| Financial Institution Tax | - | 2,023,458 | 2,023,458 | - |
| Convention and Visitors | - | 1,708,509 | 1,708,384 | 125 |

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

LAKE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

| Fund | Cash and Investments 01-01-12 | Receipts | Disbursements | Cash and Investments 12-31-12 |
|--|-------------------------------------|-------------|---------------|-------------------------------------|
| State Mortgage Fund | 3,468 | 43,815 | 43,025 | 4,258 |
| Child Restraint System Fees | 50 | 1,250 | 1,170 | 130 |
| Interstate Compact Fee | 812 | 6,725 | 7,100 | 437 |
| Commercial Vehicle Excise Tax | 619 | 3,850,777 | 3,850,777 | 619 |
| Lake County Homestead Credit Rebate | 4,136 | 5,064 | - | 9,200 |
| HEA 1001- '08 State Homestead Credit | 78,021 | - | 28,757 | 49,264 |
| Coroner Facility Fee | 1,444 | 44,000 | 42,338 | 3,106 |
| Veteran Services Funds | 250 | - | - | 250 |
| Excess Internet Access Fee | 300,000 | - | 178,141 | 121,859 |
| Sheriff's Pension Trust Fund | 20,059 | 898,028 | 735,126 | 182,961 |
| Lake County Sheriff's Marine Unit | 625 | 875 | - | 1,500 |
| Sheriff's Sale Program and Service Fund | 30,400 | 671,000 | 711,070 | (9,670) |
| Sheriff's Towing and Franchise Fee Fund | 12,975 | 296,565 | 208,001 | 101,539 |
| Commissary Payroll Pass Through Fund | 10,437 | 269,000 | 582,303 | (302,866) |
| County Offender Transportation | 2,000 | 4,938 | - | 6,938 |
| Detention Enhancement Project | 2,399 | 23,509 | 25,908 | - |
| Disproportional Minority Contact Project Grant | 8,002 | 10,537 | 18,537 | 2 |
| Calumet Township Poor Relief | - | 4,717,098 | 4,717,098 | - |
| Cedar Creek Township Poor Relief | - | 82,220 | 82,220 | - |
| Center Township Poor Relief | - | 154,514 | 154,514 | - |
| Eagle Creek Township Poor Relief | - | 22,555 | 22,555 | - |
| Hanover Township Poor Relief | - | 87,394 | 87,394 | - |
| Hobart Township Poor Relief | - | 251,857 | 251,857 | - |
| North Township Poor Relief | - | 2,604,145 | 2,604,145 | - |
| Ross Township Poor Relief | - | 120,742 | 120,742 | - |
| St. John Township Poor Relief | - | 71,939 | 71,939 | - |
| West Creek Township Poor Relief | - | 20,791 | 20,791 | - |
| Winfield Township Poor Relief | - | 26,251 | 26,251 | - |
| Township Fund | 11,148 | 3,118,481 | 3,129,629 | - |
| Township Recreation | - | 1,408,942 | 1,408,942 | - |
| Township Firefighting | - | 1,271,512 | 1,271,512 | - |
| Township Property Maintenance | - | 383,186 | 383,186 | - |
| Library | - | 21,690,890 | 21,690,890 | - |
| Library Bonds | - | 1,305,177 | 1,305,177 | - |
| Debt Service | - | 20,736,321 | 20,736,321 | - |
| Street Lights | - | 97,156 | 97,156 | - |
| Corporation | 257,261 | 138,327,982 | 138,585,298 | (55) |
| Corporation Bond | - | 9,589,046 | 9,589,046 | - |
| Cumulative Fire and Equipment | - | 117,379 | 117,379 | - |
| Street or M.V.H. | - | 4,281,766 | 4,281,766 | - |
| Police Pension | - | 467,457 | 467,457 | - |
| Fire Pension | - | 1,564,896 | 1,564,896 | - |
| Water Hydrant Rental | - | 308,296 | 308,296 | - |
| Independence Hill Conservancy | - | 246,600 | 246,600 | - |
| Cumulative Capital Improvement | - | 25,272 | 25,272 | - |
| Park Dist Bond | - | 2,826,855 | 2,826,855 | - |
| Sanitary District - Sanitary Sewers | - | 10,863,834 | 10,863,834 | - |
| Sanitary District Bond | - | 1,627,837 | 1,627,837 | - |
| Cumulative Sewer (Drainage) | - | 139,559 | 139,559 | - |
| School Transportation | - | 34,321,773 | 34,321,773 | - |
| Special Cumulative Fire | - | 19,224 | 19,224 | - |
| Airport | - | 567,516 | 567,516 | - |
| Redevelopment District | - | 829,639 | 829,639 | - |
| E.M.S. Ambulance | - | 280,417 | 280,417 | - |
| Public Transportation | - | 1,531,046 | 1,531,046 | - |
| Parks and Recreation | - | 6,642,481 | 6,642,481 | - |
| Storm Sewer | - | 431,709 | 431,709 | - |
| Municipal Complex/Genesis Center | - | 346 | 346 | - |
| Airport Bond | - | 84,561 | 84,561 | - |
| Cumulative Capital Development | - | 4,110,029 | 4,110,029 | - |
| Lake Ridge Fire District | - | 2,119,553 | 2,119,553 | - |
| Cumulative Capital Fire Equipment | - | 210,064 | 210,064 | - |

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

LAKE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

| Fund | Cash and Investments 01-01-12 | Receipts | Disbursements | Cash and Investments 12-31-12 |
|--|-------------------------------------|-------------|---------------|-------------------------------------|
| Capital Projects | - | 38,563,867 | 38,563,867 | - |
| TIF Allocation | - | 45,367,776 | 45,367,776 | - |
| Township Community Service | - | 139,134 | 139,134 | - |
| Water District | - | 232,275 | 232,275 | - |
| Solid Waste Management District | - | 4,305,111 | 4,305,111 | - |
| Sanitary District - Solid Waste | - | 88,402 | 88,402 | - |
| Township Cumulative Park | - | 330,336 | 330,336 | - |
| Bus Replacement Schools | - | 2,350,619 | 2,350,619 | - |
| Cumulative Fire Special | - | 216,085 | 216,085 | - |
| Exempt Debt Service - Corp | - | 3,209,141 | 3,209,141 | - |
| Exempt Lease Rental Payment - Library | - | 1,094,764 | 1,094,764 | - |
| Exempt Debt Service - Library | - | 2,274,120 | 2,274,120 | - |
| Exempt Special Sanitary Debt Service | - | 8,400,928 | 8,400,928 | - |
| Exempt Debt Service - School | - | 114,660,758 | 114,660,758 | - |
| Exempt Retirement/Severance Debt Service | - | 6,019,354 | 6,019,354 | - |
| Exempt Special Water District Debt Service | - | 399,922 | 399,922 | - |
| Exempt Park Bond - Corp | - | 2,688,079 | 2,688,079 | - |
| Exempt Sewer Bond | - | 1,252,317 | 1,252,317 | - |
| Exempt Lease Rental Payment - Corp | - | 5,197,667 | 5,197,667 | - |
| Exempt Special Transportation Debt Service | - | 794,379 | 794,379 | - |
| Exempt Redevelopment Bond | - | 3,264,245 | 3,264,245 | - |
| Exempt Storm Sewer Bond | - | 548,416 | 548,416 | - |
| Library Obligation Loan | - | 77,244 | 77,244 | - |
| Municipal Storm Water Fund | - | 1,144,101 | 1,144,086 | 15 |
| Corporate Debt Payment | - | 173,274 | 173,274 | - |
| Hobart Storm Water | - | 1,753,988 | 1,753,988 | - |
| Water District Bond | - | 518,050 | 518,050 | - |
| HUD - NSP-3 Grant | - | 984,574 | 978,766 | 5,808 |
| Gary Storm Water | - | 1,957,365 | 1,957,335 | 30 |
| Lake Station Storm Water | - | 542,202 | 542,202 | - |
| Special Fire Territory | - | 568,992 | 568,992 | - |
| Bond No.2 | - | 17,877 | 17,877 | - |
| Referendum Debt - Lake Central | - | 35,443 | 35,443 | - |
| Referendum School-Crown Point | - | 5,096,891 | 5,096,891 | - |
| Fingerprint Fee Fund | - | 335 | - | 335 |
| Lake County Jail Construction | - | 5,000,000 | 56,827 | 4,943,173 |
| Lake County Operating Fund | - | 4,969,408 | 46,927 | 4,922,481 |
| Construction Fund | - | 3,500,000 | 29,396 | 3,470,604 |
| Reimbursement Fund | - | 6,500,000 | 54,056 | 6,445,944 |
| Lake Dalecarlia Grant Fund | - | 946,863 | 602,273 | 344,590 |
| Ordinance Violation Deferral | - | 9,559 | - | 9,559 |
| Salvage Vehicle Inspection Fee | - | 9,860 | - | 9,860 |
| Violence Intervention Program | - | 24,643 | 20,527 | 4,116 |
| Zoning Enforcement Fund | - | 1,000 | - | 1,000 |
| Juvenile Interstate Transportation | - | 875 | - | 875 |
| The Assessor's Settlement Fund | - | 460,000 | - | 460,000 |
| Juvenile Accountability Block Grant | - | 16,174 | 13,484 | 2,690 |
| Collection Expense Reimbursement Fund | - | 2,777,433 | 2,049,593 | 727,840 |
| Undervalued and Omitted Property | - | 1,761,582 | 59,050 | 1,702,532 |
| Lake County 911 Fund | - | 4,242,211 | 866,768 | 3,375,443 |
| Reassessment 2005 | 1,998,754 | 180,000 | 1,949,473 | 229,281 |
| Welfare Administration | - | 15,864,341 | 15,864,341 | - |
| Family and Children | 130,344 | - | - | 130,344 |
| Park and Recreation Gift | 57,440 | 4,406 | 4,852 | 56,994 |
| Lake County Police D.A.R.E. | 5,511 | 1,000 | 5,949 | 562 |
| JAIAG Block Grant | 113 | - | - | 113 |
| Animal Control S.N.A.P. | 6,664 | 26,786 | 15,409 | 18,041 |
| Children's Psychiatric Residential Treatment Service | 1,931 | - | - | 1,931 |
| Homeland Security Grant | 17,551 | 39,147 | - | 56,698 |
| Non-sufficient Check | 49,949 | 9,672 | 1,831 | 57,790 |
| Prosecutor's Elderly Abuse | 20,781 | 179,498 | 168,334 | 31,945 |
| State Drunk Driving Fees | 24,560 | 9,119 | 16,539 | 17,140 |

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

LAKE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

| Fund | Cash and Investments 01-01-12 | Receipts | Disbursements | Cash and Investments 12-31-12 |
|---|-------------------------------------|-----------|---------------|-------------------------------------|
| County General's Incentive Fund | 325,899 | - | - | 325,899 |
| Non-Reverting Lake County Fairgrounds | 125,996 | 88,535 | 104,959 | 109,572 |
| HUD NSP Grant | 108,044 | 2,383,088 | 2,479,250 | 11,882 |
| Non-Reverting Rico Seizure | 68,179 | 16,100 | 28,777 | 55,502 |
| Dag 71 Prosecutor's Non-Reverting | 30 | - | 30 | - |
| Non-Reverting Property Seizure | 300,944 | 736,956 | 614,752 | 423,148 |
| Sheriff's Alarms Permits and Fines | 14,162 | 7,050 | 8,242 | 12,970 |
| Juvenile Home Detention Grant | 9,764 | 187,866 | 187,945 | 9,685 |
| Lake County Community Development Admin Budget | 7,192 | 472,252 | 504,138 | (24,694) |
| Lake County Community Development Cities/Towns | 10,500 | 672,523 | 683,023 | - |
| Lake County Home Program | 6,178 | 783,208 | 789,386 | - |
| Lake County Development Rehab | 189 | 220,178 | 219,008 | 1,359 |
| Lake County Community Development REMP-IDOC | 179,123 | 181,827 | - | 360,950 |
| Lake County Community Development FMHA | 45,238 | - | - | 45,238 |
| Lake County Economic Revolving Loan | 457,441 | 1,403,038 | 420 | 1,860,059 |
| Non-reverting Sheriff's Federal Forfeiture | 21,224 | 26,595 | 20,079 | 27,740 |
| Lake County Multi-Agency Task Force | 53,292 | 116,496 | 131,817 | 37,971 |
| Sheriff's State and County Non-reverting Forfeiture | 828 | - | - | 828 |
| C.D.B.G. Recapture Loans | 449,218 | 699,788 | - | 1,149,006 |
| Auditor's Tax Incentive | 391,336 | 236,000 | 269,228 | 358,108 |
| Storm Water Mgmt and Sediment Control | 25,637 | 8,837 | 6,326 | 28,148 |
| Campaign Finance Enforcement Fund | 20,177 | 1,345 | - | 21,522 |
| Division III Addiction Monitoring | 10,123 | 80 | 1,368 | 8,835 |
| Cops Interoperability Grant | 6,270 | 11,672 | 14,513 | 3,429 |
| Division II Ladoss | 155,390 | 145,069 | 200,529 | 99,930 |
| Division I Ladoss | 256,403 | 189,272 | 141,671 | 304,004 |
| Non-reverting Highway/Deposit Gambling Tax | 83,986 | 678,609 | 366,109 | 396,486 |
| Lake County CASA Program Grant | 490 | - | - | 490 |
| Domestic Relation Counseling | 101,180 | 41,096 | 40,190 | 102,086 |
| Non-reverting Delinquent Collection Fees | 1,582,775 | 1,139,292 | 2,720,442 | 1,625 |
| Sheriff's Grants Fund | 21,758 | 46,173 | 43,564 | 24,367 |
| Child Support/PCA Fees | 351,998 | 64,510 | 50,982 | 365,526 |
| Commissioner's Incentive Fund | 256,162 | 300,000 | 261,651 | 294,511 |
| Adult Probation Administration Fee | 111,716 | 190,076 | 202,766 | 99,026 |
| Juvenile Probation Administration Fee | 1,232 | 38,930 | 25,816 | 14,346 |
| Health Dept Tobacco Settlement | 967,106 | 176,533 | 110,434 | 1,033,205 |
| Family Court Initiative Grant | 62,696 | 86 | 10,211 | 52,571 |
| Anti-Bioterrorism | 7,341 | - | - | 7,341 |
| Weights-Measures User Fees | 73,157 | 115,010 | 91,376 | 96,791 |
| Website Maintenance Fund | 461,202 | 583,983 | 498,615 | 546,570 |
| Interpreter Service Grant | 7,206 | 7,150 | 14,208 | 148 |
| Justice Assistance Grant | 7,852 | 556,853 | 551,814 | 12,891 |
| Recorder's Incentive Fund | 275,767 | 100,000 | 99,583 | 276,184 |
| HAVA Title III Voting System | 332,944 | - | 303,008 | 29,936 |
| MS4 | 1,252,435 | 791,033 | 813,924 | 1,229,544 |
| Sheriff's SIG Grant | 15,270 | - | - | 15,270 |
| Auditor's Endorsement Fees | 86,586 | 92,715 | 129,554 | 49,747 |
| Alternative Dispute Resolutions | 159,575 | 39,370 | 22,997 | 175,948 |
| Alternative Dispute Resolution Co-Payment | 28,912 | 12,052 | 13,596 | 27,368 |
| Treasurer's Incentive | 333,173 | 240,000 | 235,919 | 337,254 |
| Child Support Incentive | 919,962 | 451,858 | 378,724 | 993,096 |
| Environmental Task Force | 36,402 | - | 36,402 | - |
| Title Search Fees | 6,895 | 359,529 | 337,074 | 29,350 |
| Late Surrender Fees/County Extradition | 13,470 | 2,465 | - | 15,935 |
| Non-reverting Property Seizure | 14,400 | 2,917 | - | 17,317 |
| DUI Task Force Grant | 7,283 | 10,938 | 11,577 | 6,644 |
| ARRA/EECB Grant | - | 1,182,146 | 1,180,646 | 1,500 |
| Lake County Community Correction Fair Share | 213,245 | 722,296 | 590,699 | 344,842 |
| Community Corrections Program | 317,557 | 2,550,687 | 2,549,167 | 319,077 |
| Sheriff's Animal Control | 1,290 | 5,362 | 5,627 | 1,025 |
| Community Economic Development | 4,083 | 50,371 | 53,963 | 491 |
| Parks Outside Cash | 20,015 | 118,883 | 120,735 | 18,163 |

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

LAKE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

| Fund | Cash and Investments 01-01-12 | Receipts | Disbursements | Cash and Investments 12-31-12 |
|--|-------------------------------------|-------------------------|-------------------------|-------------------------------------|
| Cum Helicopter Improvement Fund | 100,806 | 4,332 | 100,806 | 4,332 |
| ARRA/HUD - HPRP Grant | - | 60,431 | 60,431 | - |
| VOCA - Victims Of Crime Act Grant | - | 105,205 | 69,417 | 35,788 |
| ARRA Grant | 8,025 | - | - | 8,025 |
| Wireless E911 | 1,787,775 | 686,074 | 2,473,849 | - |
| County Excess Levy | 7,953,046 | - | - | 7,953,046 |
| Check Deception Collection Fee | 48,445 | 39,444 | 4,961 | 82,928 |
| Child Support IV-D/FSSA | 137,613 | 180,418 | 162,251 | 155,780 |
| HAVA Sec 101 Voting Sys Fund | 400,000 | - | 122,002 | 277,998 |
| County Bond Redemption | 2,327,326 | 1,343,065 | 2,610,781 | 1,059,610 |
| Redevelopment Authority Capital Projects | 5,308,215 | 26,102 | 596,289 | 4,738,028 |
| Exempt Debt Service | 2,614,531 | 4,201,147 | 5,723,770 | 1,091,908 |
| Exempt Park Bond | 100,102 | - | 100,102 | - |
| Exempt Park Revenue Bond Redemption | 273,289 | 1,966,993 | 2,256,919 | (16,637) |
| Co Highway Maint Garage Bond | 778,689 | - | - | 778,689 |
| County Bond Improvements | - | 4,962,834 | 4,468,216 | 494,618 |
| Park Dist Bond 1982 | 562,505 | 100,102 | 285,132 | 377,475 |
| Major Move Construction | 1,290,041 | 892,171 | 196,374 | 1,985,838 |
| Lake County Voting System Cumulative Fund | 1,678,551 | - | 3,615 | 1,674,936 |
| Cumulative Capital | 1,947,185 | 1,687,886 | 2,521,732 | 1,113,339 |
| Park Self Insurance | 616,565 | 501,162 | 533,687 | 584,040 |
| Employee Benefit Accruals | 7,315,394 | 60,324,989 | 65,710,324 | 1,930,059 |
| County Welfare Trusts | 4,720 | - | - | 4,720 |
| Property Replacement | 802,510 | 802,350 | 1,504,278 | 100,582 |
| Treasurer's Tax Sale | 472,065 | 3,597,122 | 3,676,873 | 392,314 |
| U.S. Research Consultants/Personal Property | 3,473 | - | - | 3,473 |
| Unfunded Money | 20,551,201 | 16,400,562 | 20,551,201 | 16,400,562 |
| National Park System | 174 | 9,784 | 9,784 | 174 |
| Doctors Merchants | 988 | 49 | - | 1,037 |
| Users Fee Agency | 752,372 | 1,484,791 | 1,465,930 | 771,233 |
| Payroll Court Judgement | 36,712 | 7,036 | 1,396 | 42,352 |
| Ordinance Deferral Program | 51,038 | 376,868 | 343,284 | 84,622 |
| Commissioner's Tax Certificate Sale | 2,340,292 | 5,017,757 | 5,044,736 | 2,313,313 |
| Payment Errors (Refunds) | 330,881 | 259,794 | 216,187 | 374,488 |
| Tax Sale Cancellation | 167,409 | 30,997 | 87,652 | 110,754 |
| Subdivision Escrow Bonds | 79,014 | 71,241 | 4,840 | 145,415 |
| Overpayment | 9,541,383 | 1,789,902 | 4,609,770 | 6,721,515 |
| Cities Park Sales Tax | 2,697 | 116,860 | 116,686 | 2,871 |
| Inmate Trust Commissary | 582,809 | 1,607,750 | 1,573,457 | 617,102 |
| Tax Sale Fees SRI | 1,969 | 434,792 | 368,054 | 68,707 |
| Supplemental County Wide Tax | 12 | 3,611,088 | 3,611,088 | 12 |
| Coroner's Continuing Education Fees | 4,487 | 64,964 | 64,866 | 4,585 |
| Delinquent Sewer | 2,956 | 1,039,271 | 1,039,211 | 3,016 |
| Barret Law | 3,180 | 201,010 | 201,010 | 3,180 |
| TIF Dissolution General Fund | 67,000 | 341,831 | 256,975 | 151,856 |
| Commissioner's Sale Surplus Property Deposit | 4,477 | - | - | 4,477 |
| US Steel Property Tax Settlement Fund | 1,130 | - | - | 1,130 |
| Indiana Common School Fund | 15,898 | 155,612 | 162,459 | 9,051 |
| Excess Monies Settlement 2001 | 110,294 | 35,241 | 7,500 | 138,035 |
| Clerk Outside Cash | 14,913,004 | 42,553,901 | 45,431,391 | 12,035,514 |
| Juvenile Probation Outside Cash | - | 12,663 | 12,663 | - |
| Hermit's Lake Sewer User Fee | 121,010 | 169,496 | 156,450 | 134,056 |
| Hermit's Lake Debt Reserve Fund | 40,500 | - | - | 40,500 |
| Totals | \$ 145,719,739 | \$ 1,047,883,380 | \$ 1,041,301,590 | \$ 152,301,529 |

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

LAKE COUNTY
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The County was established under the laws of the State of Indiana. The County operates under a Council-Commissioner form of government and provides some or all of the following services: public safety (police), highways and streets, health welfare and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

The accompanying financial statement presents the financial information for the County.

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:

Taxes which can include one or more of the following: property taxes, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, and other taxes that are set by the County.

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.

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,

LAKE COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

Penalties which include fees received for late payments.

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 may 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 County. It includes all expenditures for the reduction of the principal and interest of the County's general obligation indebtedness.

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

LAKE COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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 County 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 County. 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 County. 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 County 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 County 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 County 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.

LAKE COUNTY
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 County 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 County 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 County 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 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 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 County 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

LAKE COUNTY
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. County Police Retirement Plan

Plan Description

The County Police Retirement Plan is a single-employer defined benefit pension plan. With the approval of the County's fiscal body, the plan is administered by the sheriff's department and an appointed trustee as authorized by state statute (IC 36-8-10-12) for full-time police officers. The plan provides retirement, death, and disability benefits to plan members and beneficiaries. Funds designated for payments related to this plan are accounted for in a pension trust fund. The activity of this trust fund has not been reflected in the financial statement. The trustee issues a publicly available financial report that includes financial statements and required supplementary information of the plan. The report may be obtained by contacting the county sheriff.

Funding Policy

The contribution requirements of plan members for the County Police Retirement Plan are established by state statute.

C. County Police Benefit Plan

Plan Description

The County Police Benefit Plan is a single-employer defined benefit pension plan. With the approval of the County's fiscal body, the plan is administered by the sheriff's department and an appointed trustee as authorized by state statute (IC 36-8-10-12) for full-time police officers. The plan provides dependent pensions, life insurance, and disability benefits to plan members and beneficiaries. Funds designated for payments related to this plan are accounted for in a pension trust fund. The activity of this trust fund has not been reflected in the financial statement. The trustee issues a publicly available financial report that includes financial statements and required supplementary information of the plan. The report may be obtained by contacting the county sheriff.

Funding Policy

The contribution requirements of plan members for the County Police Benefit Plan are established by state statute.

Note 7. Restatement of County Offices

Certain funds that were included on the prior year financial statement have been omitted from the current year financial statement to more accurately reflect the financial activity of the County. These funds account for receipts and disbursements of County offices that are also eventually accounted for in the County's general ledger and this financial statement.

LAKE COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of disbursements exceeding receipts, reimbursable grants, or awaiting reimbursement by the Sherriff's Commissary Fund.

Note 9. Holding Corporation

The County has entered into a capital lease with the Lake County 2000 Building Corporation (the lessor). The lessor was organized as a not for profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the County. The lessor has been determined to be a related party of the County. Lease payments during the year 2012 totaled \$2,522,000.

Note 10. Subsequent Events

Income Tax Adopted

The County Council adopted three ordinances on May 6, 2013, imposing the following income taxes on the taxpayers of Lake County, Indiana:

Ordinance 1360 A – County adjusted gross income tax
Ordinance 1360 B – Public Safety County adjusted gross income tax
Ordinance 1360 D – County economic development income tax

The total tax rate is 1.5 percent. By statute, the tax is effective October 1, 2013.

Ameristar Casino Tax Assessment Agreement

In August 2013, Ameristar Casino's tax assessment appeal was settled for the years 2008 through 2012. Ameristar will receive tax credits of \$5,700,000, applicable over the taxes payable in 2013, 2014, 2015, and 2016. The credit each year will be \$1,425,000.

Note 11. Other Postemployment Benefits

The County provides health insurance benefits to eligible retirees and their spouses. These benefits pose a liability to the County for this year and in future years. Information regarding the benefits can be obtained by contacting the County.

Note 12. Combined Funds

Funds related to Redevelopment Authority Capital Projects and Redevelopment Authority Debt Service were reported individually in the prior financial statement but were combined into one fund for the current financial statement.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the County'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 County which is 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 County. It is presented as intended by the County.

LAKE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012

| | General Fund | County Highway Dept | Local Road and Street | Sheriff's Accident Report | Sheriff's Firearms Training | Park Non-reverting Operating | County Health |
|--|-----------------------|---------------------------|--------------------------------|---------------------------------|-----------------------------------|------------------------------------|---------------------|
| Cash and investments - beginning | \$ (4,459) | \$ 2,141,046 | \$ 1,361,890 | \$ 24,338 | \$ 34,877 | \$ 83,128 | \$ 1,334,266 |
| Receipts: | | | | | | | |
| Taxes | 82,317,273 | - | - | - | - | - | 1,327,703 |
| Licenses and permits | 131,025 | - | - | - | - | - | 499,107 |
| Intergovernmental | 7,256,130 | - | - | - | - | - | 231,481 |
| Charges for services | 6,569,479 | 4,973,984 | 760,377 | - | - | 4,456,943 | 490,056 |
| Fines and forfeits | 2,763,020 | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | <u>76,340,116</u> | <u>178,448</u> | <u>494</u> | <u>16,968</u> | <u>32,430</u> | <u>3,771</u> | <u>13,012</u> |
| Total receipts | <u>175,377,043</u> | <u>5,152,432</u> | <u>760,871</u> | <u>16,968</u> | <u>32,430</u> | <u>4,460,714</u> | <u>2,561,359</u> |
| Disbursements: | | | | | | | |
| Personal services | 83,956,878 | 4,212,652 | - | - | - | 2,155,529 | 2,015,601 |
| Supplies | 3,120,678 | 581,109 | 127,238 | - | - | 1,132,358 | 50,348 |
| Other services and charges | 21,306,589 | 271,953 | 51,507 | - | 19,300 | 1,171,152 | 169,738 |
| Debt service - principal and interest | 50,368,632 | - | - | - | - | - | - |
| Capital outlay | 481,580 | 3,729 | - | 1,370 | 19,890 | 22,658 | 2,320 |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | <u>17,900,696</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,000</u> |
| Total disbursements | <u>177,135,053</u> | <u>5,069,443</u> | <u>178,745</u> | <u>1,370</u> | <u>39,190</u> | <u>4,481,697</u> | <u>2,243,007</u> |
| Excess (deficiency) of receipts over disbursements | <u>(1,758,010)</u> | <u>82,989</u> | <u>582,126</u> | <u>15,598</u> | <u>(6,760)</u> | <u>(20,983)</u> | <u>318,352</u> |
| Cash and investments - ending | <u>\$ (1,762,469)</u> | <u>\$ 2,224,035</u> | <u>\$ 1,944,016</u> | <u>\$ 39,936</u> | <u>\$ 28,117</u> | <u>\$ 62,145</u> | <u>\$ 1,652,618</u> |

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

| | Lake County Animal Shelter | Sheriffs Law Enforcement Continuing Education | Special Vehicle Inspection Fund | Clerk's Records Perpetuation | Surveyor's Electronic Mapping Data | Infraction Deferral Program | Unsafe Building Fund |
|--|-------------------------------------|---|--|------------------------------------|---|-----------------------------------|----------------------------|
| Cash and investments - beginning | \$ 50,591 | \$ 7,717 | \$ 6,236 | \$ 37,836 | \$ 5,465 | \$ 1,229,262 | \$ 248,364 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | 642 | 25,300 |
| Fines and forfeits | 52,844 | - | - | - | 10,059 | 886,594 | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | 18,936 | - | 2,255 | 170,414 | - | 2,281 | 317 |
| Total receipts | <u>71,780</u> | <u>-</u> | <u>2,255</u> | <u>170,414</u> | <u>10,059</u> | <u>889,517</u> | <u>25,617</u> |
| Disbursements: | | | | | | | |
| Personal services | 24,830 | - | - | 61,947 | 2,117 | 1,007,655 | - |
| Supplies | 13,263 | - | - | - | 2,523 | 15,193 | - |
| Other services and charges | 29,038 | 4,012 | - | 18,926 | 3,378 | 134,231 | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | 1,191 | - | 2,400 | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | - | - |
| Total disbursements | <u>67,131</u> | <u>4,012</u> | <u>-</u> | <u>82,064</u> | <u>8,018</u> | <u>1,159,479</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | <u>4,649</u> | <u>(4,012)</u> | <u>2,255</u> | <u>88,350</u> | <u>2,041</u> | <u>(269,962)</u> | <u>25,617</u> |
| Cash and investments - ending | <u>\$ 55,240</u> | <u>\$ 3,705</u> | <u>\$ 8,491</u> | <u>\$ 126,186</u> | <u>\$ 7,506</u> | <u>\$ 959,300</u> | <u>\$ 273,981</u> |

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

| | Gambling Admission Tax | Emergency Telephone System | Drug Free Community | Emergency Local Planning | Parks And Recreation | Prosecutor Incentive Fund | Supplemental Juvenile Probation Service |
|--|------------------------------|----------------------------------|---------------------------|--------------------------------|----------------------------|---------------------------------|--|
| Cash and investments - beginning | \$ 3,373,544 | \$ 1,546,887 | \$ 439,301 | \$ 105,812 | \$ 458,026 | \$ 122,924 | \$ 161,839 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | 3,215,249 | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | 13,142,790 | - | - | - | 244,589 | - | - |
| Charges for services | - | 505,629 | - | - | 2,012,001 | - | - |
| Fines and forfeits | - | - | 329,062 | - | - | - | 19,099 |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | 129,247 | 13,194 | - | - | 2,752,879 | 100 | 33,000 |
| Total receipts | <u>13,272,037</u> | <u>518,823</u> | <u>329,062</u> | <u>-</u> | <u>8,224,718</u> | <u>100</u> | <u>52,099</u> |
| Disbursements: | | | | | | | |
| Personal services | 1,000,000 | - | - | - | 4,049,163 | 12,756 | 54,766 |
| Supplies | 544,357 | - | - | 1,353 | 587,809 | 1,792 | 2,561 |
| Other services and charges | 11,820,276 | 1,302,988 | - | 525 | 843,086 | 15,667 | 975 |
| Debt service - principal and interest | - | - | - | - | 2,013,863 | - | - |
| Capital outlay | 832,043 | - | - | 19,115 | 239,995 | - | 321 |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | 657,139 | 762,722 | 404,672 | - | 750,000 | - | - |
| Total disbursements | <u>14,853,815</u> | <u>2,065,710</u> | <u>404,672</u> | <u>20,993</u> | <u>8,483,916</u> | <u>30,215</u> | <u>58,623</u> |
| Excess (deficiency) of receipts over disbursements | <u>(1,581,778)</u> | <u>(1,546,887)</u> | <u>(75,610)</u> | <u>(20,993)</u> | <u>(259,198)</u> | <u>(30,115)</u> | <u>(6,524)</u> |
| Cash and investments - ending | <u>\$ 1,791,766</u> | <u>\$ -</u> | <u>\$ 363,691</u> | <u>\$ 84,819</u> | <u>\$ 198,828</u> | <u>\$ 92,809</u> | <u>\$ 155,315</u> |

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

| | Supplemental Adult Probation Services | County Recorder's Perpetuation Fund | Health Maintenance | Prosecutor's Pre-trial Diversion | Juvenile Court C.A.S.A. | Misdemeanant County Jail Housing | Criminal Court Supplemental Public Defender Service |
|---|--|--|-----------------------|--|-------------------------------|---|---|
| Cash and investments - beginning | \$ 2,152,604 | \$ 489,320 | \$ 272,528 | \$ 924,451 | \$ 128,215 | \$ 660,610 | \$ 79,667 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - | - |
| Charges for services | - | - | 55,760 | - | - | 773,437 | 159,439 |
| Fines and forfeits | 823,415 | 285,332 | - | 189,298 | - | - | 81,910 |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | 493 | 317,087 | - | 130,182 | 298,464 | - | 96 |
| Total receipts | 823,908 | 602,419 | 55,760 | 319,480 | 298,464 | 773,437 | 241,445 |
| Disbursements: | | | | | | | |
| Personal services | 1,030,879 | 295,302 | 37,594 | 329,929 | 321,341 | 464,328 | 178,677 |
| Supplies | 15,060 | 2,666 | - | 14,808 | - | 15,000 | 8,759 |
| Other services and charges | 49,451 | 117,825 | 9,718 | 329 | - | - | 57,582 |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | 23,996 | 1,614 | 1,569 | 1,920 | - | - | 13,519 |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | - | - |
| Total disbursements | 1,119,386 | 417,407 | 48,881 | 346,986 | 321,341 | 479,328 | 258,537 |
| Excess (deficiency) of receipts over disbursements | (295,478) | 185,012 | 6,879 | (27,506) | (22,877) | 294,109 | (17,092) |
| Cash and investments - ending | \$ 1,857,126 | \$ 674,332 | \$ 279,407 | \$ 896,945 | \$ 105,338 | \$ 954,719 | \$ 62,575 |

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

| | Jail Commissary | Surveyor's Corner Perpetuation | Jury Fees | Rainy Day | Inmate Medical | Sales Disclosure | Lake County Community Corrections Program |
|--|--------------------|--------------------------------------|-------------------|------------------|-------------------|---------------------|---|
| Cash and investments - beginning | \$ 28,171 | \$ 196,150 | \$ 205,657 | \$ 154,664 | \$ 5,291 | \$ 62,082 | \$ 240 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - | - |
| Charges for services | - | 82,800 | - | - | - | - | - |
| Fines and forfeits | - | - | 49,688 | - | - | 34,025 | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | 740,789 | 68 | 70,494 | - | 3,888 | - | - |
| Total receipts | <u>740,789</u> | <u>82,868</u> | <u>120,182</u> | <u>-</u> | <u>3,888</u> | <u>34,025</u> | <u>-</u> |
| Disbursements: | | | | | | | |
| Personal services | - | 32,419 | 68,524 | 135,800 | - | 7,088 | - |
| Supplies | - | 5,001 | - | - | - | - | - |
| Other services and charges | - | 48,823 | 76,101 | - | - | 27,124 | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | 19,900 | 595 | - | - | 8,948 | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | 715,569 | - | - | - | 7,059 | - | - |
| Total disbursements | <u>715,569</u> | <u>106,143</u> | <u>145,220</u> | <u>135,800</u> | <u>7,059</u> | <u>43,160</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | <u>25,220</u> | <u>(23,275)</u> | <u>(25,038)</u> | <u>(135,800)</u> | <u>(3,171)</u> | <u>(9,135)</u> | <u>-</u> |
| Cash and investments - ending | <u>\$ 53,391</u> | <u>\$ 172,875</u> | <u>\$ 180,619</u> | <u>\$ 18,864</u> | <u>\$ 2,120</u> | <u>\$ 52,947</u> | <u>\$ 240</u> |

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

| | County Child Advocacy | ID Security Protection | Sex and Violent Offenders | Reassessment 2015 | Auditor Ineligible Deduction | Elected Officials Training Fund | Non-Reverting Park and Recreation |
|--|-----------------------------|------------------------------|------------------------------------|----------------------|------------------------------------|--|--|
| Cash and investments - beginning | \$ 9,029 | \$ 801,991 | \$ 29,617 | \$ 1,442,241 | \$ 31,279 | \$ 16,065 | \$ 545,837 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | 1,352,865 | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | 102,914 | - | - | 461,587 |
| Charges for services | - | - | - | - | - | 46,107 | 196,108 |
| Fines and forfeits | - | 46,107 | 21,635 | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | 450 | - | - | - | 1,006,308 | 95 | 261,739 |
| Total receipts | 450 | 46,107 | 21,635 | 1,455,779 | 1,006,308 | 46,202 | 919,434 |
| Disbursements: | | | | | | | |
| Personal services | - | - | 11,438 | 126,287 | - | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | 16,650 | - | 2,587 | 130,131 | 4,776 | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | 5,473 | - | - | - | 678,559 |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | 2,116 | - | - | - | 250,000 |
| Total disbursements | - | 16,650 | 19,027 | 128,874 | 130,131 | 4,776 | 928,559 |
| Excess (deficiency) of receipts over disbursements | 450 | 29,457 | 2,608 | 1,326,905 | 876,177 | 41,426 | (9,125) |
| Cash and investments - ending | \$ 9,479 | \$ 831,448 | \$ 32,225 | \$ 2,769,146 | \$ 907,456 | \$ 57,491 | \$ 536,712 |

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

| | Redevelopment Bonds | Cumulative Bridge | Drainage Improvements | Non-reverting Self Insurance | Congressional School Principal | Municipal Court Costs | Congressional School Interest |
|--|------------------------|----------------------|--------------------------|------------------------------------|--------------------------------------|-----------------------------|-------------------------------------|
| Cash and investments - beginning | \$ - | \$ 5,835,143 | \$ 1,003,512 | \$ 3,003,989 | \$ 35,000 | \$ 10,995 | \$ 20,199 |
| Receipts: | | | | | | | |
| Taxes | 846,961 | 1,721,828 | 1,352,864 | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | 59,035 | 130,982 | 102,914 | - | - | - | - |
| Charges for services | - | 211,650 | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | 1,436 | - | 16,766,406 | 887 | 136,692 | - |
| Total receipts | <u>905,996</u> | <u>2,065,896</u> | <u>1,455,778</u> | <u>16,766,406</u> | <u>887</u> | <u>136,692</u> | <u>-</u> |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | - |
| Supplies | - | 30,649 | - | - | - | - | - |
| Other services and charges | - | 1,254,252 | 153,340 | 2,811,362 | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | 1,157,107 | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | 905,996 | - | 50,000 | 14,645,547 | - | 136,669 | - |
| Total disbursements | <u>905,996</u> | <u>1,284,901</u> | <u>1,360,447</u> | <u>17,456,909</u> | <u>-</u> | <u>136,669</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | <u>-</u> | <u>780,995</u> | <u>95,331</u> | <u>(690,503)</u> | <u>887</u> | <u>23</u> | <u>-</u> |
| Cash and investments - ending | <u>\$ -</u> | <u>\$ 6,616,138</u> | <u>\$ 1,098,843</u> | <u>\$ 2,313,486</u> | <u>\$ 35,887</u> | <u>\$ 11,018</u> | <u>\$ 20,199</u> |

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

| | Tax Sale Surplus | Tax Sale Redemption | Fines and Forfeitures | State Sales Disclosure Fee | Overweight Vehicle Fines | Sheriff | Infraction Judgements |
|--|------------------------|---------------------------|-----------------------------|-------------------------------------|--------------------------------|-------------------|--------------------------|
| Cash and investments - beginning | \$ 7,636,182 | \$ 1,668,084 | \$ 41,685 | \$ 2,345 | \$ 494 | \$ 1,299,633 | \$ 52,380 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | 178,037 | - | 72,252 | - | 882,134 |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | <u>13,580,343</u> | <u>6,919,634</u> | <u>3,377</u> | <u>34,430</u> | <u>-</u> | <u>4,471,262</u> | <u>-</u> |
| Total receipts | <u>13,580,343</u> | <u>6,919,634</u> | <u>181,414</u> | <u>34,430</u> | <u>72,252</u> | <u>4,471,262</u> | <u>882,134</u> |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | - | - | - | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | <u>9,071,530</u> | <u>8,038,215</u> | <u>194,438</u> | <u>34,145</u> | <u>62,303</u> | <u>4,965,740</u> | <u>870,800</u> |
| Total disbursements | <u>9,071,530</u> | <u>8,038,215</u> | <u>194,438</u> | <u>34,145</u> | <u>62,303</u> | <u>4,965,740</u> | <u>870,800</u> |
| Excess (deficiency) of receipts over disbursements | <u>4,508,813</u> | <u>(1,118,581)</u> | <u>(13,024)</u> | <u>285</u> | <u>9,949</u> | <u>(494,478)</u> | <u>11,334</u> |
| Cash and investments - ending | <u>\$ 12,144,995</u> | <u>\$ 549,503</u> | <u>\$ 28,661</u> | <u>\$ 2,630</u> | <u>\$ 10,443</u> | <u>\$ 805,155</u> | <u>\$ 63,714</u> |

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

| | Inheritance Tax | Special Death Benefit Fees | Education Plate Fees Distribution | County Innkeepers Tax | Financial Institution Tax | Convention and Visitors | State Mortgage Fund |
|--|---------------------|-------------------------------------|--|-----------------------------|---------------------------------|-------------------------------|---------------------------|
| Cash and investments - beginning | \$ 3,330,240 | \$ 5,175 | \$ 17,471 | \$ 255,253 | \$ - | \$ - | \$ 3,468 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | 188,133 | - | 131,005 | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | 13,728,776 | - | - | - | 2,023,458 | 1,577,380 | - |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | 53,620 | - | - | - | - | 43,815 |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | - | 17,156 | 1,942 | - | 124 | - |
| Total receipts | <u>13,728,776</u> | <u>53,620</u> | <u>17,156</u> | <u>190,075</u> | <u>2,023,458</u> | <u>1,708,509</u> | <u>43,815</u> |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | - | - | 488,695 | - | 1,708,384 | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | 11,450,727 | 54,255 | 13,256 | 131,005 | 2,023,458 | - | 43,025 |
| Total disbursements | <u>11,450,727</u> | <u>54,255</u> | <u>13,256</u> | <u>619,700</u> | <u>2,023,458</u> | <u>1,708,384</u> | <u>43,025</u> |
| Excess (deficiency) of receipts over disbursements | <u>2,278,049</u> | <u>(635)</u> | <u>3,900</u> | <u>(429,625)</u> | <u>-</u> | <u>125</u> | <u>790</u> |
| Cash and investments - ending | <u>\$ 5,608,289</u> | <u>\$ 4,540</u> | <u>\$ 21,371</u> | <u>\$ (174,372)</u> | <u>\$ -</u> | <u>\$ 125</u> | <u>\$ 4,258</u> |

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

| | Child Restraint System Fees | Interstate Compact Fee | Commercial Vehicle Excise Tax | Lake County Homestead Credit Rebate | HEA 1001- '08 State Homestead Credit | Coroner Facility Fee | Veteran Services Funds |
|--|--------------------------------------|------------------------------|--|---|--|----------------------------|------------------------------|
| Cash and investments - beginning | \$ 50 | \$ 812 | \$ 619 | \$ 4,136 | \$ 78,021 | \$ 1,444 | \$ 250 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | 3,850,777 | - | - | - | - |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | 1,250 | 6,725 | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | - | - | 5,064 | - | 44,000 | - |
| Total receipts | 1,250 | 6,725 | 3,850,777 | 5,064 | - | 44,000 | - |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | 42,338 | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | - | - | - | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | 1,170 | 7,100 | 3,850,777 | - | 28,757 | - | - |
| Total disbursements | 1,170 | 7,100 | 3,850,777 | - | 28,757 | 42,338 | - |
| Excess (deficiency) of receipts over disbursements | 80 | (375) | - | 5,064 | (28,757) | 1,662 | - |
| Cash and investments - ending | <u>\$ 130</u> | <u>\$ 437</u> | <u>\$ 619</u> | <u>\$ 9,200</u> | <u>\$ 49,264</u> | <u>\$ 3,106</u> | <u>\$ 250</u> |

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

| | Excess Internet Access Fee | Sheriffs Pension Trust Fund | Lake County Sheriff's Marine Unit | Sheriff's Sale Program and Service Fund | Sheriff's Towing and Franchise Fee Fund | Commissary Payroll Pass Through Fund | County Offender Transportation |
|--|-------------------------------------|--------------------------------------|---|---|---|--|--------------------------------------|
| Cash and investments - beginning | \$ 300,000 | \$ 20,059 | \$ 625 | \$ 30,400 | \$ 12,975 | \$ 10,437 | \$ 2,000 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - | - |
| Charges for services | - | - | 875 | - | - | - | - |
| Fines and forfeits | - | 898,028 | - | 671,000 | 296,565 | - | 4,938 |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | 269,000 | - |
| Total receipts | <u>-</u> | <u>898,028</u> | <u>875</u> | <u>671,000</u> | <u>296,565</u> | <u>269,000</u> | <u>4,938</u> |
| Disbursements: | | | | | | | |
| Personal services | 177,585 | 735,126 | - | 711,070 | 208,001 | 582,303 | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | - | - | - | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | 556 | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | - | - |
| Total disbursements | <u>178,141</u> | <u>735,126</u> | <u>-</u> | <u>711,070</u> | <u>208,001</u> | <u>582,303</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | <u>(178,141)</u> | <u>162,902</u> | <u>875</u> | <u>(40,070)</u> | <u>88,564</u> | <u>(313,303)</u> | <u>4,938</u> |
| Cash and investments - ending | <u>\$ 121,859</u> | <u>\$ 182,961</u> | <u>\$ 1,500</u> | <u>\$ (9,670)</u> | <u>\$ 101,539</u> | <u>\$ (302,866)</u> | <u>\$ 6,938</u> |

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

| | Detention Enhancement Project | Disproportional Minority Contact Project Grant | Calumet Township Poor Relief | Cedar Creek Township Poor Relief | Center Township Poor Relief | Eagle Creek Township Poor Relief | Hanover Township Poor Relief |
|--|-------------------------------------|--|---------------------------------------|--|--------------------------------------|--|---------------------------------------|
| Cash and investments - beginning | \$ 2,399 | \$ 8,002 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Receipts: | | | | | | | |
| Taxes | - | - | 4,422,246 | 75,901 | 142,108 | 21,703 | 82,673 |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | 23,509 | 10,537 | 294,852 | 6,319 | 12,406 | 852 | 4,721 |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | - | - |
| Total receipts | <u>23,509</u> | <u>10,537</u> | <u>4,717,098</u> | <u>82,220</u> | <u>154,514</u> | <u>22,555</u> | <u>87,394</u> |
| Disbursements: | | | | | | | |
| Personal services | - | 7,595 | - | - | - | - | - |
| Supplies | 88 | - | - | - | - | - | - |
| Other services and charges | 820 | 2,942 | - | - | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | 25,000 | 8,000 | 4,717,098 | 82,220 | 154,514 | 22,555 | 87,394 |
| Total disbursements | <u>25,908</u> | <u>18,537</u> | <u>4,717,098</u> | <u>82,220</u> | <u>154,514</u> | <u>22,555</u> | <u>87,394</u> |
| Excess (deficiency) of receipts over disbursements | <u>(2,399)</u> | <u>(8,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Cash and investments - ending | <u>\$ -</u> | <u>\$ 2</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

| | Hobart Township Poor Relief | North Township Poor Relief | Ross Township Poor Relief | St. John Township Poor Relief | West Creek Township Poor Relief | Winfield Township Poor Relief | Township Fund |
|--|--------------------------------------|-------------------------------------|------------------------------------|---|---|--|------------------|
| Cash and investments - beginning | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 11,148 |
| Receipts: | | | | | | | |
| Taxes | 232,742 | 2,479,206 | 115,210 | 66,282 | 19,615 | 24,712 | 2,927,534 |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | 19,115 | 124,939 | 5,532 | 5,657 | 1,176 | 1,539 | 190,947 |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | - | - |
| Total receipts | <u>251,857</u> | <u>2,604,145</u> | <u>120,742</u> | <u>71,939</u> | <u>20,791</u> | <u>26,251</u> | <u>3,118,481</u> |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | - | - | - | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | <u>251,857</u> | <u>2,604,145</u> | <u>120,742</u> | <u>71,939</u> | <u>20,791</u> | <u>26,251</u> | <u>3,129,629</u> |
| Total disbursements | <u>251,857</u> | <u>2,604,145</u> | <u>120,742</u> | <u>71,939</u> | <u>20,791</u> | <u>26,251</u> | <u>3,129,629</u> |
| Excess (deficiency) of receipts over disbursements | - | - | - | - | - | - | (11,148) |
| Cash and investments - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

| | Township Recreation | Township Firefighting | Township Property Maintenance | Library | Library Bonds | Debt Service | Street Lights |
|--|------------------------|--------------------------|-------------------------------------|-------------------|------------------|-------------------|------------------|
| Cash and investments - beginning | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Receipts: | | | | | | | |
| Taxes | 1,334,485 | 1,177,319 | 363,265 | 20,518,416 | 1,207,320 | 19,544,269 | 94,635 |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | 74,457 | 94,193 | 19,921 | 1,172,474 | 97,857 | 1,192,052 | 2,521 |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | - | - |
| Total receipts | <u>1,408,942</u> | <u>1,271,512</u> | <u>383,186</u> | <u>21,690,890</u> | <u>1,305,177</u> | <u>20,736,321</u> | <u>97,156</u> |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | - | - | - | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | <u>1,408,942</u> | <u>1,271,512</u> | <u>383,186</u> | <u>21,690,890</u> | <u>1,305,177</u> | <u>20,736,321</u> | <u>97,156</u> |
| Total disbursements | <u>1,408,942</u> | <u>1,271,512</u> | <u>383,186</u> | <u>21,690,890</u> | <u>1,305,177</u> | <u>20,736,321</u> | <u>97,156</u> |
| Excess (deficiency) of receipts over disbursements | - | - | - | - | - | - | - |
| Cash and investments - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

| | Corporation | Corporation Bond | Cumulative Fire and Equipment | Street or M.V.H. | Police Pension | Fire Pension | Water Hydrant Rental |
|---|--------------------|---------------------|--|------------------------|-------------------|------------------|----------------------------|
| Cash and investments - beginning | \$ 257,261 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Receipts: | | | | | | | |
| Taxes | 131,257,071 | 9,200,265 | 109,693 | 3,980,084 | 446,319 | 1,490,867 | 293,267 |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | 7,070,911 | 388,781 | 7,686 | 301,682 | 21,138 | 74,029 | 15,029 |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | - | - |
| Total receipts | <u>138,327,982</u> | <u>9,589,046</u> | <u>117,379</u> | <u>4,281,766</u> | <u>467,457</u> | <u>1,564,896</u> | <u>308,296</u> |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | - | - | - | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | <u>138,585,298</u> | <u>9,589,046</u> | <u>117,379</u> | <u>4,281,766</u> | <u>467,457</u> | <u>1,564,896</u> | <u>308,296</u> |
| Total disbursements | <u>138,585,298</u> | <u>9,589,046</u> | <u>117,379</u> | <u>4,281,766</u> | <u>467,457</u> | <u>1,564,896</u> | <u>308,296</u> |
| Excess (deficiency) of receipts over disbursements | <u>(257,316)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Cash and investments - ending | <u>\$ (55)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

| | Independence Hill Conservancy | Cumulative Capital Improvement | Park Dist Bond | Sanitary District - Sanitary Sewers | Sanitary District Bond | Cumulative Sewer (Drainage) | School Transportation |
|--|-------------------------------------|--------------------------------------|----------------------|---|------------------------------|-----------------------------------|--------------------------|
| Cash and investments - beginning | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Receipts: | | | | | | | |
| Taxes | 246,600 | 23,276 | 2,656,742 | 10,511,208 | 1,525,678 | 129,592 | 32,306,892 |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | 1,996 | 170,113 | 352,626 | 102,159 | 9,967 | 2,014,881 |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | - | - |
| Total receipts | <u>246,600</u> | <u>25,272</u> | <u>2,826,855</u> | <u>10,863,834</u> | <u>1,627,837</u> | <u>139,559</u> | <u>34,321,773</u> |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | - | - | - | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | 246,600 | 25,272 | 2,826,855 | 10,863,834 | 1,627,837 | 139,559 | 34,321,773 |
| Total disbursements | <u>246,600</u> | <u>25,272</u> | <u>2,826,855</u> | <u>10,863,834</u> | <u>1,627,837</u> | <u>139,559</u> | <u>34,321,773</u> |
| Excess (deficiency) of receipts over disbursements | - | - | - | - | - | - | - |
| Cash and investments - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

| | Special Cumulative Fire | Airport | Redevelopment District | E.M.S. Ambulance | Public Transportation | Parks and Recreation | Storm Sewer |
|--|-------------------------------|----------------|---------------------------|---------------------|--------------------------|----------------------------|----------------|
| Cash and investments - beginning | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Receipts: | | | | | | | |
| Taxes | 17,719 | 536,006 | 783,631 | 260,346 | 1,462,612 | 6,286,619 | 409,056 |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | 1,505 | 31,510 | 46,008 | 20,071 | 68,434 | 355,862 | 22,653 |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | - | - |
| Total receipts | <u>19,224</u> | <u>567,516</u> | <u>829,639</u> | <u>280,417</u> | <u>1,531,046</u> | <u>6,642,481</u> | <u>431,709</u> |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | - | - | - | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | 19,224 | 567,516 | 829,639 | 280,417 | 1,531,046 | 6,642,481 | 431,709 |
| Total disbursements | <u>19,224</u> | <u>567,516</u> | <u>829,639</u> | <u>280,417</u> | <u>1,531,046</u> | <u>6,642,481</u> | <u>431,709</u> |
| Excess (deficiency) of receipts over disbursements | - | - | - | - | - | - | - |
| Cash and investments - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

| | Municipal Complex/Genesis Center | Airport Bond | Cumulative Capital Development | Lake Ridge Fire District | Cumulative Capital Fire Equipment | Capital Projects | TIF Allocation |
|--|--|-----------------|--------------------------------------|-----------------------------------|--|---------------------|-------------------|
| Cash and investments - beginning | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Receipts: | | | | | | | |
| Taxes | 346 | 79,866 | 3,843,396 | 1,995,432 | 195,541 | 36,324,631 | 45,367,776 |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | 4,695 | 266,633 | 124,121 | 14,523 | 2,239,236 | - |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | - | - |
| Total receipts | <u>346</u> | <u>84,561</u> | <u>4,110,029</u> | <u>2,119,553</u> | <u>210,064</u> | <u>38,563,867</u> | <u>45,367,776</u> |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | - | - | - | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | 346 | 84,561 | 4,110,029 | 2,119,553 | 210,064 | 38,563,867 | 45,367,776 |
| Total disbursements | <u>346</u> | <u>84,561</u> | <u>4,110,029</u> | <u>2,119,553</u> | <u>210,064</u> | <u>38,563,867</u> | <u>45,367,776</u> |
| Excess (deficiency) of receipts over disbursements | - | - | - | - | - | - | - |
| Cash and investments - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

| | Township Community Service | Water District | Solid Waste Management District | Sanitary District - Solid Waste | Township Cumulative Park | Bus Replacement Schools | Cumulative Fire Special |
|--|----------------------------------|-------------------|--|--|--------------------------------|-------------------------------|-------------------------------|
| Cash and investments - beginning | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Receipts: | | | | | | | |
| Taxes | 130,437 | 215,910 | 4,040,990 | 88,402 | 314,487 | 2,197,894 | 199,152 |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | 8,697 | 16,365 | 264,121 | - | 15,849 | 152,725 | 16,933 |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | - | - |
| Total receipts | <u>139,134</u> | <u>232,275</u> | <u>4,305,111</u> | <u>88,402</u> | <u>330,336</u> | <u>2,350,619</u> | <u>216,085</u> |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | - | - | - | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | <u>139,134</u> | <u>232,275</u> | <u>4,305,111</u> | <u>88,402</u> | <u>330,336</u> | <u>2,350,619</u> | <u>216,085</u> |
| Total disbursements | <u>139,134</u> | <u>232,275</u> | <u>4,305,111</u> | <u>88,402</u> | <u>330,336</u> | <u>2,350,619</u> | <u>216,085</u> |
| Excess (deficiency) of receipts over disbursements | - | - | - | - | - | - | - |
| Cash and investments - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

| | Exempt Debt Service Corp | Exempt Lease Rental Payment - Library | Exempt Debt Service Library | Exempt Special Sanitary Debt Service | Exempt Debt Service School | Exempt Retirement/ Severance Debt Service | Exempt Special Water District Debt Service |
|--|-----------------------------------|---|--------------------------------------|--|-------------------------------------|---|--|
| Cash and investments - beginning | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Receipts: | | | | | | | |
| Taxes | 3,055,121 | 1,045,801 | 2,129,996 | 8,040,086 | 108,483,357 | 5,652,008 | 365,575 |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | 154,020 | 48,963 | 144,124 | 360,842 | 6,177,401 | 367,346 | 34,347 |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | - | - |
| Total receipts | <u>3,209,141</u> | <u>1,094,764</u> | <u>2,274,120</u> | <u>8,400,928</u> | <u>114,660,758</u> | <u>6,019,354</u> | <u>399,922</u> |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | - | - | - | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | 3,209,141 | 1,094,764 | 2,274,120 | 8,400,928 | 114,660,758 | 6,019,354 | 399,922 |
| Total disbursements | <u>3,209,141</u> | <u>1,094,764</u> | <u>2,274,120</u> | <u>8,400,928</u> | <u>114,660,758</u> | <u>6,019,354</u> | <u>399,922</u> |
| Excess (deficiency) of receipts over disbursements | - | - | - | - | - | - | - |
| Cash and investments - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

| | Exempt Park Bond Corp | Exempt Sewer Bond | Exempt Lease Rental Payment - Corp | Exempt Special Transportation Debt Service | Exempt Redevelopment Bond | Exempt Storm Sewer Bond | Library Obligation Loan |
|--|--------------------------------|-------------------------|--|--|---------------------------------|----------------------------------|-------------------------------|
| Cash and investments - beginning | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Receipts: | | | | | | | |
| Taxes | 2,514,294 | 1,175,115 | 4,972,256 | 772,114 | 3,060,471 | 514,345 | 72,215 |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | 173,785 | 77,202 | 225,411 | 22,265 | 203,774 | 34,071 | 5,029 |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | - | - |
| Total receipts | <u>2,688,079</u> | <u>1,252,317</u> | <u>5,197,667</u> | <u>794,379</u> | <u>3,264,245</u> | <u>548,416</u> | <u>77,244</u> |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | - | - | - | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | <u>2,688,079</u> | <u>1,252,317</u> | <u>5,197,667</u> | <u>794,379</u> | <u>3,264,245</u> | <u>548,416</u> | <u>77,244</u> |
| Total disbursements | <u>2,688,079</u> | <u>1,252,317</u> | <u>5,197,667</u> | <u>794,379</u> | <u>3,264,245</u> | <u>548,416</u> | <u>77,244</u> |
| Excess (deficiency) of receipts over disbursements | - | - | - | - | - | - | - |
| Cash and investments - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

| | Municipal Storm Water Fund | Corporate Debt Payment | Hobart Storm Water | Water District Bond | HUD NSP-3 Grant | Gary Storm Water | Lake Station Storm Water |
|--|-------------------------------------|------------------------------|--------------------------|---------------------------|-----------------------|------------------------|-----------------------------------|
| Cash and investments - beginning | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Receipts: | | | | | | | |
| Taxes | 1,144,101 | 161,928 | 1,753,988 | 483,729 | - | 1,957,365 | 542,202 |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | 11,346 | - | 34,321 | 984,574 | - | - |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | - | - |
| Total receipts | <u>1,144,101</u> | <u>173,274</u> | <u>1,753,988</u> | <u>518,050</u> | <u>984,574</u> | <u>1,957,365</u> | <u>542,202</u> |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | 4,617 | - | - |
| Supplies | - | - | - | - | 8 | - | - |
| Other services and charges | - | - | - | - | 4,773 | - | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | 969,368 | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | <u>1,144,086</u> | <u>173,274</u> | <u>1,753,988</u> | <u>518,050</u> | <u>-</u> | <u>1,957,335</u> | <u>542,202</u> |
| Total disbursements | <u>1,144,086</u> | <u>173,274</u> | <u>1,753,988</u> | <u>518,050</u> | <u>978,766</u> | <u>1,957,335</u> | <u>542,202</u> |
| Excess (deficiency) of receipts over disbursements | <u>15</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,808</u> | <u>30</u> | <u>-</u> |
| Cash and investments - ending | <u>\$ 15</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,808</u> | <u>\$ 30</u> | <u>\$ -</u> |

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

| | Special Fire Territory | Bond No.2 | Referendum Debt Lake Central | Referendum School-Crown Point | Fingerprint Fee Fund | Lake County Jail Construction | Lake County Operating Fund |
|--|------------------------------|---------------|---------------------------------------|-------------------------------------|----------------------------|--|-------------------------------------|
| Cash and investments - beginning | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Receipts: | | | | | | | |
| Taxes | 538,122 | 16,937 | 32,929 | 4,730,582 | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | 30,870 | 940 | 2,514 | 366,309 | - | - | - |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | 335 | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | 5,000,000 | 4,969,408 |
| Total receipts | <u>568,992</u> | <u>17,877</u> | <u>35,443</u> | <u>5,096,891</u> | <u>335</u> | <u>5,000,000</u> | <u>4,969,408</u> |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | - | - | - | - | 56,827 | 46,927 |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | 568,992 | 17,877 | 35,443 | 5,096,891 | - | - | - |
| Total disbursements | <u>568,992</u> | <u>17,877</u> | <u>35,443</u> | <u>5,096,891</u> | <u>-</u> | <u>56,827</u> | <u>46,927</u> |
| Excess (deficiency) of receipts over disbursements | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>335</u> | <u>4,943,173</u> | <u>4,922,481</u> |
| Cash and investments - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 335</u> | <u>\$ 4,943,173</u> | <u>\$ 4,922,481</u> |

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

| | Construction Fund | Reimbursement Fund | Lake Dalecarlia Grant Fund | Ordinance Violation Deferral | Salvage Vehicle Inspection Fee | Violence Intervention Program | Zoning Enforcement Fund |
|--|----------------------|-----------------------|-------------------------------------|------------------------------------|---|-------------------------------------|-------------------------------|
| Cash and investments - beginning | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | 18,643 | - |
| Charges for services | - | - | - | - | 9,800 | - | - |
| Fines and forfeits | - | - | - | - | - | - | 1,000 |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | <u>3,500,000</u> | <u>6,500,000</u> | <u>946,863</u> | <u>9,559</u> | <u>60</u> | <u>6,000</u> | <u>-</u> |
| Total receipts | <u>3,500,000</u> | <u>6,500,000</u> | <u>946,863</u> | <u>9,559</u> | <u>9,860</u> | <u>24,643</u> | <u>1,000</u> |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | 14,186 | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | 29,396 | 54,056 | 352,999 | - | - | 341 | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | 249,274 | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | 6,000 | - |
| Total disbursements | <u>29,396</u> | <u>54,056</u> | <u>602,273</u> | <u>-</u> | <u>-</u> | <u>20,527</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | <u>3,470,604</u> | <u>6,445,944</u> | <u>344,590</u> | <u>9,559</u> | <u>9,860</u> | <u>4,116</u> | <u>1,000</u> |
| Cash and investments - ending | <u>\$ 3,470,604</u> | <u>\$ 6,445,944</u> | <u>\$ 344,590</u> | <u>\$ 9,559</u> | <u>\$ 9,860</u> | <u>\$ 4,116</u> | <u>\$ 1,000</u> |

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

| | Juvenile Interstate Transportation | The Assessor's Settlement Fund | Juvenile Accountability Block Grant | Collection Expense Reimbursement Fund | Undervalued and Omitted Property | Lake County 911 Fund | Reassessment 2005 |
|--|--|---|--|--|---|-------------------------------|----------------------|
| Cash and investments - beginning | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,998,754 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | 4,927 | - | - | - | - |
| Charges for services | - | - | - | - | - | 510,737 | - |
| Fines and forfeits | 875 | - | - | - | - | 855,303 | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | 460,000 | 11,247 | 2,777,433 | 1,761,582 | 2,876,171 | 180,000 |
| Total receipts | <u>875</u> | <u>460,000</u> | <u>16,174</u> | <u>2,777,433</u> | <u>1,761,582</u> | <u>4,242,211</u> | <u>180,000</u> |
| Disbursements: | | | | | | | |
| Personal services | - | - | 13,484 | - | - | - | 418,158 |
| Supplies | - | - | - | - | - | - | 37,460 |
| Other services and charges | - | - | - | - | 59,050 | 866,768 | 1,445,934 |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | 47,921 |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | - | 2,049,593 | - | - | - |
| Total disbursements | <u>-</u> | <u>-</u> | <u>13,484</u> | <u>2,049,593</u> | <u>59,050</u> | <u>866,768</u> | <u>1,949,473</u> |
| Excess (deficiency) of receipts over disbursements | <u>875</u> | <u>460,000</u> | <u>2,690</u> | <u>727,840</u> | <u>1,702,532</u> | <u>3,375,443</u> | <u>(1,769,473)</u> |
| Cash and investments - ending | <u>\$ 875</u> | <u>\$ 460,000</u> | <u>\$ 2,690</u> | <u>\$ 727,840</u> | <u>\$ 1,702,532</u> | <u>\$ 3,375,443</u> | <u>\$ 229,281</u> |

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

| | Welfare Administration | Family and Children | Park and Recreation Gift | Lake County Police D.A.R.E. | JAIBG Block Grant | Animal Control S.N.A.P. | Children's Psychiatric Residential Treatment Service |
|--|---------------------------|---------------------------|-----------------------------------|--------------------------------------|-------------------------|-------------------------------|--|
| Cash and investments - beginning | \$ - | \$ 130,344 | \$ 57,440 | \$ 5,511 | \$ 113 | \$ 6,664 | \$ 1,931 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | 15,864,341 | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | - | 4,406 | 1,000 | - | 26,786 | - |
| Total receipts | <u>15,864,341</u> | <u>-</u> | <u>4,406</u> | <u>1,000</u> | <u>-</u> | <u>26,786</u> | <u>-</u> |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | - |
| Supplies | - | - | - | 5,949 | - | - | - |
| Other services and charges | - | - | 4,852 | - | - | 15,409 | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | 15,864,341 | - | - | - | - | - | - |
| Total disbursements | <u>15,864,341</u> | <u>-</u> | <u>4,852</u> | <u>5,949</u> | <u>-</u> | <u>15,409</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | <u>-</u> | <u>-</u> | <u>(446)</u> | <u>(4,949)</u> | <u>-</u> | <u>11,377</u> | <u>-</u> |
| Cash and investments - ending | <u>\$ -</u> | <u>\$ 130,344</u> | <u>\$ 56,994</u> | <u>\$ 562</u> | <u>\$ 113</u> | <u>\$ 18,041</u> | <u>\$ 1,931</u> |

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

| | Homeland Security Grant | Non-sufficient Check | Prosecutor's Elderly Abuse | State Drunk Driving Fees | County General's Incentive Fund | Non-Reverting Lake County Fairgrounds | HUD NSP Grant |
|--|-------------------------------|-------------------------|----------------------------------|-----------------------------------|--|--|---------------------|
| Cash and investments - beginning | \$ 17,551 | \$ 49,949 | \$ 20,781 | \$ 24,560 | \$ 325,899 | \$ 125,996 | \$ 108,044 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | 179,498 | 9,119 | - | - | - |
| Charges for services | - | - | - | - | - | 88,535 | - |
| Fines and forfeits | - | 7,775 | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | 39,147 | 1,897 | - | - | - | - | 2,383,088 |
| Total receipts | <u>39,147</u> | <u>9,672</u> | <u>179,498</u> | <u>9,119</u> | <u>-</u> | <u>88,535</u> | <u>2,383,088</u> |
| Disbursements: | | | | | | | |
| Personal services | - | - | 166,337 | 16,539 | - | 65,340 | 37,524 |
| Supplies | - | - | 1,997 | - | - | 32,728 | 8,218 |
| Other services and charges | - | 40 | - | - | - | 746 | 32,803 |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | 6,145 | 2,400,705 |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | 1,791 | - | - | - | - | - |
| Total disbursements | <u>-</u> | <u>1,831</u> | <u>168,334</u> | <u>16,539</u> | <u>-</u> | <u>104,959</u> | <u>2,479,250</u> |
| Excess (deficiency) of receipts over disbursements | <u>39,147</u> | <u>7,841</u> | <u>11,164</u> | <u>(7,420)</u> | <u>-</u> | <u>(16,424)</u> | <u>(96,162)</u> |
| Cash and investments - ending | <u>\$ 56,698</u> | <u>\$ 57,790</u> | <u>\$ 31,945</u> | <u>\$ 17,140</u> | <u>\$ 325,899</u> | <u>\$ 109,572</u> | <u>\$ 11,882</u> |

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

| | Non-Reverting Rico Seizure | Dag 71 Prosecutor's Non-Reverting | Non-Reverting Property Seizure | Sheriffs Alarms Permits and Fines | Juvenile Home Detention Grant | Lake County Community Development Admin Budget | Lake County Community Development Cities/Towns |
|---|----------------------------------|--|--------------------------------------|---|--|--|--|
| Cash and investments - beginning | \$ 68,179 | \$ 30 | \$ 300,944 | \$ 14,162 | \$ 9,764 | \$ 7,192 | \$ 10,500 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | 75,488 | - | 167,866 | 384,048 | 672,523 |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | 16,100 | - | 661,468 | 7,050 | 20,000 | 88,204 | - |
| Total receipts | 16,100 | - | 736,956 | 7,050 | 187,866 | 472,252 | 672,523 |
| Disbursements: | | | | | | | |
| Personal services | - | - | 13,898 | - | 101,451 | 472,158 | - |
| Supplies | 3,212 | - | 863 | - | - | 321 | - |
| Other services and charges | - | 30 | 36,368 | 6,354 | 2,318 | 31,659 | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | 19,565 | - | 563,623 | 1,888 | - | - | 683,023 |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | 6,000 | - | - | - | 84,176 | - | - |
| Total disbursements | 28,777 | 30 | 614,752 | 8,242 | 187,945 | 504,138 | 683,023 |
| Excess (deficiency) of receipts over disbursements | (12,677) | (30) | 122,204 | (1,192) | (79) | (31,886) | (10,500) |
| Cash and investments - ending | \$ 55,502 | \$ - | \$ 423,148 | \$ 12,970 | \$ 9,685 | \$ (24,694) | \$ - |

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

| | Lake County Home Program | Lake County Development Rehab | Lake County Community Development REMP-IDOC | Lake County Community Development FMHA | Lake County Economic Revolving Loan | Non-reverting Sheriff's Federal Forfeiture | Lake County Multi-Agency Task Force |
|--|-----------------------------------|--|---|--|---|---|---|
| Cash and investments - beginning | \$ 6,178 | \$ 189 | \$ 179,123 | \$ 45,238 | \$ 457,441 | \$ 21,224 | \$ 53,292 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | 608,163 | 199,185 | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | 50 | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | 174,995 | 20,993 | 181,827 | - | 1,403,038 | 26,595 | 116,496 |
| Total receipts | <u>783,208</u> | <u>220,178</u> | <u>181,827</u> | <u>-</u> | <u>1,403,038</u> | <u>26,595</u> | <u>116,496</u> |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | 95,557 |
| Supplies | - | - | - | - | - | - | 4,984 |
| Other services and charges | 1,620 | - | - | - | 420 | - | 30,416 |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | 787,766 | 219,008 | - | - | - | 20,079 | 860 |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | - | - |
| Total disbursements | <u>789,386</u> | <u>219,008</u> | <u>-</u> | <u>-</u> | <u>420</u> | <u>20,079</u> | <u>131,817</u> |
| Excess (deficiency) of receipts over disbursements | <u>(6,178)</u> | <u>1,170</u> | <u>181,827</u> | <u>-</u> | <u>1,402,618</u> | <u>6,516</u> | <u>(15,321)</u> |
| Cash and investments - ending | <u>\$ -</u> | <u>\$ 1,359</u> | <u>\$ 360,950</u> | <u>\$ 45,238</u> | <u>\$ 1,860,059</u> | <u>\$ 27,740</u> | <u>\$ 37,971</u> |

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

| | Sheriff's State and County Non-reverting Forfeiture | C.D.B.G. Recapture Loans | Auditor's Tax Incentive | Storm Water Mgmt and Sediment Control | Campaign Finance Enforcement Fund | Division III Addiction Monitoring | Cops Interoperability Grant |
|---|---|--------------------------------|-------------------------------|---|--|--|-----------------------------------|
| Cash and investments - beginning | \$ 828 | \$ 449,218 | \$ 391,336 | \$ 25,637 | \$ 20,177 | \$ 10,123 | \$ 6,270 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - | 11,672 |
| Charges for services | - | - | - | - | - | 80 | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | 699,788 | 236,000 | 8,837 | 1,345 | - | - |
| Total receipts | - | 699,788 | 236,000 | 8,837 | 1,345 | 80 | 11,672 |
| Disbursements: | | | | | | | |
| Personal services | - | - | 269,228 | - | - | - | 14,513 |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | - | - | 6,326 | - | 1,368 | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | - | - |
| Total disbursements | - | - | 269,228 | 6,326 | - | 1,368 | 14,513 |
| Excess (deficiency) of receipts over disbursements | - | 699,788 | (33,228) | 2,511 | 1,345 | (1,288) | (2,841) |
| Cash and investments - ending | \$ 828 | \$ 1,149,006 | \$ 358,108 | \$ 28,148 | \$ 21,522 | \$ 8,835 | \$ 3,429 |

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

| | Division II Lados | Division I Lados | Non-reverting Highway/Deposit Gambling Tax | Lake County CASA Program Grant | Domestic Relation Counseling | Non-reverting Delinquent Collection Fees | Sheriff's Grants Fund |
|--|-------------------------|------------------------|---|--|------------------------------------|---|-----------------------------|
| Cash and investments - beginning | \$ 155,390 | \$ 256,403 | \$ 83,986 | \$ 490 | \$ 101,180 | \$ 1,582,775 | \$ 21,758 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | <u>145,069</u> | <u>189,272</u> | <u>678,609</u> | <u>-</u> | <u>41,096</u> | <u>1,139,292</u> | <u>46,173</u> |
| Total receipts | <u>145,069</u> | <u>189,272</u> | <u>678,609</u> | <u>-</u> | <u>41,096</u> | <u>1,139,292</u> | <u>46,173</u> |
| Disbursements: | | | | | | | |
| Personal services | 191,684 | 123,736 | - | - | 35,481 | - | - |
| Supplies | 2,907 | 6,250 | 273,181 | - | 2,836 | - | 3,485 |
| Other services and charges | 5,704 | 11,685 | 92,928 | - | 1,803 | - | 20,079 |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | 234 | - | - | - | - | - | 20,000 |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>70</u> | <u>2,720,442</u> | <u>-</u> |
| Total disbursements | <u>200,529</u> | <u>141,671</u> | <u>366,109</u> | <u>-</u> | <u>40,190</u> | <u>2,720,442</u> | <u>43,564</u> |
| Excess (deficiency) of receipts over disbursements | <u>(55,460)</u> | <u>47,601</u> | <u>312,500</u> | <u>-</u> | <u>906</u> | <u>(1,581,150)</u> | <u>2,609</u> |
| Cash and investments - ending | <u>\$ 99,930</u> | <u>\$ 304,004</u> | <u>\$ 396,486</u> | <u>\$ 490</u> | <u>\$ 102,086</u> | <u>\$ 1,625</u> | <u>\$ 24,367</u> |

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

| | Child Support/PCA Fees | Commissioner's Incentive Fund | Adult Probation Administration Fee | Juvenile Probation Administration Fee | Health Dept Tobacco Settlement | Family Court Initiative Grant | Anti - Bioterrorism |
|--|------------------------------|-------------------------------------|---|--|---|--|------------------------|
| Cash and investments - beginning | \$ 351,998 | \$ 256,162 | \$ 111,716 | \$ 1,232 | \$ 967,106 | \$ 62,696 | \$ 7,341 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | 176,533 | - | - |
| Charges for services | 63,040 | - | - | - | - | - | - |
| Fines and forfeits | - | - | 190,076 | 38,930 | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | 1,470 | 300,000 | - | - | - | 86 | - |
| Total receipts | <u>64,510</u> | <u>300,000</u> | <u>190,076</u> | <u>38,930</u> | <u>176,533</u> | <u>86</u> | <u>-</u> |
| Disbursements: | | | | | | | |
| Personal services | - | 155,916 | 202,766 | 25,816 | 65,370 | 8,591 | - |
| Supplies | 10,354 | - | - | - | - | - | - |
| Other services and charges | 40,628 | 105,735 | - | - | 5,579 | 1,620 | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | 1,975 | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | 37,510 | - | - |
| Total disbursements | <u>50,982</u> | <u>261,651</u> | <u>202,766</u> | <u>25,816</u> | <u>110,434</u> | <u>10,211</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | <u>13,528</u> | <u>38,349</u> | <u>(12,690)</u> | <u>13,114</u> | <u>66,099</u> | <u>(10,125)</u> | <u>-</u> |
| Cash and investments - ending | <u>\$ 365,526</u> | <u>\$ 294,511</u> | <u>\$ 99,026</u> | <u>\$ 14,346</u> | <u>\$ 1,033,205</u> | <u>\$ 52,571</u> | <u>\$ 7,341</u> |

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

| | Weights- Measures User Fees | Website Maintenance Fund | Interpreter Service Grant | Justice Assistance Grant | Recorder's Incentive Fund | HAVA Title III Voting System | MS4 |
|--|--------------------------------------|--------------------------------|---------------------------------|--------------------------------|---------------------------------|---------------------------------------|---------------------|
| Cash and investments - beginning | \$ 73,157 | \$ 461,202 | \$ 7,206 | \$ 7,852 | \$ 275,767 | \$ 332,944 | \$ 1,252,435 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | 791,013 |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | 115,010 | 566,812 | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | 17,171 | 7,150 | 556,853 | 100,000 | - | 20 |
| Total receipts | <u>115,010</u> | <u>583,983</u> | <u>7,150</u> | <u>556,853</u> | <u>100,000</u> | <u>-</u> | <u>791,033</u> |
| Disbursements: | | | | | | | |
| Personal services | 89,517 | 158,025 | - | 69,922 | 99,583 | - | 300,828 |
| Supplies | - | 2,415 | - | 68,405 | - | - | 47,820 |
| Other services and charges | 1,859 | 337,495 | 14,208 | 327,949 | - | - | 163,936 |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | 680 | - | 85,538 | - | 303,008 | 251,340 |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | - | 50,000 |
| Total disbursements | <u>91,376</u> | <u>498,615</u> | <u>14,208</u> | <u>551,814</u> | <u>99,583</u> | <u>303,008</u> | <u>813,924</u> |
| Excess (deficiency) of receipts over disbursements | <u>23,634</u> | <u>85,368</u> | <u>(7,058)</u> | <u>5,039</u> | <u>417</u> | <u>(303,008)</u> | <u>(22,891)</u> |
| Cash and investments - ending | <u>\$ 96,791</u> | <u>\$ 546,570</u> | <u>\$ 148</u> | <u>\$ 12,891</u> | <u>\$ 276,184</u> | <u>\$ 29,936</u> | <u>\$ 1,229,544</u> |

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

| | Sheriff's SIG Grant | Auditor's Endorsement Fees | Alternative Dispute Resolutions | Alternative Dispute Resolution Co-Payment | Treasurer's Incentive | Child Support Incentive | Environmental Task Force |
|--|---------------------------|----------------------------------|---------------------------------------|--|--------------------------|-------------------------------|--------------------------------|
| Cash and investments - beginning | \$ 15,270 | \$ 86,586 | \$ 159,575 | \$ 28,912 | \$ 333,173 | \$ 919,962 | \$ 36,402 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - | - |
| Charges for services | - | 92,715 | 240 | 357 | - | 451,858 | - |
| Fines and forfeits | - | - | 3,060 | 9,450 | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | - | 36,070 | 2,245 | 240,000 | - | - |
| Total receipts | - | 92,715 | 39,370 | 12,052 | 240,000 | 451,858 | - |
| Disbursements: | | | | | | | |
| Personal services | - | 93,266 | 9,529 | - | 234,700 | 285,339 | - |
| Supplies | - | 9,547 | 23 | - | - | 17,239 | - |
| Other services and charges | - | 13,347 | 13,445 | 12,946 | - | 3,543 | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | 13,394 | - | - | 1,219 | 72,603 | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | - | 650 | - | - | 36,402 |
| Total disbursements | - | 129,554 | 22,997 | 13,596 | 235,919 | 378,724 | 36,402 |
| Excess (deficiency) of receipts over disbursements | - | (36,839) | 16,373 | (1,544) | 4,081 | 73,134 | (36,402) |
| Cash and investments - ending | \$ 15,270 | \$ 49,747 | \$ 175,948 | \$ 27,368 | \$ 337,254 | \$ 993,096 | \$ - |

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

| | Title Search Fees | Late Surrender Fees/County Extradition | Non-reverting Property Seizure | DUI Task Force Grant | ARRA/EECB Grant | Lake County Community Correction Fair Share | Community Corrections Program |
|--|-------------------------|---|--------------------------------------|-------------------------------|--------------------|---|-------------------------------------|
| Cash and investments - beginning | \$ 6,895 | \$ 13,470 | \$ 14,400 | \$ 7,283 | \$ - | \$ 213,245 | \$ 317,557 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | 7,756 | - |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | 1,685 | - | - | - | 282,650 | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | <u>359,529</u> | <u>780</u> | <u>2,917</u> | <u>10,938</u> | <u>1,182,146</u> | <u>431,890</u> | <u>2,550,687</u> |
| Total receipts | <u>359,529</u> | <u>2,465</u> | <u>2,917</u> | <u>10,938</u> | <u>1,182,146</u> | <u>722,296</u> | <u>2,550,687</u> |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | 11,577 | - | 40,897 | 2,469,726 |
| Supplies | - | - | - | - | - | 82,833 | - |
| Other services and charges | - | - | - | - | 12,537 | 385,414 | 79,441 |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | 1,168,109 | 61,555 | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | <u>337,074</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>20,000</u> | <u>-</u> |
| Total disbursements | <u>337,074</u> | <u>-</u> | <u>-</u> | <u>11,577</u> | <u>1,180,646</u> | <u>590,699</u> | <u>2,549,167</u> |
| Excess (deficiency) of receipts over disbursements | <u>22,455</u> | <u>2,465</u> | <u>2,917</u> | <u>(639)</u> | <u>1,500</u> | <u>131,597</u> | <u>1,520</u> |
| Cash and investments - ending | <u>\$ 29,350</u> | <u>\$ 15,935</u> | <u>\$ 17,317</u> | <u>\$ 6,644</u> | <u>\$ 1,500</u> | <u>\$ 344,842</u> | <u>\$ 319,077</u> |

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

| | Sheriff's Animal Control | Community Economic Development | Parks Outside Cash | Cum Helicopter Improvement Fund | ARRA/HUD HPRP Grant | VOCA Victims Of Crime Act Grant | ARRA Grant |
|---|--------------------------------|--------------------------------------|--------------------------|--|---------------------------|--|-----------------|
| Cash and investments - beginning | \$ 1,290 | \$ 4,083 | \$ 20,015 | \$ 100,806 | \$ - | \$ - | \$ 8,025 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | 4,332 | 60,431 | 69,592 | - |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | 5,362 | 50,371 | 118,883 | - | - | 35,613 | - |
| Total receipts | <u>5,362</u> | <u>50,371</u> | <u>118,883</u> | <u>4,332</u> | <u>60,431</u> | <u>105,205</u> | <u>-</u> |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | 24,342 | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | - | - | - | - | 45,075 | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | 100,806 | 60,431 | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | 5,627 | 53,963 | 120,735 | - | - | - | - |
| Total disbursements | <u>5,627</u> | <u>53,963</u> | <u>120,735</u> | <u>100,806</u> | <u>60,431</u> | <u>69,417</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | <u>(265)</u> | <u>(3,592)</u> | <u>(1,852)</u> | <u>(96,474)</u> | <u>-</u> | <u>35,788</u> | <u>-</u> |
| Cash and investments - ending | <u>\$ 1,025</u> | <u>\$ 491</u> | <u>\$ 18,163</u> | <u>\$ 4,332</u> | <u>\$ -</u> | <u>\$ 35,788</u> | <u>\$ 8,025</u> |

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

| | Wireless E911 | County Excess Levy | Check Deception Collection Fee | Child Support IV-D/FSSA | HAVA Sec 101 Voting Sys Fund | County Bond Redemption | Redevelopment Authority Capital Projects |
|--|--------------------|--------------------------|---|-------------------------------|--|------------------------------|---|
| Cash and investments - beginning | \$ 1,787,775 | \$ 7,953,046 | \$ 48,445 | \$ 137,613 | \$ 400,000 | \$ 2,327,326 | \$ 5,308,215 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | 1,247,446 | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | 94,895 | - |
| Charges for services | 686,074 | - | - | 180,418 | - | - | - |
| Fines and forfeits | - | - | 39,444 | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | 724 | 26,102 |
| Total receipts | <u>686,074</u> | <u>-</u> | <u>39,444</u> | <u>180,418</u> | <u>-</u> | <u>1,343,065</u> | <u>26,102</u> |
| Disbursements: | | | | | | | |
| Personal services | - | - | 4,961 | 162,251 | - | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | 360,975 | - | - | - | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | 2,610,781 | - |
| Capital outlay | - | - | - | - | 122,002 | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | 2,112,874 | - | - | - | - | - | 596,289 |
| Total disbursements | <u>2,473,849</u> | <u>-</u> | <u>4,961</u> | <u>162,251</u> | <u>122,002</u> | <u>2,610,781</u> | <u>596,289</u> |
| Excess (deficiency) of receipts over disbursements | <u>(1,787,775)</u> | <u>-</u> | <u>34,483</u> | <u>18,167</u> | <u>(122,002)</u> | <u>(1,267,716)</u> | <u>(570,187)</u> |
| Cash and investments - ending | <u>\$ -</u> | <u>\$ 7,953,046</u> | <u>\$ 82,928</u> | <u>\$ 155,780</u> | <u>\$ 277,998</u> | <u>\$ 1,059,610</u> | <u>\$ 4,738,028</u> |

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

| | Exempt Debt Service | Exempt Park Bond | Exempt Park Revenue Bond Redemption | Co Highway Maint Garage Bond | County Bond Improvements | Park Dist Bond 1982 | Major Move Construction |
|--|---------------------------|------------------------|---|--|--------------------------------|------------------------------|-------------------------------|
| Cash and investments - beginning | \$ 2,614,531 | \$ 100,102 | \$ 273,289 | \$ 778,689 | \$ - | \$ 562,505 | \$ 1,290,041 |
| Receipts: | | | | | | | |
| Taxes | 3,927,031 | - | 1,838,683 | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | 273,993 | - | 128,310 | - | - | - | - |
| Charges for services | - | - | - | - | - | - | 892,171 |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | 123 | - | - | - | 4,962,834 | 100,102 | - |
| Total receipts | <u>4,201,147</u> | <u>-</u> | <u>1,966,993</u> | <u>-</u> | <u>4,962,834</u> | <u>100,102</u> | <u>892,171</u> |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | - |
| Supplies | - | - | - | - | 125,674 | - | - |
| Other services and charges | - | - | - | - | 4,342,542 | - | 196,374 |
| Debt service - principal and interest | 5,723,770 | - | 2,256,919 | - | - | - | - |
| Capital outlay | - | - | - | - | - | 285,132 | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | 100,102 | - | - | - | - | - |
| Total disbursements | <u>5,723,770</u> | <u>100,102</u> | <u>2,256,919</u> | <u>-</u> | <u>4,468,216</u> | <u>285,132</u> | <u>196,374</u> |
| Excess (deficiency) of receipts over disbursements | <u>(1,522,623)</u> | <u>(100,102)</u> | <u>(289,926)</u> | <u>-</u> | <u>494,618</u> | <u>(185,030)</u> | <u>695,797</u> |
| Cash and investments - ending | <u>\$ 1,091,908</u> | <u>\$ -</u> | <u>\$ (16,637)</u> | <u>\$ 778,689</u> | <u>\$ 494,618</u> | <u>\$ 377,475</u> | <u>\$ 1,985,838</u> |

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

| | Lake County Voting System Cumulative Fund | Cumulative Capital | Park Self Insurance | Employee Benefit Accruals | County Welfare Trusts | Property Replacement |
|--|---|-----------------------|---------------------------|---------------------------------|-----------------------------|-------------------------|
| Cash and investments - beginning | \$ 1,678,551 | \$ 1,947,185 | \$ 616,565 | \$ 7,315,394 | \$ 4,720 | \$ 802,510 |
| Receipts: | | | | | | |
| Taxes | - | 1,546,131 | - | - | - | 802,350 |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental | - | 117,616 | - | - | - | - |
| Charges for services | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - |
| Other receipts | - | 24,139 | 501,162 | 60,324,989 | - | - |
| Total receipts | - | 1,687,886 | 501,162 | 60,324,989 | - | 802,350 |
| Disbursements: | | | | | | |
| Personal services | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - |
| Other services and charges | - | - | 33,687 | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | - |
| Capital outlay | 3,615 | 2,521,732 | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | - | - | 500,000 | 65,710,324 | - | 1,504,278 |
| Total disbursements | 3,615 | 2,521,732 | 533,687 | 65,710,324 | - | 1,504,278 |
| Excess (deficiency) of receipts over disbursements | (3,615) | (833,846) | (32,525) | (5,385,335) | - | (701,928) |
| Cash and investments - ending | \$ 1,674,936 | \$ 1,113,339 | \$ 584,040 | \$ 1,930,059 | \$ 4,720 | \$ 100,582 |

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

| | Treasurer's Tax Sale | U.S. Research Consultants/Personal Property | Unfunded Money | National Park System | Doctors Merchants | Users Fee Agency |
|--|----------------------------|--|----------------------|----------------------------|----------------------|------------------------|
| Cash and investments - beginning | \$ 472,065 | \$ 3,473 | \$ 20,551,201 | \$ 174 | \$ 988 | \$ 752,372 |
| Receipts: | | | | | | |
| Taxes | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | 1,484,484 |
| Utility fees | - | - | - | - | - | - |
| Other receipts | 3,597,122 | - | 16,400,562 | 9,784 | 49 | 307 |
| Total receipts | <u>3,597,122</u> | <u>-</u> | <u>16,400,562</u> | <u>9,784</u> | <u>49</u> | <u>1,484,791</u> |
| Disbursements: | | | | | | |
| Personal services | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - |
| Other services and charges | 297,114 | - | - | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | 3,379,759 | - | 20,551,201 | 9,784 | - | 1,465,930 |
| Total disbursements | <u>3,676,873</u> | <u>-</u> | <u>20,551,201</u> | <u>9,784</u> | <u>-</u> | <u>1,465,930</u> |
| Excess (deficiency) of receipts over disbursements | <u>(79,751)</u> | <u>-</u> | <u>(4,150,639)</u> | <u>-</u> | <u>49</u> | <u>18,861</u> |
| Cash and investments - ending | <u>\$ 392,314</u> | <u>\$ 3,473</u> | <u>\$ 16,400,562</u> | <u>\$ 174</u> | <u>\$ 1,037</u> | <u>\$ 771,233</u> |

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

| | Payroll Court Judgement | Ordinance Deferral Program | Commissioner's Tax Certificate Sale | Payment Errors (Refunds) | Tax Sale Cancellation | Subdivision Escrow Bonds |
|--|-------------------------------|----------------------------------|--|--------------------------------|-----------------------------|--------------------------------|
| Cash and investments - beginning | \$ 36,712 | \$ 51,038 | \$ 2,340,292 | \$ 330,881 | \$ 167,409 | \$ 79,014 |
| Receipts: | | | | | | |
| Taxes | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - |
| Fines and forfeits | - | 376,868 | - | - | - | - |
| Utility fees | - | - | - | - | - | - |
| Other receipts | 7,036 | - | 5,017,757 | 259,794 | 30,997 | 71,241 |
| Total receipts | 7,036 | 376,868 | 5,017,757 | 259,794 | 30,997 | 71,241 |
| Disbursements: | | | | | | |
| Personal services | 1,396 | - | - | - | - | - |
| Supplies | - | - | - | - | - | - |
| Other services and charges | - | 343,284 | 696,747 | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | - | - | 4,347,989 | 216,187 | 87,652 | 4,840 |
| Total disbursements | 1,396 | 343,284 | 5,044,736 | 216,187 | 87,652 | 4,840 |
| Excess (deficiency) of receipts over disbursements | 5,640 | 33,584 | (26,979) | 43,607 | (56,655) | 66,401 |
| Cash and investments - ending | \$ 42,352 | \$ 84,622 | \$ 2,313,313 | \$ 374,488 | \$ 110,754 | \$ 145,415 |

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

| | Overpayment | Cities Park Sales Tax | Inmate Trust Commissary | Tax Sale Fees SRI | Supplemental County Wide Tax | Coroner's Continuing Education Fees |
|--|---------------------|--------------------------------|-------------------------------|----------------------------|---------------------------------------|--|
| Cash and investments - beginning | \$ 9,541,383 | \$ 2,697 | \$ 582,809 | \$ 1,969 | \$ 12 | \$ 4,487 |
| Receipts: | | | | | | |
| Taxes | 1,760,952 | - | - | - | 3,355,807 | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | 255,281 | - |
| Charges for services | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - |
| Other receipts | <u>28,950</u> | <u>116,860</u> | <u>1,607,750</u> | <u>434,792</u> | <u>-</u> | <u>64,964</u> |
| Total receipts | <u>1,789,902</u> | <u>116,860</u> | <u>1,607,750</u> | <u>434,792</u> | <u>3,611,088</u> | <u>64,964</u> |
| Disbursements: | | | | | | |
| Personal services | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - |
| Other services and charges | - | - | - | 368,054 | - | - |
| Debt service - principal and interest | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | <u>4,609,770</u> | <u>116,686</u> | <u>1,573,457</u> | <u>-</u> | <u>3,611,088</u> | <u>64,866</u> |
| Total disbursements | <u>4,609,770</u> | <u>116,686</u> | <u>1,573,457</u> | <u>368,054</u> | <u>3,611,088</u> | <u>64,866</u> |
| Excess (deficiency) of receipts over disbursements | <u>(2,819,868)</u> | <u>174</u> | <u>34,293</u> | <u>66,738</u> | <u>-</u> | <u>98</u> |
| Cash and investments - ending | <u>\$ 6,721,515</u> | <u>\$ 2,871</u> | <u>\$ 617,102</u> | <u>\$ 68,707</u> | <u>\$ 12</u> | <u>\$ 4,585</u> |

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

| | Delinquent Sewer | Barret Law | TIF Dissolution General Fund | Commissioner's Sale Surplus Property Deposit | US Steel Property Tax Settlement Fund | Indiana Common School Fund |
|--|---------------------|-----------------|---------------------------------------|--|---|-------------------------------------|
| Cash and investments - beginning | \$ 2,956 | \$ 3,180 | \$ 67,000 | \$ 4,477 | \$ 1,130 | \$ 15,898 |
| Receipts: | | | | | | |
| Taxes | 1,039,271 | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | 155,612 |
| Utility fees | - | - | - | - | - | - |
| Other receipts | - | 201,010 | 341,831 | - | - | - |
| Total receipts | <u>1,039,271</u> | <u>201,010</u> | <u>341,831</u> | <u>-</u> | <u>-</u> | <u>155,612</u> |
| Disbursements: | | | | | | |
| Personal services | - | - | 210,624 | - | - | - |
| Supplies | - | - | 3,729 | - | - | - |
| Other services and charges | - | - | 42,622 | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | 1,039,211 | 201,010 | - | - | - | 162,459 |
| Total disbursements | <u>1,039,211</u> | <u>201,010</u> | <u>256,975</u> | <u>-</u> | <u>-</u> | <u>162,459</u> |
| Excess (deficiency) of receipts over disbursements | <u>60</u> | <u>-</u> | <u>84,856</u> | <u>-</u> | <u>-</u> | <u>(6,847)</u> |
| Cash and investments - ending | <u>\$ 3,016</u> | <u>\$ 3,180</u> | <u>\$ 151,856</u> | <u>\$ 4,477</u> | <u>\$ 1,130</u> | <u>\$ 9,051</u> |

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

| | Excess Monies Settlement 2001 | Clerk Outside Cash | Juvenile Probation Outside Cash | Hermit's Lake Sewer User Fee | Hermit's Lake Debt Reserve Fund | Totals |
|--|--|--------------------------|--|--|---|----------------|
| Cash and investments - beginning | \$ 110,294 | \$ 14,913,004 | \$ - | \$ 121,010 | \$ 40,500 | \$ 145,719,739 |
| Receipts: | | | | | | |
| Taxes | - | - | - | - | - | 615,754,646 |
| Licenses and permits | - | - | - | - | - | 630,132 |
| Intergovernmental | - | - | - | - | - | 89,312,994 |
| Charges for services | - | - | - | - | - | 24,296,612 |
| Fines and forfeits | - | - | - | - | - | 12,829,871 |
| Utility fees | - | - | - | 168,644 | - | 168,644 |
| Other receipts | 35,241 | 42,553,901 | 12,663 | 852 | - | 304,890,481 |
| Total receipts | 35,241 | 42,553,901 | 12,663 | 169,496 | - | 1,047,883,380 |
| Disbursements: | | | | | | |
| Personal services | - | - | - | - | - | 110,836,351 |
| Supplies | - | - | - | - | - | 7,025,051 |
| Other services and charges | - | - | - | - | - | 55,590,388 |
| Debt service - principal and interest | - | - | - | - | - | 62,973,965 |
| Capital outlay | - | - | - | - | - | 14,582,966 |
| Utility operating expenses | - | - | - | 156,450 | - | 156,450 |
| Other disbursements | 7,500 | 45,431,391 | 12,663 | - | - | 790,136,419 |
| Total disbursements | 7,500 | 45,431,391 | 12,663 | 156,450 | - | 1,041,301,590 |
| Excess (deficiency) of receipts over disbursements | 27,741 | (2,877,490) | - | 13,046 | - | 6,581,790 |
| Cash and investments - ending | \$ 138,035 | \$ 12,035,514 | \$ - | \$ 134,056 | \$ 40,500 | \$ 152,301,529 |

LAKE COUNTY
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2012

| <u>Government or Enterprise</u> | <u>Accounts Payable</u> | <u>Accounts Receivable</u> |
|---------------------------------|-----------------------------|--------------------------------|
| Hermits Lake Sewer User Fee | \$ 32,657 | \$ - |
| Governmental activities | <u>11,931,017</u> | <u>-</u> |
| Totals | <u>\$ 11,963,674</u> | <u>\$ -</u> |

LAKE COUNTY
SCHEDULE OF LEASES AND DEBT
December 31, 2012

| Lessor | Purpose | Annual Lease Payment | Lease Beginning Date | Lease Ending Date |
|---|--|----------------------------|----------------------------|-------------------------|
| Governmental activities: | | | | |
| American Eurocopter Corporation / SunTrust Equipment Finance | Purchased new Helicopter Capital Improvements | \$ 203,723 | 07-15-09 | 01-15-16 |
| Lake County 2000 Building Corporation | | <u>2,618,000</u> | 08-01-13 | 02-01-24 |
| Total governmental activities | | <u>2,821,723</u> | | |
| Total of annual lease payments | | <u>\$ 2,821,723</u> | | |

| Type | Description of Debt Purpose | Ending Principal Balance | Principal and Interest Due Within One Year |
|---|---|--------------------------------|---|
| Governmental activities: | | | |
| General obligation bonds | Energy Savings Phase II | \$ 9,285,000 | \$ 1,453,375 |
| General obligation bonds | Energy Savings Phase I | 10,280,000 | 2,578,250 |
| General obligation bonds | Lake County Highway Garage | 2,845,000 | 649,300 |
| General obligation bonds | Parks #2 - Improvements & Acquisitions | 23,300,000 | 1,013,588 |
| General obligation bonds | Parks #4 - Improvements & Acquisitions | 4,025,000 | 1,251,731 |
| General obligation bonds | Highway Improvements | 5,000,000 | 385,971 |
| General obligation bonds | Series 2012B - Lake County Jail Construction | 5,000,000 | 73,611 |
| General obligation bonds | Series 2012C - Lake County Operating Fund | 5,000,000 | 58,889 |
| General obligation bonds | Series 2012D-1 - Construction Fund | 3,500,000 | 38,955 |
| General obligation bonds | Series 2012D-2 - Reimbursement Fund | 6,500,000 | 90,718 |
| Claims and judgments | Judgment Funding General Obligation Bonds of 2012 | 8,000,000 | 706,244 |
| Claims and judgments | Judgment Funding General Obligation Bonds Series 2010 | <u>2,255,000</u> | <u>1,155,934</u> |
| Total governmental activities | | <u>84,990,000</u> | <u>9,456,566</u> |
| Hermits Lake Sewer User Fee: Notes and loans payable | Improvements at Hermits Lake Sewage Treatment Plant | <u>249,453</u> | <u>40,796</u> |
| Totals | | <u>\$ 85,239,453</u> | <u>\$ 9,497,362</u> |

LAKE COUNTY
 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.

| | Ending Balance |
|------------------------------------|-------------------|
| Governmental activities: | |
| Land | \$ 26,483,252 |
| Infrastructure | 252,407,774 |
| Buildings | 142,710,836 |
| Machinery, equipment, and vehicles | 36,686,511 |
| Construction in progress | 5,680,569 |
| Total governmental activities | 463,968,942 |
| Hermits Lake Sewer User Fee: | |
| Land | 21,040 |
| Improvements other than buildings | 969,251 |
| Total Hermits Lake Sewer User Fee | 990,291 |
| Total capital assets | \$ 464,959,233 |

LAKE COUNTY
OTHER REPORTS

The annual report presented herein was prepared in addition to the other official reports prepared for the individual County offices listed below:

County Auditor
County Treasurer
County Council
County Commissioners
County Clerk
County Sheriff
Redevelopment Commission

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF LAKE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited Lake County's (County) 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 each of its major federal programs for the year ended December 31, 2012. The County's major federal programs are 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 each of the County's major federal programs 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 County'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 each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Basis for Qualified Opinion on Child Support Enforcement

As described in items 2012-05 and 2012-06 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding Allowable Costs/Cost Principles, Cash Management, Matching, and Reporting that are applicable to its Child Support Program. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program.

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

Basis for Qualified Opinion on JAG Program Cluster

As described in items 2012-08, 2012-09, 2012-10, and 2012-11 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding Allowable Costs/ Cost Principles, Period of Availability of Federal Funds, Procurement, and Reporting that are applicable to its JAG Program Cluster. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program.

Basis for Qualified Opinion on Energy Efficiency and Conservation Block Grant Program (EECBG)

As described in item 2012-14 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding Equipment Management that are applicable to its Energy Efficiency and Conservation Block Grant Program (EECBG). Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program.

Basis for Qualified Opinion on Home Investment Partnerships Program

As described in items 2014-16 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding Reporting that are applicable to its HOME Investment Partnerships Program. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program.

Qualified Opinion on Child Support Enforcement, JAG Program Cluster, Energy Efficiency and Conservation Block Grant Program (EECBG), and Home Investment Partnerships Program

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* paragraphs, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Child Support Enforcement, JAG Program Cluster, Energy Efficiency and Conservation Block Grant Program (EECBG), and Home Investment Partnerships Program for the year ended December 31, 2012.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2012.

Other Matters

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

Report on Internal Control Over Compliance

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

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

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 County'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 items 2012-04, 2012-07, 2012-12, 2012-13, and 2012-15 to be material weaknesses.

The County's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The County'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.



Bruce Hartman
State Examiner

August 20, 2013

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the County. The schedule and notes are presented as intended by the County.

LAKE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2012

| 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 |
|---|---|---------------------------|--|-------------------------------------|
| <u>Department of Agriculture</u> | | | | |
| Child Nutrition Cluster | | | | |
| School Breakfast Program | Indiana Department of Education | | | |
| Juvenile Center Breakfast Program | | 10.553 | | \$ 33,564 |
| National School Lunch Program | Indiana Department of Education | | | |
| Juvenile Center Lunch Program | | 10.555 | | 51,384 |
| Total - Child Nutrition Cluster | | | | 84,948 |
| Total - Department of Agriculture | | | | 84,948 |
| <u>Department of Commerce</u> | | | | |
| Coastal Zone Management Administration Awards | Indiana Department of Natural Resources | | | |
| Park Grant | | 11.419 | CZ122 | 43,684 |
| Total - Department of Commerce | | | | 43,684 |
| <u>Department of Housing and Urban Development</u> | | | | |
| CDBG - Entitlement Grants Cluster | | | | |
| Community Development Block Grants/Entitlement Grants | Direct Grant | | | |
| CDBG | | 14.218 | B-10-UC-18-0016 | 865,647 |
| CDBG | | 14.218 | B-11-UC-18-0016 | 530,295 |
| Neighborhood Stabilization Program - NSP 1 | | 14.218 | B-08-UN-18-0002 | 1,791,349 |
| Neighborhood Stabilization Program - NSP 3 | | 14.218 | B-11-UN-18-0002 | 978,765 |
| Total - Community Development Block Grants/Entitlement Grants | | | | 4,166,056 |
| ARRA - Community Development Block Grant ARRA Entitlement Grants (CDBG-R) | Direct Grant | | | |
| ARRA - CDBG | | 14.253 | B-09-UY-18-0016 | 21,726 |
| Total - CDBG - Entitlement Grants Cluster | | | | 4,187,782 |
| CDBG - State-Administered CDBG Cluster | | | | |
| Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii Lake Dalecarlia Dam | Indiana Office of Community and Rural Affairs | | | |
| | | 14.228 | B-08-DI-18-001 | 789,863 |
| Total - CDBG - State-Administered CDBG Cluster | | | | 789,863 |
| Home Investment Partnerships Program | Direct Grant | | | |
| Lake County Home Program | | 14.239 | M-09-UC-18-0207 | 98,410 |
| Lake County Home Program | | 14.239 | M-10-UC-18-0207 | 161,719 |
| Lake County Home Program | | 14.239 | M-11-UC-18-0207 | 138,196 |
| Lake County Home Program | | 14.239 | M-12-UC-18-0207 | 37,016 |
| Lake County Home Program | | 14.239 | M-96-UC-18-0207 | 120,000 |
| Lake County Home Program | | 14.239 | M-97-UC-18-0207 | 42,900 |
| Total - Home Investment Partnerships Program | | | | 598,241 |
| ARRA - Homelessness Prevention and Rapid Re-Housing Program | Direct Grant | | | |
| ARRA/HUD - HPRP Grant | | 14.257 | S-09-UY-18-0016 | 60,431 |
| Total - Department of Housing and Urban Development | | | | 5,636,317 |
| <u>Department of the Interior</u> | | | | |
| Historic Preservation Fund Grants-In-Aid | Indiana Department of Natural Resources | | | |
| Buckley Homestead - Historic Preservation | | 15.904 | 18-11-31921 | 20,751 |
| Total - Department of the Interior | | | | 20,751 |
| <u>Department of Justice</u> | | | | |
| JAG Program Cluster | | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | | | | |
| Justice Assistance Grant | Direct Grant | | | |
| Justice Assistance Grant 11-DJ-043 | | 16.738 | 2009-DJ-BX-1410 | 122,272 |
| Justice Assistance Grant | | 16.738 | 2010-DJ-BX-0810 | 60,921 |
| Justice Assistance Grant | | 16.738 | 2011-DJ-BX-3472 | 12,238 |
| Lake County Multi-Agency Task Force | Indiana Criminal Justice Institute | | | |
| Justice Assistance Grant | | 16.738 | 10-DJ-018 | 55,294 |
| Detention Enhancement Project 08-BDJ-001 | | 16.738 | 11-DJ-034 | 7,319 |
| | | 16.738 | 2008-DJ-BX-0752 | 22,689 |

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

LAKE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2012
(Continued)

| 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 |
|---|--------------------------------------|---------------------------|--|-------------------------------------|
| <u>Department of Justice (continued)</u> | | | | |
| JAG Program Cluster (continued) | | | | |
| Edward Byrne Memorial Justice Assistance Grant Program (continued) | | | | |
| Justice Assistance Grant 09-DJ-124 | | 16.738 | 2009-DJ-BX-0049 | 6,030 |
| Justice Assistance Grant 10-DJ-062 | | 16.738 | 2010-DJ-BX-0254 | 60,645 |
| Juvenile Home Detention Grant | | 16.738 | 2010-DJ-BX-046 | 79,012 |
| Detention Enhancement Project | | 16.738 | 2011-DJ-BX-2622 | 820 |
| Justice Assistance Grant 11-DJ-021 | | 16.738 | 2011-DJ-BX-2622 | <u>83,857</u> |
| Total - Edward Byrne Memorial Justice Assistance Grant Program | | | | <u>511,097</u> |
| ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories | | | | |
| Justice Assistance Grant | Direct Grant | 16.803 | 2009-SB-B9-1671 | 329,667 |
| Justice Assistance Grant 09-JRA-023 | Indiana Criminal Justice Institute | 16.803 | 2009-SU-B9-0047 | <u>68,708</u> |
| Total - ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories | | | | <u>398,375</u> |
| Total - JAG Program Cluster | | | | <u>909,472</u> |
| Juvenile Accountability Block Grants | | | | |
| Juvenile Accountability Block Grant | Indiana Criminal Justice Institute | 16.523 | 2010-JB-FX-0086 10 | <u>4,927</u> |
| Title V-Delinquency Prevention Program | | | | |
| Delinquency Prevention | Indiana Criminal Justice Institute | 16.548 | 2008-JF-FX-0025 | 73 |
| Disproportional Minority Grant | | 16.548 | 2008-JP-FX-0047 | 7,500 |
| Delinquency Prevention | | 16.548 | 2009-JP-FX-0076 | <u>2,965</u> |
| Total - Title V-Delinquency Prevention Program | | | | <u>10,538</u> |
| Crime Victim Assistance | | | | |
| VOCA Grant 11 VALE 007 | Indiana Criminal Justice Institute | 16.575 | 2011-VA-GX-0039 | 42,099 |
| VOCA Grant 11 VAPR 149 | | 16.575 | 2011-VA-GX-0039 | <u>15,867</u> |
| Total - Crime Victim Assistance | | | | <u>57,966</u> |
| State Criminal Alien Assistance Program | | | | |
| SCAAP | Direct Grant | 16.606 | 2012-AP-BX-0363 | <u>11,173</u> |
| ARRA - Public Safety Partnership and Community Policing Grants (Recovery) | | | | |
| COPS Interoperability Grant | Direct Grant | 16.710 | 2010-CK-WX-0498 | <u>11,672</u> |
| Equitable Sharing Program | | | | |
| Equity Sharing | Direct Grant | 16.922 | | <u>20,079</u> |
| Total - Department of Justice | | | | <u>1,025,827</u> |
| <u>Department of Transportation</u> | | | | |
| Highway Planning and Construction Cluster | | | | |
| Highway Planning and Construction | | | | |
| Bridge Inspection | Indiana Department of Transportation | 20.205 | Bridge Inspection | 41,005 |
| Construction Management - Bridges | | 20.205 | Construction Manage | 172,081 |
| Oak Savannah Trail | | 20.205 | Des#0500842 | 5,286 |
| 45th Ave - Phase II | | 20.205 | DES#9980090 | 820,603 |
| Veterans Memorial Trail | | 20.205 | Des#9981680 | <u>178,000</u> |
| Total - Highway Planning and Construction | | | | <u>1,216,975</u> |
| ARRA - Highway Planning and Construction | | | | |
| Morse Street | Indiana Department of Transportation | 20.205 | Des#0900969 | 19,513 |
| Cedar Lake Road | | 20.205 | Des#0900970 | 9,613 |
| Ridge Road | | 20.205 | Des#0901113 | <u>13,251</u> |
| Total - ARRA - Highway Planning and Construction | | | | <u>42,377</u> |
| Total - Highway Planning and Construction Cluster | | | | <u>1,259,352</u> |

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

LAKE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2012
(Continued)

| 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 |
|---|---|---------------------------|--|-------------------------------------|
| <u>Department of Transportation (continued)</u> | | | | |
| Highway Safety Cluster | | | | |
| Alcohol Impaired Driving Countermeasures Incentive Grants DUI Task Force | Indiana Criminal Justice Institute | 20.601 | | <u>10,938</u> |
| Safety Belt Performance Grants Operation Pullover | Indiana Criminal Justice Institute | 20.609 | OP-12-04-02-41 | <u>9,119</u> |
| Total - Highway Safety Cluster | | | | <u>20,057</u> |
| Total - Department of Transportation | | | | <u>1,279,409</u> |
| <u>Department of Energy</u> | | | | |
| ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG) ARRA/EECB Grant | Direct Grant | 81.128 | DE-EE0000724 | <u>1,182,146</u> |
| Total - Department of Energy | | | | <u>1,182,146</u> |
| <u>U.S. Election Assistance Commission</u> | | | | |
| Help America Vote Act Requirements Payments HAVA Title III Voting | Direct Grant | 90.401 | | <u>303,008</u> |
| Total - U.S. Election Assistance Commission | | | | <u>303,008</u> |
| <u>Department of Health and Human Services</u> | | | | |
| Public Health Emergency Preparedness Emergency Preparedness | Indiana Department of Health | 93.069 | BPRS 144-70 | <u>5,833</u> |
| Project Grants and Cooperative Agreements for Tuberculosis Control Programs TB Control | Indiana Department of Health | 93.116 | 5U 52PS500520-28 | <u>50,411</u> |
| Centers for Disease Control and Prevention - Investigations and Technical Assistance Emergency Preparedness | Indiana Department of Health | 93.283 | BPRS 144-70 | <u>1,582</u> |
| Child Support Enforcement | Indiana Department of Child Services | | | |
| Title IV-D | | 93.563 | County Clerk | 133,221 |
| Title IV-D Incentive | | 93.563 | County Clerk | 136,875 |
| Title IV-D | | 93.563 | County Court | 231,825 |
| Title IV-D Incentive | | 93.563 | County Court | 162,251 |
| Title IV-D | | 93.563 | County Prosecutor | 1,864,509 |
| Title IV-D Incentive | | 93.563 | County Prosecutor | 145,187 |
| Title IV-D | | 93.563 | Indirect Costs | <u>849,115</u> |
| Total - Child Support Enforcement | | | | <u>3,522,983</u> |
| ARRA - Child Support Enforcement | Indiana Department of Child Services | | | |
| Title IV-D Incentive | | 93.563 | County Prosecutor | 33,823 |
| Title IV-D Incentive | | 93.563 | County Clerk | <u>62,839</u> |
| Total - ARRA - Child Support Enforcement | | | | <u>96,662</u> |
| Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance HIV/AIDS Surveillance | Indiana Department of Child Services | 93.944 | 5U62PS001049-03 | <u>49,001</u> |
| Total - Department of Health and Human Services | | | | <u>3,726,472</u> |
| <u>Department of Homeland Security</u> | | | | |
| Emergency Management Performance Grants Emergency Management Planning | Indiana Department of Homeland Security | 97.042 | | <u>39,147</u> |
| Total - Department of Homeland Security | | | | <u>39,147</u> |
| Total federal awards expended | | | | <u>\$ 13,341,709</u> |

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

LAKE COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Lake County (County) 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.

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the County provided federal awards to subrecipients as follows for the year ended December 31, 2012:

| Program Title | Federal CFDA Number | 2012 |
|--|---------------------------|-----------|
| Community Development Block Grants/ Entitlement Grants | 14.218 | \$ 55,000 |

LAKE COUNTY
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 programs: | |
| Material weaknesses identified? | yes |
| Significant deficiencies identified? | none reported |
| Type of auditor's report issued on compliance for major programs: | Qualified for all programs except for CDBG – State-Administered CDBG Cluster, which was 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 Programs:

| CFDA Number | Name of Federal Program or Cluster |
|----------------|---|
| 14.239 | CDBG – State-Administered CDBG Cluster HOME Investment Partnerships Program JAG Program Cluster |
| 81.128 | Energy Efficiency and Conservation Block Grant Program (EECBG) |
| 93.563 | Child Support Enforcement |

Dollar threshold used to distinguish between Type A and Type B programs: \$382,284

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2012-01 - MATERIAL ERRORS AND LACK OF INTERNAL CONTROLS OVER THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards (SEFA) provided for audit was inaccurate. The errors found in the SEFA are described below:

LAKE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

1. The SEFA did not include some or all grants from nine federal programs which resulted in the federal expenditures on the SEFA presented for audit being understated by \$2,027,681. The grants omitted, by program, included the following (listed by Catalog of Federal Domestic Assistance (CFDA) number): 11.419, 14.228, 16.606, 16.738, 16.803, 20.205, 93.069, 93.283, and 93.563. Adjustments were proposed and approved by the County's management for presentation in this report.
2. The SEFA included State grants and matching funds, an amount reported more than once, and local funds and other nonfederal activity. This resulted in the Federal expenditures on the SEFA presented for audit being overstated by \$7,405,236. Adjustments were proposed and approved by County's management for presentation in this report.
3. Three programs included on the SEFA were combined. These combined programs either included ARRA grants or had individual CFDA (Catalog of Federal Domestic Assistance) numbers. These grants are required to be separately reported in the SEFA.
4. Five of the programs on the SEFA either had the incorrect CFDA numbers or the CFDA number was omitted. Two programs did not include the Federal grantor agency and seven programs were not identified using the correct program title.
5. Each County department was responsible for overseeing the grants it received. Department staff responsible for the administration and reporting of federal awards did not provide accurate information for the preparation of the SEFA to the County Auditor's office.

The County Auditor's office (finance department) is responsible for preparing the SEFA based upon the grant information obtained from the financial accounting records and other information provided by each department. A review of the Auditor's files determined that grant award letters, grant applications, grant budgets, financial reports, and other grant documents are not provided by the various departments. These documents are necessary for the finance department to obtain required information for the SEFA, such as CFDA titles and numbers, and to assist in identifying federal grants.

The various County Departments were unaware or lacked the understanding of the importance of sharing and providing the information for the SEFA. The lack of submission of grant documents and accurate information by the various departments to the Auditor's office weakens internal controls over grant reporting and hinders the ability of the finance department of the Auditor's office to accurately prepare the SEFA.

Additionally, the completed SEFA (prepared by the finance department of the County Auditor's office) was not reviewed by someone other than the individual preparing it.

Management does not take an active role in the oversight of the County's internal controls over SEFA reporting. Internal controls should be designed to prevent, or detect and correct errors in a timely manner. Without adequate controls, the County cannot provide reasonable assurance that the SEFA is fairly presented. Controls have not been established by the County to ensure complete and accurate reporting of the SEFA.

The determination of which major programs will be audited and the audit costs are affected by the accuracy of the SEFA at the time of audit. Failure to develop internal controls over reporting could jeopardize future federal funding and cause the County to report its financial information inaccurately.

LAKE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Circular A-133, subpart .300 Auditee Responsibilities states in part:

"The auditee shall: (a) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity. (b) Maintain internal control over Federal programs that provides reasonable assurance . . ."

Circular A-133, subpart .310 Financial Statements states in part:

"(b) Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements . . . At a minimum, the schedule shall:

1. List individual Federal programs by Federal agency. . . .
2. For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
3. Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number . . ."

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 Counties in Indiana, Chapter 1)

We recommended that the County establish policies and procedures to ensure that the federal funds are identified and reported accurately on the SEFA in accordance with Circular A-133 requirements.

FINDING 2012-02 – INTERNAL CONTROLS OVER TREASURER'S DAILY BALANCE OF CASH AND DEPOSITORIES

The Treasurer's office is responsible for maintaining the Treasurer's Daily Balance of Cash and Depositories (cash book). The cash book reflects the daily receipts and disbursements, the total amount of cash and investments, and a proof of the financial condition of the office at the close of each day.

Cash short or cash long entries are recorded in the cash book indicating a difference between the ending balance of the taxes, other sources, funds, and investments when compared to the ending depository balances. Various cash short and cash long entry explanations during the year included voided transactions, payment by credit card, electronic check timing differences, and bank errors.

LAKE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The cumulative cash short and cash long amounts at December 31, 2010, 2011, and 2012 is noted as follows:

| Description | December 31, 2010 | December 31, 2011 | December 31, 2012 |
|------------------|----------------------|------------------------|------------------------|
| Cash Short | \$ 64,015.79 | \$ 609,747.42 | \$ 538,136.20 |
| Cash Long | <u>269,328.50</u> | <u>147,075.89</u> | <u>150,436.29</u> |
| Net (Short)/Long | <u>\$ 205,312.71</u> | <u>\$ (462,671.53)</u> | <u>\$ (387,699.91)</u> |

The cumulative cash short noted above, while large, is not material to the financial statements at December 31, 2012. However, the failure to establish controls to identify and find resolution to these items could cause a material misstatement of the financial statement in the future.

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 County Treasurers of Indiana, Chapter 10)

It is important that the amounts distributed at each semiannual settlement agree with the amounts shown in the treasurer's daily balance of cash and depositories, since a settlement and distribution in excess of the amounts entered in this record will result in "cash short" on the day the settlement is made. Conversely, if the settlement and distribution is made for less than the amount shown in this record, it will result in "cash long" for that day. Therefore, every effort should be made before settlement and distribution to see that the amounts distributed for each taxing district agree with the amounts entered in the register of taxes collected and in the treasurer's daily balance of cash and depositories. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 4)

We recommended that County officials establish and maintain controls to ensure the identification and resolution of cash short and cash long entries are completed.

FINDING 2012-03 – INTERNAL CONTROLS OVER FINANCIAL REPORTING

Internal controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient as described below:

County Auditor

The County Auditor is responsible for preparing the Annual Financial Report (AFR) and electronically submitting it to the State Board of Accounts. The financial information submitted generates the financial statement to be audited. Our audit found the following errors in the financial information submitted by the County Auditor.

LAKE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The beginning cash balance reported in the 2012 AFR did not agree to the ending cash balance in the prior audit report for eleven of the funds accounted for by the County Auditor. For six of the funds, cash balances at January 1, 2012, increased by a total of \$1,340,644 from the amounts reported in the 2011 AFR. Cash balances at January 1, 2012, decreased a by total of \$1,304,360 for the five remaining funds. These differences resulted in a net increase in overall cash balances of \$36,284.

Review of the adjusting entries to the financial accounting system noted that some were for 2011 activities. In all cases, the adjusting entries affected the beginning cash balances in the County's ledgers which changed from the audited balances reported for 2011. These adjustments also changed the current year's (2012) receipts and disbursements when they were recorded in the financial accounting system. Although the adjusting entries were reviewed and approved before being recorded in the accounting system, each entry's effect on the financial statement was not detected. For many of these adjusting entries, a transfer of funds in the current year would have been a more appropriate transaction.

With the approval of management, adjusting entries have been made to the 2012 financial statement to more accurately report beginning cash balances.

County Clerk

Internal controls over the receipting, disbursing, recording, and accounting for the financial activities of the Lake County Clerk of the Circuit Court (County Clerk) were insufficient. The County Clerk does not have adequate internal controls over financial reporting to facilitate the preparation of accurate and complete financial reports to be included in the County's Annual Financial Report (AFR).

The County Clerk's fund as reported in the AFR included all receipts and disbursements of the County Clerk's office, as well as the cash balances due to governmental entities, and items held in trust for others. The financial information initially provided by the County Clerk to be reported in the Lake County AFR for the year 2012 contained numerous errors and omissions. The County Clerk has offices in multiple locations (Crown Point, East Chicago, Gary and Hammond) and divisions (Civil, Small Claims, Criminal, and Traffic) within these locations. These offices and divisions were responsible for reporting their individual cash and investment balances as of December 31, 2012, as well as their receipts and disbursements for 2012 to the Financial Manager at the Crown Point office. The individual offices' and divisions' reports were combined by the Financial Manager and reported in total to the County Auditor for inclusion in the AFR. The total cash and investments reported on the 2012 AFR was \$12,748,138; the audited cash and investments balance as of December 31, 2012, was \$12,035,513; a difference of \$712,625. An identified error that contributed to the differences included the reporting of depository balances instead of reconciled record balances. Management has agreed to the audit adjustments to be made to the amounts in the financial statement.

There was a lack of adequate internal control over the County Clerk's financial report before it was filed with the County Auditor. Adequate internal control over financial reporting requires that employees understand the importance of complete and accurate financial reporting and that they have the requisite knowledge and skills to prepare them. In addition, adequate internal control requires sufficient supervision and oversight by management and the governing bodies to ensure complete and accurate financial reporting.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 13)

LAKE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 Clerks of the Circuit Courts of Indiana, Chapter 13)

We recommended that County officials establish and maintain controls to ensure complete and accurate reporting of financial activities.

Section III – Federal Award Findings and Questioned Costs

FINDING 2012-04 – INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON CHILD SUPPORT ENFORCEMENT

Federal Agency: Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 93.563
Federal Award Number and Year (or Other Identifying Number): FY12
Pass-Through Entity: Indiana Department of Child Services

Management has not established an effective internal control system related to the grant agreement and a majority of the compliance requirements that have a direct and material effect on the Child Support Enforcement program. These include Allowable Costs/Cost Principles, Cash Management, Matching, Period of Availability, and Reporting compliance requirements.

Prosecutor, Clerk, Juvenile Court, and County IV-D

1. A clerk within the prosecutor's office prepares the claim for reimbursement. Management in the Prosecutor's office reviewed a portion of the IV-D costs that were requested for reimbursement on the monthly expense claims, but management did not review the County's portion of fringe benefits requested for reimbursement. The amounts claimed for reimbursement of fringe benefits were based upon estimates; not actual amounts paid for the fringe benefits. A report was available to the prosecutor's office, which detailed the fringe benefits paid; however, they were not aware that it included these amounts.
2. Documentation was not presented for audit to indicate the Clerk's office and Juvenile Court's reviewed the accuracy of the monthly expense claims used to request reimbursements.
3. The County hired an outside consultant to prepare their indirect cost allocation plan. This consultant requested financial and other pertinent information from the County to complete the cost allocation plan. This plan determined the amount of indirect costs that the County is eligible to receive. The consultant also submitted the plan to the Indiana Department of Child Services for the reimbursement of the indirect costs for the County. The calculated

LAKE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

amount of indirect costs for 2012 totaled \$623,952.80. The County did not review the indirect cost report information prepared by the consultant from the County's records for accuracy.

The Prosecutor, Clerk, Juvenile Court, and County management did not assess the risks that material non-compliance could occur without detection.

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

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis.

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 of the grant agreement or the compliance requirements that have a direct and material effect on the program could result in the loss of federal funds to the County.

We recommended that the Prosecutor, Clerk, and Juvenile Court's management establish controls related to the grant agreement and the compliance requirements noted above that have a direct and material effect on the program.

FINDING 2012-05 - COMPLIANCE RELATED TO CHILD SUPPORT ENFORCEMENT GRANTS – ALLOWABLE COSTS/COST PRINCIPLES, CASH MANAGEMENT, MATCHING

Federal Agency: Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 93.563
Federal Award Number and Year (or Other Identifying Number): FY12
Pass-Through Entity: Indiana Department of Child Services

Prosecutor's IV-D

To determine the salary amounts to be reimbursed by the Prosecutor's office, the prosecutor's bookkeeper used the amounts recorded in the Lake County disbursement detail report (LC500), which provided detailed disbursements by department. Employer provided fringe benefits (retirement and employee insurance) are recorded on the LC500 under the Commissioner's and Council's budget. The prosecutor's share of employer provided fringe benefits cannot be identified in the Commissioner and Council departments with the LC500. The Prosecutor's bookkeeper was unaware that the actual fringe benefit costs were included on the payroll report (PR260) which provided the detail for the prosecutor's office IV-D employee payroll and fringe benefit costs paid; thus, the amounts were calculated by the bookkeeper. The fringe benefits (direct

LAKE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

costs) to be reimbursed were calculated by multiplying the gross payroll from the LC500 by the applicable employer paid fringe benefit rates (PERF - Retirement). Also included in this calculation was a flat amount for health insurance and worker's compensation (Employee Insurance). These calculations were not in agreement with the actual fringe benefits charged for those employees in the County's accounting system per the actual amounts paid as detailed on the PR260.

For the months of September through December, 2012, the following was noted:

| Fringe Benefit | Reported on Monthly Expense Claim | County Payroll Report | Over/(Under) Claimed |
|--------------------|--------------------------------------|--------------------------|-------------------------|
| PERF (Retirement) | \$ 47,325.22 | \$ 55,921.88 | \$ (8,596.66) |
| Employee Insurance | 270,855.00 | 259,155.00 | 11,700.00 |
| | <u>\$ 318,180.22</u> | <u>\$ 315,076.88</u> | <u>\$ 3,103.34</u> |

By using the calculated amount for fringe benefits, not the actual amount from the County's accounting system, there was both over and underreporting. For the four month period noted above, expenditures included as allowable costs were overstated. The net overstatement totaled \$3,103.34 which multiplied times the federal reimbursement rate of 66 percent represented a questioned cost of \$2,048.20.

Expenditures claimed for reimbursement are directly related to cash management for this grant. Cash management compliance requires costs for which reimbursement is requested, to be paid prior to the date of the reimbursement request. Costs were reimbursed that had not been paid.

The expenditures claimed for reimbursement are also directly related to the matching compliance requirement. The federal government reimburses approximately 66 percent of the costs included on the Monthly Expense claims. If the amounts requested for reimbursement are incorrect, the federal matching (66 percent) portion is also incorrect.

Indirect Cost Allocation Plan

Included in the Indirect Cost Allocation Plan (plan) is the cost of fringe benefits not claimed as direct costs (county portion of federal taxes, retirement contributions, health insurance, and unemployment insurance). The consultant that prepared the plan used the County's financial records as a basis for the fringe benefit costs to report. The amount included in the plan for unemployment insurance was \$733,220. Based upon the County's financial records, the actual cost for unemployment insurance was \$433,200. The \$300,000 difference was an overstatement of unemployment costs used in the calculation of the amounts eligible for reimbursement as indirect costs. According to the consultant, the net effect of the overstated unemployment costs on the amount of indirect costs received by the County is approximately \$8,500. The consultant has been in contact with County officials and they have agreed that the correction will be included in the 2012 Cost Allocation Plan. The \$8,500 overstatement represents a questioned cost.

Circular A-87, Attachment B states in part:

"8. Compensation for *personal services*.

a. General. Compensation for personnel services includes all remuneration, paid currently or accrued, for services rendered during the period of performance under Federal awards, including but not necessarily limited to wages, salaries, and fringe benefits. The costs of such compensation are allowable to the extent that they satisfy the specific requirements of this circular, that the total compensation for individual employees:

- (1) Is reasonable for the services rendered and conforms to the established policy of the governmental unit consistently applied to both Federal and non-Federal activities;
- (2) Follows an appointment made in accordance with a governmental unit's laws and rules and meets merit system or other requirements required by Federal law, where applicable; and
- (3) Is determined and supported as provided in subsection h. . . .

d. Fringe benefits. . . .

- (2) The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, sick leave, holidays, court leave, military leave, and other similar benefits, are allowable if: (a) they are provided under established written leave policies; (b) the costs are equitably allocated to all related activities, including Federal awards; and, (c) the accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the governmental unit. . . .
- (5) The cost of fringe benefits in the form of employer contributions or expenses for social security; employee life, health, unemployment, and worker's compensation insurance (except as indicated in section 22, Insurance and indemnification); pension plan costs (see subsection e.); and other similar benefits are allowable, provided such benefits are granted under established written policies. Such benefits, whether treated as indirect costs or as direct costs, shall be allocated to Federal awards and all other activities in a manner consistent with the pattern of benefits attributable to the individuals or group(s) of employees whose salaries and wages are chargeable to such Federal awards and other activities. . . .

h. Support of salaries and wages. These standards regarding time distribution are in addition to the standards for payroll documentation.

- (1) Charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit."

31 CFR § 205.12(b) (5) requires costs for which reimbursement is requested to be paid prior to the date of the reimbursement request.

LAKE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Circular A-87, Attachment C states in part:

"A. 1 . . . All costs and other data used to distribute the costs included in the plan should be supported by formal accounting and other records that will support the propriety of the costs assigned to Federal awards . . .

E. 1. . . a certification (see subsection 4.) that the plan was prepared in accordance with this Circular, contains only allowable costs, and was prepared in a manner that treated similar costs consistently among the various Federal awards and between Federal and non-Federal awards/activities."

We recommended that officials follow federal guidelines regarding compensation and benefits actually paid to all employees. We also recommended that the policies and procedures be developed for documenting compensation paid, in conformity with federal requirements over allowable costs/cost principles. Also, amounts reported in the Cost Allocation Plan should be supported by the financial records.

***FINDING 2012-06 - COMPLIANCE RELATED TO CHILD
SUPPORT ENFORCEMENT GRANTS - REPORTING***

Federal Agency: Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 93.563
Federal Award Number and Year (or Other Identifying Number): FY12
Pass-Through Entity: Indiana Department of Child Services

The reporting required for the Child Support Enforcement Grant at the local level includes the Monthly Expense Claim for Title IV-D and Quarterly Incentive Expenditure Report (Quarterly Report) for Title IV-D. The Quarterly Reports are for reporting expenditures of Incentive funds and ARRA funds.

Prosecutor

The County's employer share of the federal taxes, retirement contributions, and health insurance (fringe benefits) reported on the Monthly Expense Claims were not in agreement with the actual expenditures recorded in the County's ledger. For the months of September through December 2012, these expenditures were over reported by \$3,103.34. The Prosecutor's office was estimating these costs instead of using the actual costs provided by a County payroll report. Every claim submitted in 2012 for the Prosecutor's office was incorrect in regards to the County portion of fringe benefits.

On the August 2012 Monthly Expense Claim, there was an adjustment totaling \$507,416.76 to increase amounts previously claimed for reimbursement. The Prosecutor's office did not provide the supporting documentation to substantiate that adjustment amount. After numerous discussions regarding this amount, they recalculated the adjustments for 2012 and provided a spreadsheet totaling \$504,300.88. The Prosecutor's office did not provide the detailed supporting documentation to substantiate the new adjustment amount. They have included the difference - a decrease of \$3,115.88 (between the two adjustment amounts) on their May 2013 Monthly Expense Claim as a prior period adjustment. This newly calculated adjustment has not been verified as properly documented. After completing analytical reviews of subsequent months, it was determined that the adjustment totals submitted totaling \$504,300.88 were reasonable. The difference between the original adjustment and the recalculated adjustment represents a questioned cost of \$3,115.88.

LAKE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Incentive funds were received by the County for the Prosecutor's office. The Prosecutor's office was responsible for reporting amounts expended from these Incentive funds quarterly using the Quarterly Incentive Expenditure Report for Title IV-D. The reported expenditure amounts exceeded the 2012 County records by \$44,729.34. Additionally, the first two quarters of 2012 were not reported individually but included in the third quarter report.

Clerk

Incentive funds were received by the County for the Clerk's office. The Clerk's office was responsible for reporting amounts expended from these Incentive funds quarterly using the Quarterly Incentive Expenditure Report of Title IV-D. The total reported expenditure amounts exceeded the 2012 County records by \$19,063.28. Included in the difference was a second quarter adjustment totaling \$20,845.68 and a fourth quarter underreporting of \$1,755.04. We did not receive the supporting documentation for that adjustment.

ARRA funds were also received by the County. The Clerk's office was responsible for reporting amounts expended for these ARRA funds. The reported expenditure amounts were underreported \$3,503.19 based upon the 2012 County records. The Clerk's office under reporting was due to the exclusion of payroll expenditures for one payroll in October and one payroll in November.

Court

Nonpayroll expenditures totaling \$6,415.70 that were recorded in the Court's fund in October through December 2012 were not claimed for reimbursement during those months. Of the \$6,415.70 not claimed in 2012, \$5,665.70 was claimed on the March 2013 Monthly Expenditure Claim and \$750 had yet to be claimed.

45 CFR § 92.20 Standards for financial management systems states in part:

"(a) A State must expand and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to -

- (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and
- (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

(b) The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant."

We recommended that the County prepare and submit accurate and complete reports in accordance with the federal guidelines.

LAKE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2012-07 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM, ARRA - EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT (JAG) PROGRAM/GRANTS TO STATES AND TERRITORIES

Federal Agency: Department of Justice

Federal Program: Edward Byrne Memorial Justice Assistance Grant Program, ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants To States And Territories

CFDA Number: 16.738, 16.803

Federal Award Number and Year (or Other Identifying Number): 2009-SB-B9-1671, 2009-DJ-BX-1410, 2010-DJ-BX-0810, 2011-DJ-BX-3472, 2010-DJ-BX-0254 (10-DJ-062)

Pass-Through Entity: Indiana Criminal Justice Institute (for grant 2010-DJ-BX-0254 [10-DJ-062] only)

Management of Lake County has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and all of the compliance requirements that have a direct and material effect on the programs that are administered by separate law enforcement departments of the County. The Lake County Drug Task Force lacks internal controls over the compliance requirements for Allowable Costs/Cost Principles, Cash Management, Earmarking, Period of Availability, Procurement, Suspension and Debarment, Reporting, and Special Tests and Provisions. The Community Corrections department lacks internal controls over the compliance requirement for Period of Availability.

The failure to establish an effective internal control system places Lake County 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 grant.

The following apply to the Lake County Drug Task Force Department:

1. Cash Management and Special Test and Provisions - There is no segregation of duties or management oversight. The drawdowns of grant funds are prepared by the Grant Administrator who also prepares the grant spreadsheets which are the basis for the drawdowns of grant funds. The grant spreadsheets are not reconciled to the County's financial accounting system. The County is relying on the Grant Administrator and Grant Bookkeeper to ensure that ARRA activity is properly recorded.
2. Earmarking, Reporting, and Period of Availability - There is no segregation of duties or management oversight of the reports prepared or submitted. Two of the three required reports were prepared and submitted by the Grant Administrator (financial reports and quarterly progress reports). For the third report, the Grant Bookkeeper assisted in the preparation but there is no documentation that the Grant Bookkeeper's work was reviewed. Additionally, the reports were prepared and submitted from spreadsheets prepared by the Grant Administrator. The reports were not based upon the County's financial accounting system.
3. Procurement, Suspension and Debarment - There is no segregation of duties or management oversight. The Grant Administrator awarded the quote for the purchase of police vehicles, which should have been submitted to the Board of County Commissioners to be awarded. Suspension and Debarment is not verified for all qualifying vendors prior to payment.

LAKE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The following applies to the Community Corrections Department:

Period of Availability - There is no segregation of duties or management oversight. The payroll authorization reports, which were the basis for amounts recorded in the period of availability, were prepared and approved by the same individual.

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 type of 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. Non-compliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the County.

We recommended that Lake County's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirements noted above that have a direct and material effect on the program.

FINDING 2012-08 - COMPLIANCE RELATED TO EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM, ARRA - EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT (JAG) PROGRAM/GRANTS TO STATES AND TERRITORIES - ALLOWABLE COSTS/COSTS PRINCIPLES, REPORTING

Federal Agency: Department of Justice

Federal Program: Edward Byrne Memorial Justice Assistance Grant Program, ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants To States And Territories

CFDA Number: 16.738, 16.803

Federal Award Number and Year (or Other Identifying Number): 2009-SB-B9-1671, 2009-DJ-BX-1410, 2010-DJ-BX-0810, 2011-DJ-BX-3472

Pass-Through Entity: Direct Grant

Compensation and related fringe benefits are allowable expenditures under the grant provided they comply with the County's and State's policies and procedures for establishing and paying compensation and benefits, and are applied consistently to both federal and non-federal activities. We noted noncompliance while performing our audit procedures.

LAKE COUNTY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 (Continued)

The Salary Ordinance and annual budget adopted by the County Council established the compensation for the JAG Grant Administrator. The ordinance designated that the compensation would be paid from the Justice Assistance Grant Fund (fund number 182) and the Lake County Multi-Agency Task Force Fund (fund number 262) which are included in the County's accounting records. Fund 182's subaccount number 0582 designates the grant number 10-DJ-062 and Fund 262's subaccount number 0500 designates the grant number 2009-DJ-BX-1410. The Grant Administrator's compensation for administering JAG grants was recorded in these two funds and subaccounts in 2012.

The previous Grant Administrator maintained records using a simple spreadsheet format for each of the JAG grants that were accounted for in the County's Fund number 262. We reviewed these records/spreadsheets for the four JAG grants accounted for in fund number 262 because the amounts reported for compensation and benefits were based on these records. We compared the records/spreadsheets to the County's disbursement ledgers and found inconsistencies in the recorded amounts for compensation. According to the current Grant Administrator, the amounts reported were computed by dividing the total budgeted amount by the number of quarters for the time period covered by the grant agreement. The following are the quarterly postings for grant management compensation per the records/spreadsheet:

| Grant Number | Fund/ Department | Quarters | | | | Total |
|----------------------------|------------------|-------------|-------------|-------------|----------|---------------------|
| | | First | Second | Third | Fourth | |
| 2009-DJ-BX-1410 | 262-0500 | \$ 2,247.00 | \$ 2,247.00 | \$ 2,247.00 | \$ - | \$ 6,741.00 |
| 2009-SB-B9-1671 | 262-0550 | 3,519.99 | 3,519.00 | 2,345.00 | 2,345.00 | 11,728.99 |
| 2010-DJ-BX-0810 | 262-1005 | 1,122.00 | 1,122.00 | 1,122.00 | 1,122.00 | 4,488.00 |
| 2011-DJ-BX-3472 | 262-1007 | - | - | 900.00 | 900.00 | 1,800.00 |
| Total for grant management | | | | | | <u>\$ 24,757.99</u> |

A review of the grant spreadsheets for fund 262-0500 determined that amounts recorded for grant administrator compensation were less than the amounts posted to the County's ledgers. Review of selected timesheets for the grant administrator noted time reported for JAG grants funds 182-0582 and 262-0500 from the timesheets was the basis for amounts recorded in the County's ledgers. The time worked per the timesheets was not further classified between the various JAG grants accounted for in fund 262.

The amounts recorded in the County's ledger for payroll from fund 262-0500 were inaccurate as some of the compensation should have been charged to other grants. However, no time records were maintained to support the allocation of the compensation to the other grants. The amounts recorded to the grant spreadsheets for the grant management were inaccurate since they were based upon budgeted amounts and not actual disbursements.

Salary and benefits of \$24,757.99 paid during the audit period which were not documented in compliance with federal guidelines over allowable costs/cost principles are considered questioned costs. As the grant spreadsheets maintained by the grant administrator were used as the basis for grant reporting, this also resulted in inaccurate reporting for these four grants.

LAKE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

OMB Circular A-87, Attachment B states in part:

"8. *Compensation for personal services.*

a. General. Compensation for personnel services includes all remuneration, paid currently or accrued, for services rendered during the period of performance under Federal awards, including but not necessarily limited to wages, salaries, and fringe benefits. The costs of such compensation are allowable to the extent that they satisfy the specific requirements of this Circular, and that the total compensation for individual employees:

- (1) Is reasonable for the services rendered and conforms to the established policy of the governmental unit consistently applied to both Federal and non-Federal activities;
- (2) Follows an appointment made in accordance with a governmental unit's laws and rules and meets merit system or other requirements required by Federal law, where applicable; and
- (3) Is determined and supported as provided in subsection h. . . .

d. Fringe benefits.

- (1) Fringe benefits are allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the costs of leave, employee insurance, pensions, and unemployment benefit plans. Except as provided elsewhere in these principles, the costs of fringe benefits are allowable to the extent that the benefits are reasonable and are required by law, governmental unit-employee agreement, or an established policy of the governmental unit.
- (2) The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, sick leave, holidays, court leave, military leave, and other similar benefits, are allowable if: (a) They are provided under established written leave policies; (b) the costs are equitably allocated to all related activities, including Federal awards; (c) and, the accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the governmental unit. . . .
- (5) The cost of fringe benefits in the form of employer contributions or expenses for social security; employee life, health, unemployment, and worker's compensation insurance (except as indicated in section 22, Insurance and indemnification); pension plan costs (see subsection e.); and other similar benefits are allowable, provided such benefits are granted under established written policies. Such benefits, whether treated as indirect costs or as direct costs, shall be allocated to Federal awards and all other activities in a manner consistent with the pattern of benefits attributable to the individuals or group(s) of employees whose salaries and wages are chargeable to such Federal awards and other activities. . . .

h. Support of salaries and wages. These standards regarding time distribution are in addition to the standards for payroll documentation.

LAKE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (1) Charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit.
- (2) No further documentation is required for the salaries and wages of employees who work in a single indirect cost activity.
- (3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee. . . ."

28 CFR 66.20 (b) states in part:

"The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant."

We recommended that the officials follow state and local policies regarding compensation and benefits paid to all employees. We also recommended that the policies and procedures for documenting compensation paid be in conformity with federal requirements over allowable costs/cost principles.

***FINDING 2012-09 - COMPLIANCE RELATED TO EDWARD BYRNE
MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM - REPORTING***

Federal Agency: Department of Justice

Federal Program: Edward Byrne Memorial Justice Assistance Grant Program

CFDA Number: 16.738

Federal Award Number and Year (or Other Identifying Number): 2009-DJ-BX-1410, 2010-DJ-BX-0810,
2011-DJ-BX-3472, 10-DJ-062

Pass-Through Entity: Indiana Criminal Justice Institute (Grant 10-DJ-062 only)

The Grant Administrator maintains records in a simple spreadsheet format for each grant program under the JAG Program Cluster. This spreadsheet includes the budget amount for each category, the amount expended, and the amount received. The County Auditor's disbursement ledger (LC500) accounts for the JAG grants in either Fund 262 or Fund 182 (as described in Finding 2012-08) with a specific sub-account number for each program.

We compared the reports submitted to the U.S. Department of Justice or the Indiana Criminal Justice Institute to both of the spreadsheets maintained by the Grant Administrator and the County's disbursement ledgers (LC 500). We noted the following inconsistencies in the amounts reported (which does not include the amounts for compensation related to grant management previously described in Finding 2012-08):

LAKE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

1. Grant 2011-DJ-BX-3472, Federal Financial Report (SF 425) due January 30, 2013: the amount disbursed per the report exceeded both the grant spreadsheet and the LC500 by \$418.15. The cause of the difference could not be identified.
2. Grant 2009-DJ-BX-1410, SF 425 report due July 30, 2012: after excluding payroll amounts due to the issues concerning compensation for grant management noted in Finding 2012-08, the amount reported for disbursements was \$9,123.24 less than both the grant spreadsheet and the LC500. The cause of the difference could not be identified.
3. Grant 2010-DJ-BX-0810, SF 425 report due January 30, 2013: the amounts reported as disbursed through the period ending December 31, 2012, included \$7,375.50 which was not actually paid until January 29, 2013. Line 7 of the report was marked as prepared on the cash basis, but as prepared, it included amounts not paid until the next quarter.
4. Grant 2010-DJ-BX-0254 (10-DJ-062), quarterly report due January 20, 2013: the amounts reported included \$230.92 which had been also reported in the prior quarter. Additionally, another \$620 was reported as grant disbursements but was paid from the County's General Fund and not the grant fund number 182.

We compared the Grant Administrator's spreadsheet to the County Auditor's records and determined that the Edward Byrne Memorial Justice Assistance Grant (JAG) award number 2010-DJ-BX-0254 (10-DJ-062) is accounted for in fund 182, department 0582. According to the County Auditor's records, disbursements from fund 182, department number 0582 for the year 2012 totaled \$131,816.36. The Grant Administrator's spreadsheet reported total disbursements of \$114,079.82, which is a difference of \$17,736.54. We observed amounts recorded in a column of the grant spreadsheet as not chargeable to the grant and were not reported as part of the grant for the periods reviewed. These amounts; however, were recorded in the fund in the County's disbursement ledger, which was the source document used to prepare the federal schedule of expenditures.

All disbursements made and receipts received are recorded in the County Auditor's records, but they may not be properly recorded to the appropriate grant. The grant spreadsheets track the activity by grant but may not contain all activity or the activity in the correct time period. Since reconciliations of the two records are not performed, adjustments have not been made to the County Auditor's records and to the grant spreadsheets to accurately reflect the disbursements of the funds by grant award.

Failure to maintain official records that track the application (disbursements) of each grant individually hinders the County's ability to adequately monitor and report for individual federal awards, and leads to inaccurate reporting.

28 CFR § 66.20 states in part:

"(b) The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.

LAKE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially- assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income."

The 2011 Financial Guide (revised July 2012) from the U.S. Department of Justice – Office of Justice Programs – Office of the Chief Financial Officer states the following under the Reporting Requirements:

"You will report the summary information on expenditures, unliquidated obligations incurred, the money from your own organization (match), program income, and indirect costs for each quarter of the project. You will also indicate if you are using a cash- or accrual-based accounting system for reporting."

The 2011 Financial Guide defines cash basis in the glossary section as follows: "**Cash Basis** is the method of reporting revenues and expenses when cash is actually received or paid out."

We recommended that officials establish procedures to adequately identify and report grant disbursements in the official records of the County. We also recommended that if grant spreadsheets are maintained, that they be reconciled with the County's records.

FINDING 2012-10 – COMPLIANCE RELATED TO EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM – PERIOD OF AVAILABILITY

Federal Agency: Department of Justice
Federal Program: Edward Byrne Memorial Justice Assistance Grant Program
CFDA Number: 16.738
Federal Award Number and Year (or Other Identifying Number): 2009-DJ-BX-1410
Pass-Through Entity: Direct Grant

The grant agreement specified the grant was for the period September 1, 2009 to September 30, 2012. As of September 30, 2012, the cash balance on hand was \$2,911.73 per the spreadsheet maintained by the Grant Administrator. The final draw of grant funds was received on October 12, 2012, in the amount of \$43,966.82. The final draw created a cash balance on hand of \$46,878.55 on October 12, 2012, for this grant.

Per the Special Conditions section of the Award Continuation Sheet, item 9 states in part:

"The recipient also agrees to obligate and expend the grant funds in the trust fund (including any interest earned) during the period of the grant. Grant funds (including any interest earned) not expended by the end of the grant period must be returned to the Bureau of Justice Assistance no later than 90 days after the end of the grant period, along with the final submission of the Financial Status Report (SF-269)."

The cash balance of \$46,878.55 as of October 12, 2012, was disbursed (expended) between the period of October 30, 2012 and December 27, 2012, which was after the period of availability which ended on September 30, 2012. Additionally, \$13,970 of the cash balance (spent for supplies for the City of Gary Police Department) was not obligated during the period of availability. The obligations of the \$13,970 spent for supplies occurred on October 30, 2012 and November 8, 2012.

LAKE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The records presented for audit did not include documentation of a request for an extension of the grant period or that one was approved. The above amount of \$46,878.55 is considered questioned costs since disbursements occurred after the period of availability.

28 CFR § 66.23 states:

"(a) *General.* Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period.

(b) *Liquidation of obligations.* A grantee must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period (or as specified in a program regulation) to coincide with the submission of the annual Financial Status Report (SF-269). The Federal agency may extend this deadline at the request of the grantee."

The County, upon acceptance of a grant award, has a responsibility to comply with all requirements of the grant, including but not limited to, the period of availability. When there is a significant lack of compliance with the period of availability, the County is at risk of having to reimburse the U.S. Department of Justice for amounts spent beyond the period of availability without a properly supported obligation.

We recommended that the County comply with all grant requirements applicable to the period of availability.

FINDING 2012-11 – COMPLIANCE RELATED TO ARRA - EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT (JAG) PROGRAM/GRANTS TO STATES AND TERRITORIES - PROCUREMENT

Federal Agency: Department of Justice

Federal Program: ARRA - Edward Byrne Memorial Justice Assistance Grant
(JAG) Program/Grants to States and Territories

CFDA Number: 16.803

Federal Award Number and Year (or Other Identifying Number): 2009-SB-B9-1671

Pass-Through Entity: Direct Grant

The Grant Administrator purchased two police sedans from the grant, totaling \$43,900. A review of the procurement determined that the purchase did not comply with the County's purchasing policy and matrix developed in accordance with Indiana Code 5-22-8-2. The County's policy and matrix requires that three quotes be obtained and that the contract be approved by the Board of Commissioners.

The grant budget permitted a local police department to obtain the sedans for police cruisers. The grant is administered through the County. The local police department obtained and submitted two quotes of \$21,950 and \$21,593 to the Grant Administrator. The quotes were compared to the State of Indiana Quality Purchase Agreement (QPA), and were found to be lower in price than the QPA.

The following are the items of noncompliance with the purchase of the police sedans:

1. The police department selected the higher of the two quotes; no documentation was provided as the reason the higher quote was awarded.

LAKE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2. The Grant Administrator signed the order with the dealership as the purchaser, which became a contract of sale when it was accepted by the Dealer.
3. Based upon a review of the board minutes, the quotes and the contract were not received or awarded by the Board of County Commissioners.

28 CFR § 66.36(b)(1) states: "Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section."

Board of Commissioners Order 98-05(d) states in part: "Any contractual obligations under any sections of the following statutes must be approved contractually by the Board of Commissioners of the County of Lake as the county executive: (1) Any power under IC 5-22 . . ."

Failure to comply with federal, state, or local purchasing requirements could result in the loss of future federal funds.

We recommended that grant officials comply with federal, state, and local purchasing requirements.

FINDING 2012-12 – INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON THE COMMUNITY DEVELOPMENT BLOCK GRANTS / STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII

Federal Agency: Department of Housing and Urban Development
Federal Program: Community Development Block Grants/State's Program
and Non-Entitlement Grants in Hawaii

CFDA Number: 14.228

Federal Award Number: D-08-DI-18-001

Pass-Through Entity: Indiana Office of Community and Rural Affairs

Management of the County has not established an effective internal control system, which would include proper oversights by management, reviews, and approvals related to several compliance requirements that have a direct and material effect on the program. This includes the following compliance requirements for the grant: Allowable Costs/Cost Principles, Suspension and Debarment, and the Davis – Bacon Act. The failure to establish an effective internal control system places the County at risk of noncompliance with the grant agreement and the compliance requirements.

The County hired a Consultant Company to oversee the Lake Dale Projects, which were funded by the federal grant. The following internal control weaknesses are due to the lack of segregation of duties:

1. The County relied upon the consultants to verify the performance of the grant activities and that the costs incurred were allowable. The County management did not provide documentation to evidence that they reviewed or confirmed that submitted invoices for the activity performed at the project site were allowable costs.
2. Documentation was not presented from the County that supported management's monitoring efforts with respect to the confirmation of the non-suspension and non-debarment of vendors to be paid with federal funds.

LAKE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

3. Management hired a grant administrator to prepare and document all the Davis Bacon Act requirements. However, management did not exercise any review or approval responsibility over the Certified Weekly Payroll documents and other Davis Bacon Act requirements.

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 type of 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. Non-compliance of the grant agreement or the compliance requirements that have a direct and material effect on the program could result in the loss of federal funds to the County.

We recommended that the County's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirements noted above that have a direct and material effect on the program.

FINDING 2012-13— INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON THE ARRA – ENERGY EFFICIENCY AND CONSERVATION BLOCK GRANT PROGRAM (EECBG)

Federal Agency: Department of Energy

Federal Program: ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)

CFDA Number: 81.128

Award Number: DE-EE0000724

Management of the County has not established an effective internal control system, which would include proper oversights, reviews, and approvals by management, related to several compliance requirements that have a direct and material effect on the program. This includes the following compliance requirements: Equipment Management, Suspension and Debarment, and Reporting. The failure to establish an effective internal control system places the County at risk of noncompliance with the grant agreement and the compliance requirements.

LAKE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The following are deficiencies in the internal control system:

1. The County was not aware of the compliance requirement to maintain detailed equipment records of equipment purchased with federal funds. In 2012, the County purchased and installed \$115,500 of energy efficient equipment, consisting of temperature control equipment, air handlers, boilers, hot water heaters, and chillers (air conditioning equipment).
2. The grant administrator, an independent contractor, contacts the U.S. Department of Energy for verification that contractors have not been suspended or debarred. However, there was no review conducted by the County to ensure compliance with this requirement.
3. The grant administrator, an independent contractor, prepares and submits all financial and performance grant reports. However, management did not exercise any review or approval responsibility over the reports prepared and submitted directly to the U.S. Department of Energy by the grant administrator.

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 type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis.

As part of 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 the 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. Non-compliance of the grant agreement or the compliance requirements that have a direct and material effect on the program could result in the loss of federal funds to the County.

We recommended that the County's management establish controls, including segregation of duties, and management's reviews that relate to the grant agreement and the compliance requirements noted above that have a direct and material effect on the program.

FINDING 2012-14 -ARRA - ENERGY EFFICIENCY AND CONSERVATION BLOCK GRANT PROGRAM (EECBG) - EQUIPMENT MANAGEMENT

Federal Agency: Department of Energy

Federal Program: ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)

CFDA Number: 81.128

Award Number: DE-EE0000724

LAKE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Energy Efficiency and Conservation Block Grant (EECBG) funds were used to provide energy efficient improvements for three Township Trustee buildings. These improvements included the purchase and installation of the following equipment: temperature control equipment, air handlers, boilers, hot water heaters, and chillers (air conditioning equipment). The County did not maintain detailed records to provide separate identification for this equipment. The total amount of equipment purchased was \$115,500, which represented 10 percent of the current audit year EECBG grant expenditures. Total equipment purchased for the three year grant period ending December 31, 2012, was \$753,730, or 38 percent of the total grant.

10 CFR 600.232 (d) states in part:

"(1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property."

Failure to maintain detailed and accurate equipment and property records and to reconcile physical inventory could result in assets being lost, stolen, misappropriated, or disposed of improperly and not detected within a reasonable time.

We recommended that the County maintain accurate detailed capital asset records in compliance with equipment management requirements.

FINDING 2012-15 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON HOME INVESTMENT PARTNERSHIPS PROGRAMS

Federal Agency: Department of Housing and Urban Development

Federal Program: HOME Investment Partnerships Program

CFDA Number: 14.239

Federal Award Number and Year (or Other Identifying Number): M-09-UC-18-0207, M-10-UC-18-0207,
M-11-UC-18-0207, M-12-UC-18-0207,
M-96-UC-18-0207, M-97-UC-18-0207

Pass-Through Entity: Direct Award

Management of Lake County has not established an effective control system, which would include segregation of duties, related to the grant agreement and compliance requirements that have a direct and material effect to the programs that are administered by the Lake County Community Economic Development Department. The County lacks internal controls over the compliance requirements for Earmarking, Matching, Program Income, and Reporting.

The failure to establish an effective internal control system places Lake County 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 grant.

The following internal control deficiencies were noted:

1. Earmarking – There was no segregation of duties or management oversight controls over earmarking. The Community Economic Development Department prepares the appropriate budget for the HOME Investment Partnership Program (HOME) to comply with earmarking

LAKE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

requirements for administrative and Community Housing Development Organization (CHDO) expenditures (10 percent and 15 percent, respectively of grant expenditures). However, the County's disbursement ledger (LC 500) does not accommodate the tracking of these HOME budget categories. The categories of expenditures in the County's official records are "Other Services and Charges" and "Building Improvements." Departmental staff maintains a manual ledger to track the administrative and CHDO expenditures. However, the department manual ledger is only reconciled in total to the County's ledger. Documentation was not provided to demonstrate that management reviewed and approved the reconciliation or compared the administrative and CHDO expenditures in the manual ledger to the approved HOME budget.

2. Matching - There was no segregation of duties or management oversight controls. The County receives quarterly letters from the CHDO that detail the amount of "Match" generated by each project for the quarter. The Community Economic Development Department staff project manager uses these letters to prepare the annual "HOME Match Report." The same staff project manager also maintains a "HOME Match Log." This log accumulates the amount of match provided by each HOME project that has been committed. Documentation was not available to indicate that the "HOME Match Report" was reviewed and approved by someone other than the staff project manager.
3. Program Income – There is no segregation of duties or management oversight controls. The Community Development Department makes low interest HOME rehab loans. The loan repayments of principal and interest are considered program income for the HOME program. Program participants are required to make their loan payments at a local bank. The bank remits monthly checks for the loan payment collections to the Community Economic Development Department. A department staff member prepares a letter to the County Auditor, with instructions as to which funds to deposit and record the HOME program income. The same staff member also records the program income information into the federal IDIS (Integrated Disbursement and Information System). The U.S. Department of Housing and Urban Development (HUD) uses this information to apply program income against the County's request for reimbursement of HOME expenditures. Program income is used first (FIFO) by HUD, to reduce the amount of federal funds reimbursed to the County.

Management has entrusted the recording and reporting of program income to experienced and knowledgeable department staff. Management did not provide any documentation that they had oversight controls, such as reviewing or approving the reported program income activity to HUD.

4. Reporting – There is no segregation of duties or management oversight controls. Community Economic Development Department staff and an outside consultant prepare and assemble the "Annual Performance Report" and the "Section 3 Summary Report" for HOME. Documentation was not presented for audit to indicate that management reviewed or approved these reports.

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 type of 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

LAKE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the County.

We recommended that Lake County's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirements noted above that have a direct and material effect on the program.

FINDING 2012 - 16 - COMPLIANCE RELATED TO HOME INVESTMENT PARTNERSHIPS PROGRAM - REPORTING

Federal Agency: Department of Housing and Urban Development
Federal Program: HOME Investment Partnerships Program
CFDA Number: 14.239
Federal Award Number and Year: M-11-UC-18-0207
Pass-Through Entity: Direct Grant

The Annual Performance Report (APR) for the Home Program was timely prepared and submitted by the Lake County Community Economic Development Department (LCCEDD). Part II of the APR, reported that program income expended during the reporting period of September 1, 2011 to August 31, 2012, was \$60,788. The IDIS (Integrated Disbursement Information System) used by LCCEDD to report drawdowns to HUD contained a different amount. For the same period, reported drawdowns of program income per IDIS totaled \$229,180; a difference of \$168,392.

Officials were unable to provide supporting documentation to support the amount of program income that was reported on the Annual Performance Report.

24 CFR Section 91.520 Performance reports, states in part:

"(a) *General.* Each jurisdiction that has an approved consolidated plan shall annually review and report, in a form prescribed by HUD, on the progress it has made in carrying out its strategic plan and its action plan. The performance report must include a description of the resources made available, the investment of available resources, the geographic distribution and location of investments, the families and persons assisted (including the racial and ethnic status of persons assisted), actions taken to affirmatively further fair housing, and other actions indicated in the strategic plan and the action plan. This performance report shall be submitted to HUD within 90 days after the close of the jurisdiction's program year. . . .

LAKE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(e) HOME. For HOME participating jurisdictions, the report shall include the results of on-site inspections of affordable rental housing assisted under the program to determine compliance with housing codes and other applicable regulations, an assessment of the jurisdiction's affirmative marketing actions and outreach to minority owned and women-owned businesses and data on the amount and use of program income for the projects, including the number of projects and owner and tenant characteristics."

24 CFR Section 135.90, Reporting, states in part:

"Each recipient which, receives directly from HUD financial assistance that is subject to the requirements of this part shall submit to the Assistant Secretary an annual report in such form and with such information as the Assistant Secretary may request, for the purpose of determining the effectiveness of section 3 . Where the program providing the section 3, covered assistance requires submission of an annual performance report, the section 3 report will be submitted with that annual performance report. If the program providing the section 3 covered assistance does not require an annual performance report, the section 3 report, is to be submitted by January 10 of each year or within 10 days of project completion, whichever is earlier. All reports submitted to HUD in accordance with the requirements of this part will be made available to the public."

The County did not comply with reporting requirements, due to the inaccuracies contained in the report for this program. Failure to comply with these requirements could cause the County to be ineligible to receive future federal awards.

We recommended that officials prepare all required reports accurately.



Auditor Lake County

LAKE COUNTY GOVERNMENT CENTER
2293 NORTH MAIN STREET
CROWN POINT, INDIANA 46307



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING NO. 2011-3 ALLOWABLE COSTS

Original Audit Report Number: B40969
Fiscal Year: 2011
Auditee Contact Person: Lisa Smith
Title of Contact Person: Grant Administrator
Lake County Sheriff's Department
Phone Number: (219) 756-4742

Status of Finding:
Please refer to the attached response from the above named contact person.

FINDING NO. 2011-4 SPECIAL TEST AND PROVISIONS

Original Audit Report Number: B40969
Fiscal Year: 2011
Auditee Contact Person: Lisa Smith
Title of Contact Person: Grant Administrator
Lake County Sheriff's Office
Phone Number: (219) 756-4742

Status of Finding:
Please refer to the attached response from the above named contact person.

Phone Number: (219) 660-6839

Status of Finding:
Please refer to the attached response from the above named contact person.



Auditor Lake County

LAKE COUNTY GOVERNMENT CENTER
2293 NORTH MAIN STREET
CROWN POINT, INDIANA 46307



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**FINDING NO. 2011-5 REPORTING-PROSECUTOR'S IV-D CHILD SUPPORT
ENFORCEMENT**

Original Audit Report Number: B40969

Fiscal Year: 2011

Auditee Contact Person: Barbara L. McConnell

Title of Contact Person: Chief Deputy Prosecuting Attorney
Lake County Prosecutor's Office

Phone Number: (219) 755-3720

Auditee Contact Person: Rebecca Dowling

Title of Contact Person: Director of Financial
Lake County Clerk's Office

Phone Number: (219) 755-3455

Auditee Contact Person: Cynthia Staehle

Title of Contact Person: Court Executive
Superior Court Juvenile Div. Lake County

Phone Number: (219) 660-6839

Status of Finding:

Please refer to the attached response from the above named contact persons.

Respectfully Submitted,

Peggy Holinga Katona
Lake County Auditor

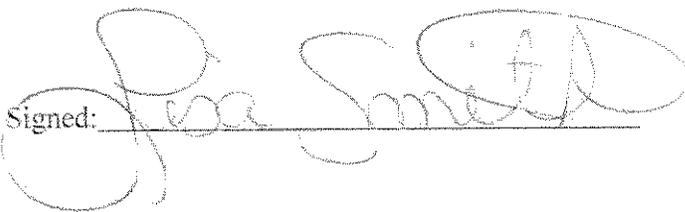
JOHN BUNCICH
LAKE COUNTY SHERIFF
LAKE COUNTY INDIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2011-3

Original SBA Audit Report Number: B40969
Fiscal Year 2011
Auditee Contact Person Lisa Smith
Title of Contact Person Grant Administrator
Lake County Sheriff's Department
Phone Number (219) 756-4742
Status of Finding Followed Published Corrective Action Plan
including:

The Grant Administrator took action in correcting the Lake County Board of Commissioners' Consultant Contracts for professional services documented in the grant application and required additional performance/payment detail paid with grant funds, and overseen by the Lake County Council. The standard county format for Consultant Services has been received by the Grant Manager and will be used.

Signed: 

Date: June 24, 2013

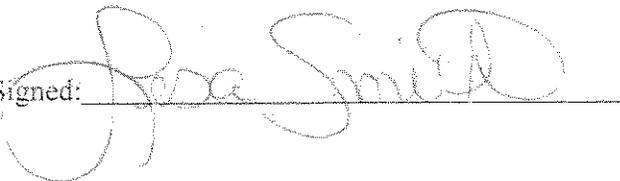
JOHN BUNCICH
LAKE COUNTY SHERIFF
LAKE COUNTY, INDIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2011-4

Original SBA Audit Report Number: B40969
Fiscal Year 2011
Auditee Contact Person Lisa Smith
Title of Contact Person Grant Administrator
Lake County Sheriff's Department
Phone Number (219) 756-4742
Status of Finding Followed Published Corrective Action Plan
including:

The Grant Manager took action in discussing the recommendation in the SBA Audit report with the Lake County Auditor's office, Finance Department. Attention was given to the expenditures and receipts of reimbursement grants. A method to insure entry of receipts and expenses in the Auditor's grant account is still being pursued. Changes will be made to improve the procedures, increasing County records transparency.

Signed: 

Date: June 24, 2013



Office of the Prosecuting Attorney
31st JUDICIAL CIRCUIT
LAKE COUNTY, INDIANA

BERNARD A. CARTER
PROSECUTING ATTORNEY



MAIN OFFICE
2293 NORTH MAIN STREET
CROWN POINT, INDIANA 46307
Ph. (219) 755-3720
FAX (219) 755-3642

June 20, 2013

Indiana State Board of Accounts
302 W. Washington St., Room E 418
Indianapolis, IN 46204-2765

Re: Summary Schedule of Prior Audit Finding

Finding Number 2011-5 Reporting –Prosecutor’s IV-D Child Support Enforcement

| | |
|-----------------------------------|-----------------------------------|
| Original SBA Audit Report Number: | B40969 |
| Fiscal Year | 2011 |
| Auditee Contact Person | Barbara L. McConnell |
| Title of Contact Person | Chief Deputy Prosecuting Attorney |
| Phone Number | (219) 755-3720 |

Status of Finding:

A complete review was made of the supporting documentation utilized to support the expenses claimed for reimbursement for the audit period of January 1, 2011 to December 31, 2011. On May 18, 2012, we filed with the Financial Management Department of Child Services our April, 2012 Monthly Expense Claim for Title IV-D. With that claim we made prior period adjustments, which included the necessary corrections for the under-reported expenses. In the category of “Personal Services” of the total adjustment made of \$790,622.51, the amount for 2011 was \$377,769.80. In the category of “Supplies” of the total adjustment made of \$6,952.67, the amount for 2011 was \$620.22. In the category of “Other Services and Charges” of the total adjustment made of \$7,019.28, the amount for 2011 was \$737.99.

Our review extended beyond the 2011 audit period including all of calendar year 2012. We have already made the necessary prior period adjustments with the Financial Management Department of Child Services for the errors and omissions that were discovered in 2012. Since our internal review, we have implemented the procedural changes we outlined in our Corrective Action Plan. Our IV-D bookkeeper has been balancing our records with those of the Auditor’s Office before any monthly expense claims are prepared. The completed expense claims, with supporting documentation, have been reviewed by upper management before they are approved for submission to the Department of Child Services.

Sincerely,

Barbara L. McConnell
Chief Deputy Prosecuting Attorney

Cc: Bernard A. Carter



MICHAEL A. BROWN

CLERK LAKE CIRCUIT/SUPERIOR COURT
2293 NORTH MAIN STREET
CROWN POINT, INDIANA 46307

PHONE: (219) 755-3460

FAX: (219) 755-3520



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS:

FINDING NUMBER 2011-5

| | |
|-----------------------------------|-----------------------|
| ORIGINAL SBC AUDIT REPORT NUMBER: | B40969 |
| FISCAL YEAR | 2011 |
| AUDITEE CONTACT PERSON | REBECCA DOWLING |
| TITLE OF CONTACT PERSON | DIRECTOR OF FINANCIAL |
| PHONE NUMBER | 755-3455 |

- In previous years we have reported the amount of hours an employee worked in a given month, along with salary and IVD percentages and came up with reimbursement figures. As of January 2012, we have changed our reporting method to match Auditor reporting. We started requesting this information from our payroll clerk, on a basis of how much a person was paid in the given month rather than the hours they worked for that month. These dollar amounts now match the dollar amount reported by the auditor. On county general paid employees, we request reimbursement for a percentage of their pay. The percentage is based on the IVD collections report generated by the State Child Support Bureau.
- This year we started to have the reports reviewed by Marilyn Hrnjak, Chief Deputy before the report is submitted to the Clerk for signature.

Respectfully Submitted on the 24th Day of June 2013

Michael A. Brown
Clerk Lake Circuit/Superior

SUPERIOR COURT OF LAKE COUNTY
JUVENILE DIVISION

LAKE COUNTY JUVENILE JUSTICE COMPLEX
3000 WEST 93RD AVENUE
CROWN POINT, IN 46307

PHONE: 219-660-6900
FAX: 219-736-6209

June 18, 2013

State Board of Accounts
2293 North Main Street
Crown Point, IN 46307

ATTN: Carla Wegner, Field Examiner

RE: Finding Number 2011-5

Original SBA Audit Report Number: B40969
Fiscal Year: 2011
Auditee Contact Person: Cynthia Staehle
Phone Number: 219-660-6839

Status of Finding:

Citation 1 :

Controls were insufficient to monitor and verify the accuracy of the reports submitted for reimbursement. This resulted in the County either not claiming or receiving all the federal funds that it was entitled to or over claiming and receiving excessive federal reimbursement under the IV-D Child Support Enforcement Program.

Remedy 1:

Previously, The Bookkeeper was directed to report purchase orders as they occurred. However, this resulted in the amounts submitted for reimbursement did not match the Auditor's ledgers. To remedy this, the Bookkeeper checked the LC 265 (Check Registers) to ensure that the purchase order was paid before claiming it on the IV-D report.

Citation2:

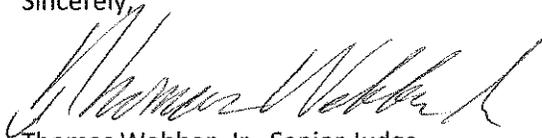
Reports submitted for reimbursement were based on spreadsheets calculating pay and benefits and not on actual expenditures as recorded in the auditor's ledgers. As a result, amounts submitted for reimbursement were either under or over reported from the actual expenditures.

Remedy 2:

Pay and benefits were under/over reported (due to required furlough. To remedy this, the Bookkeeper now checks the PR260 to get the correct numbers to report. This also ensures that the amounts on the Auditor's ledger and the amounts on the report agree.

If there are any other questions, please feel free to contact Cynthia Staehle, our Court Executive, at (219) 660-6839.

Sincerely,

A handwritten signature in cursive script, appearing to read "Thomas Webber, Jr.", written in black ink.

Thomas Webber, Jr., Senior Judge
Judge Pro Tempore
Superior Court of Lake County
Juvenile Division



Auditor Lake County

LAKE COUNTY GOVERNMENT CENTER
2293 NORTH MAIN STREET
CROWN POINT, INDIANA 46307

© GCU 1049-M

CORRECTIVE ACTION PLAN

Section II

**FINDING NO. 2012-01 INTERNAL CONTROLS OVER FEDERAL GRANT
SCHEDULE**

Original SBA Audit Report Number:

Auditee Contact Person: Michael Wieser

Title of Contact Person: Director of Finance, Lake County Auditor's Office

Phone Number: (219) 755-3129

Corrective Action and Plan submitted:

The Lake County Auditor's office, with the cooperation of those offices currently receiving Federal grants, will create a schedule of all federal funding and expenditures of Federal programs.

The Auditor's office will assist the Lake County Grant Committee with any training that might be necessary for the proper administration of these Federal programs.

Management will take a more active role in assuring that various departments provide the Auditor's office with grant award letters, grant applications, and budgets.

Management will also review the SEFA prior to the annual submission.

Respectfully submitted on this 29th day of July, 2013,

Peggy Holinga Katona
Lake County Auditor

JOHN PETALAS
TREASURER



CITY BRANCH OFFICES
HAMMOND
GARY

Treasurer Lake County

LAKE COUNTY GOVERNMENT CENTER
2293 NORTH MAIN STREET

CORRECTIVE ACTION PLAN

Section II. Financial Statement Findings:

Finding 2012-2

Contact Person: John E. Petalas
Title of Contact: Lake County Treasurer
Phone number: (219) 755-3769

In reference to your finding concerning the internal controls over the Treasurer's daily balance of cash and depositories, we have implemented a Quietus worksheet to assist the County Auditor and the County Treasurer with the property tax and excise tax settlement process. This will help to prevent any further occurrences of the issue involving the daily cash balance sheet.

The cash short total that is shown on December 31, 2012 has been identified as primarily a tax settlement issue. An entry had been posted multiple times during the tax settlement process that resulted in erroneous figures.

We are working with the Auditors office for a proper explanation of the error and for documentation that relates to the error. Once that is in place, our numbers will be adjusted to the correct figures. It is our hope that all of the above actions will be completed within the next few weeks.

Sincerely,

A handwritten signature in cursive script that reads "John E. Petalas".

JOHN E. PETALAS
LAKE COUNTY TREASURER
July 31, 2013

PEGGY HOLINGA KATONA
AUDITOR



Auditor Lake County

LAKE COUNTY GOVERNMENT CENTER
2293 NORTH MAIN STREET
CROWN POINT, INDIANA 46307

© GCU 1049-M

CORRECTIVE ACTION PLAN

Section II

FINDING NO. 2012-03 –INTERNAL CONTROLS OVER FINANCIAL REPORTING

Original SBA Audit Report Number:

Auditee Contact Person: Michael Wieser

Title of Contact Person: Director of Finance, Lake County Auditor's Office

Phone Number: 755-3129

Response Submitted:

The Lake County Auditor's office is now aware of the issue.

Internal controls to assure reliability of financial information and records will include management review of ending and beginning fund balances prior to submission of the County Annual Report (CAR)

Respectfully submitted on this 29th day of July, 2013,

Peggy Holinga Katona
Lake County Auditor



MICHAEL A. BROWN
CLERK LAKE CIRCUIT/SUPERIOR COURT
2293 NORTH MAIN STREET
CROWN POINT, INDIANA 46307

PHONE: (219) 755-3460

FAX: (219) 755-3520



CORRECTIVE ACTION PLAN

Finding 2012-3 Internal Controls Over Financial Reporting

Auditee Contact Person: Marilyn Hrnjak

Title of Contact Person: Executive Chief Deputy

Phone Number: 219-755-3049

The following is the action to be taken to correct the finding, along with the expected implementation date:

We recognize that different rules apply to the A133 Federal Audit. Our Chief Financial Officer will implement a better system of checks and balances for the CAR report. Further, the financial managers will use the cash bank balances, not the bank statement balances, effective immediately.

Signed:

A handwritten signature in cursive script that reads "Marilyn Hrnjak".

Date:

8/7/13



Auditor Lake County

LAKE COUNTY GOVERNMENT CENTER
2293 NORTH MAIN STREET
CROWN POINT, INDIANA 46307



Section III

**FINDING NO. 2012-4-INTERNAL CONTROLS OVER COMPLIANCE
REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO
CHILD SUPPORT ENFORCEMENT**

Federal Agency: U.S. Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 93.563
Grant Number: FY 12
Pass Through: Indiana Department of Child Services
Auditee Contact Person (Prosecutor): Barbara L McConnell
Title of Contact Person (Prosecutor): Chief Deputy Prosecuting Attorney
Phone Number: (219) 755-3720
Auditee Contact Person (Clerk): Marilyn Hrnjak
Title of Contact Person (Clerk): Executive Chief Deputy
Phone Number: (219) 755-3049
Auditee Contact Person (Auditor): Michael Wieser
Title of Contact Person (Auditor) Director of Finance)
Phone Number(219) 755-3129
Auditee Contact Person (Juvenile Court): Cynthia Staehle
Title of Contact Person (Juvenile Court): Court Executive
Phone Number: (219) 660-6839
Response submitted (Prosecutor):7/12/13 See Attached
Response submitted (Clerk):7/12/13 See Attached
Response submitted (Auditor) 7/12/13 See Attached
Response submitted (Juvenile Court) 7/12/13 See Attached

Respectfully submitted on this 26th Day of August 2013,

Peggy Holinga Katona
Lake County Auditor



Office of the Prosecuting Attorney
31st JUDICIAL CIRCUIT
LAKE COUNTY, INDIANA

BERNARD A. CARTER
PROSECUTING ATTORNEY



MAIN OFFICE
2293 NORTH MAIN STREET
CROWN POINT, INDIANA 46307
Ph. (219) 755-3720
FAX (219) 755-3642

July 24, 2013

Corrective Action Plan

Indiana State Board of Accounts
302 W. Washington St., Room E 418
Indianapolis, IN 46204-2765

Finding 2012-4- Internal controls over compliance requirements that have a direct and material effect to child support enforcement

Federal Agency- U.S. Department of Health and Human Services

Federal Program- Child Support Enforcement

CFDA Number- 93.563

Federal Award Number- FY12

Pass-Through Entity- Indiana Department of Child Services

Prosecutor's IV-D

Auditee Contact Person- Barbara L. McConnell

Title of Contact Person- Chief Deputy Prosecuting Attorney

Contact Number- 219-755-3720

It has always been office procedure to calculate employer paid fringe benefit costs by multiplying the gross payroll amount by the employer paid fringe benefit rate; this rate has always been supplied to us by the auditor's office. Prosecutors IV-D has been audited many times by the State Board of Accounts and IV-D and there has never been a finding on this issue; we were not even aware that there was a report that listed the exact employer paid fringe benefit totals (PR 260), until this most recent audit. Our IV-D bookkeeper will now be using the LC 500 and the PR 260 reports for each pay period to calculate the amount of fringe benefits paid.

We have also changed our internal review procedure, by management, to include all Personal Services both salary and fringe benefits. This will ensure that the amounts reported on our monthly expense claims and quarterly incentive expenditure reports are both accurate and supported by County Central Payroll.

Sincerely,

Barbara L. McConnell
Chief Deputy Prosecuting Attorney



MICHAEL A. BROWN
CLERK LAKE CIRCUIT/SUPERIOR COURT
2293 NORTH MAIN STREET
CROWN POINT, INDIANA 46307

PHONE: (219) 755-3460

FAX: (219) 755-3520



Finding 2012-4: INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO CHILD SUPPORT ENFORCEMENT

U.S. Department of Health and Human Services

Pass-Through Entity: Indiana Department of Child Services

CFDA Number: 93.563

Year: 2012

Auditee Contact Person: Marilyn Hrnjak

Title of Contact Person: Executive Chief Deputy

Phone Number: 219-755-3049

Describe corrective action to be taken: Upper management will review both the Monthly and Quarterly Incentive Expenditure Reports for the IVD division. The payroll administrator, Dennis Tobin, will use the LC 500/Auditor's and the PR260 reports to prepare his payroll reports. Theodora Agoris, the Child Support Division Manager, will use this information to prepare the monthly and quarterly reports. Rebecca Dowling, the head of finance, will then review the reports, and initial and date them upon her determination that they are accurate. Wanda Epps, the Personnel Director will then review the reports with Dennis Tobin and Rebecca Dowling to verify the accuracy of the information. Marilyn Hrnjak, the Executive Chief Deputy, will then review the aforementioned reports and initial them upon concluding that they are accurate. The reports will then be reviewed and signed by Clerk Michael A. Brown. Note: A rubber stamp will be used by those who review the reports to verify that the records have been reviewed and are correct. The stamp will state the following: Reviewed by: (initials) Date: 00/00/0000

Signature _____

Title _____

Clerk of the Lake Circuit/Superior Court

Date _____

7/12/13



Auditor Lake County

LAKE COUNTY GOVERNMENT CENTER
2293 NORTH MAIN STREET
CROWN POINT, INDIANA 46307

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Corrective Action Plan

**FINDING NO. 2012-4-INTERNAL CONTROLS OVER COMPLIANCE
REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO
CHILD SUPPORT ENFORCEMENT**

Federal Agency: U.S. Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 93.563
Grant Number: FY 12
Pass Through: Indiana Department of Child Services
Auditee Contact Person: Michael Wieser
Title of Contact Person: Director of Finance
Lake County Auditor's Office
Phone Number: (219) 755-3129

Action to be taken (Item 3)

The County has been in contact with the consulting firm hired to prepare the indirect cost allocation plan. It has been mutually agreed that, upon the presentation of the completed documents, a representative from the consulting firm will meet with the Auditor, or the Auditor's representative, to verify the documentation used for the report and the methodology used to calculate any findings.

Respectfully Submitted on this the 12th day of July, 2013,

Peggy Holinga Katona
Lake County Auditor

SUPERIOR COURT OF LAKE COUNTY
JUVENILE DIVISION

LAKE COUNTY JUVENILE JUSTICE COMPLEX
3000 WEST 93RD AVENUE
CROWN POINT, IN 46307

PHONE: 219-660-6900
FAX: 219-736-6209

Corrective Action Plan

Federal Agency: U.S. Department of Health and Human Services

Federal Program: Child Support Enforcement

CFDA Number: 93.563

Federal Award Number and Year: FY 12

Pass- Through Entity: Indiana Department of Child Services

Auditee Contact Person: Cynthia Staehle

Title of Contact person: Court Executive

Phone Number: 219-660-6839

***FINDING 2012-4 INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT
HAVE A DIRECT AND MATERIAL EFFECT TO CHILD SUPPORT ENFORCEMENT***

Issue 1:

Documentation was not presented for audit that would have indicated the Juvenile Court's management was reviewing the accuracy of the monthly expense claims used to request reimbursements.

Action Plan: After the Bookkeeper completes the report, the Court Executive will look over the LC500, and the LC265 and the Purchase Orders to ensure the amounts reported on Supplies and Services section of the monthly FFP report are accurate. The Court Executive will also compare the PR260, the LC500 and the PR295 report from the Auditor's office which shows the actual benefits that are paid out each pay period to the report to ensure that the Personnel

Services amounts are accurate on the monthly FFP and the Quarterly Incentive reports. These actions were put in place in May of 2013.

A handwritten signature in black ink, appearing to read "Judge Webber". The signature is stylized and somewhat cursive.

Judge Pro-Tem

July 11, 2013



Auditor Lake County

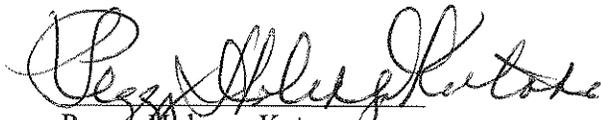
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Section III
FINDING NO. 2012-5-COMPLIANCE RELATED TO CHILD SUPPORT
ENFORCEMENT GRANTS-ALLOWABLE
COSTS/CASHMANAGEMENT/MATCHING

Federal Agency: U.S. Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 93.563
Grant Number: FY 12
Pass Through: Indiana Department of Child Services
Auditee Contact Person (Prosecutor): Barbara L McConnell
Title of Contact Person (Prosecutor): Chief Deputy Prosecuting Attorney
Phone Number: (219) 755-3720
Auditee Contact Person (Auditor): Michael Wieser
Title of Contact Person: (Auditor) Director of Finance
Phone Number: (219) 755-3129
Response submitted (Prosecutor):7/12/13 See Attached
Response submitted (Auditor) 7/12/13 See Attached

Respectfully submitted on this 26th Day of August 2013,


Peggy Holinga Katona
Lake County Auditor



Office of the Prosecuting Attorney
31st JUDICIAL CIRCUIT
LAKE COUNTY, INDIANA

BERNARD A. CARTER
PROSECUTING ATTORNEY



MAIN OFFICE
2293 NORTH MAIN STREET
CROWN POINT, INDIANA 46307
Ph. (219) 755-3720
FAX (219) 755-3642

July 24, 2013

Corrective Action Plan

Indiana State Board of Accounts
302 W. Washington St., Room E 418
Indianapolis, IN 46204-2765

Finding 2012-5- Compliance related to child support enforcement grants-allowable costs/cash management/matching
Federal Agency- U.S. Department of Health and Human Services
Federal Program- Child Support Enforcement
CFDA Number- 93.563
Federal Award Number- FY12
Pass-Through Entity- Indiana Department of Child Services
Prosecutor's IV-D

Auditee Contact Person- Barbara L. McConnell
Title of Contact Person- Chief Deputy Prosecuting Attorney
Contact Number- 219-755-3720

It has always been office procedure to calculate employer paid fringe benefit costs by multiplying the gross payroll amount by the employer paid fringe benefit rate; this rate has always been supplied to us by the auditor's office. Prosecutors IV-D has been audited many times by the State Board of Accounts and IV-D and there has never been a finding on this issue; we were not even aware that there was a report that listed the exact employer paid fringe benefit totals (PR 260), until this most recent audit.

However, now that our office is aware of the PR 260 report, we will be using it, along with the LC500, to calculate the exact employer paid fringe benefit amounts to process out monthly and quarterly reports. We have already met with Data and Central Payroll to be able to access this report as needed.

We are currently in the process of reviewing all of the monthly expense claims submitted during the audit period. That review will determine the adjustments that must be made to bring our records in agreement with the actual fringe benefits charged in the County's accounting system as detailed on the PR 260. Once we have completed our review, the necessary adjustments will be included on our next monthly expense claim.

Sincerely,

Barbara L. McConnell
Chief Deputy Prosecuting Attorney



Auditor Lake County

LAKE COUNTY GOVERNMENT CENTER
2293 NORTH MAIN STREET
CROWN POINT, INDIANA 46307

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Corrective Action Plan

**FINDING NO. 2012-5-COMPLIANCE RELATED TO CHILD SUPPORT
ENFORCEMENT GRANTS-ALLOWABLE COSTS/CASH
MANAGEMENT/MATCHING**

Federal Agency: U.S. Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 93.563
Grant Number: FY 12
Pass Through: Indiana Department of Child Services
Auditee Contact Person: Michael Wieser
Title of Contact Person: Director of Finance
Lake County Auditor's Office
Phone Number: (219) 755-3129

Action to be taken (Indirect Cost Allocation Plan)

The County has been in contact with the consulting firm hired to prepare the indirect cost allocation plan. It has been mutually agreed that, upon the presentation of the completed documents, a representative from the consulting firm will meet with the Auditor, or the Auditor's representative, to verify the documentation used for the report and the methodology used to calculate any findings.

Respectfully Submitted on this the 12th day of July, 2013,

Peggy Holinga Katona
Lake County Auditor



Auditor Lake County

LAKE COUNTY GOVERNMENT CENTER
2293 NORTH MAIN STREET
CROWN POINT, INDIANA 46307

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Section III
FINDING NO. 2012-6 COMPLIANCE RELATED TO CHILD SUPPORT
ENFORCEMENT GRANTS REPORTING

Federal Agency: U.S. Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 93.563
Grant Number: FY 12
Pass Through: Indiana Department of Child Services
Auditee Contact Person (Prosecutor): Barbara L McConnell
Title of Contact Person (Prosecutor): Chief Deputy Prosecuting Attorney
Phone Number: (219) 755-3720
Auditee Contact Person (Clerk): Marilyn Hrnjak
Title of Contact Person (Clerk): Executive Chief Deputy
Phone Number: (219) 755-3049
Auditee Contact Person (Juvenile Court): Cynthia Staehle
Title of Contact Person (Juvenile Court): Court Executive
Phone Number: (219) 660-6839
Response submitted (Prosecutor): 7/18/13 See Attached
Response submitted (Clerk): 7/12/13 See Attached
Response submitted (Court) 7/12/13 See Attached

Respectfully submitted on this 26th Day of August 2013,

Peggy Holinga Katona
Lake County Auditor



Office of the Prosecuting Attorney
31st JUDICIAL CIRCUIT
LAKE COUNTY, INDIANA

BERNARD A. CARTER
PROSECUTING ATTORNEY



MAIN OFFICE
2293 NORTH MAIN STREET
CROWN POINT, INDIANA 46307
Ph. (219) 755-3720
FAX (219) 755-3642

July 24, 2013

Corrective Action Plan

Indiana State Board of Accounts
302 W. Washington St., Room E 418
Indianapolis, IN 46204-2765

Finding 2012-6- Compliance related to child support enforcement grants
Federal Agency- U.S. Department of Health and Human Services
Federal Program- Child Support Enforcement
CFDA Number- 93.563
Federal Award Number- FY12
Pass-Through Entity- Indiana Department of Child Services
Prosecutor's IV-D

Auditee Contact Person- Barbara L. McConnell
Title of Contact Person- Chief Deputy Prosecuting Attorney
Contact Number- 219-755-3720

We are currently in the process of reviewing all of the monthly expense claims submitted in 2012. Once our review is complete we will make any necessary adjustments to our next monthly expense claim. This will bring our records in agreement with the actual fringe benefits paid by the County.

The August 2012 Monthly Expense claim had a large adjustment of \$ 507,416.76 on our reimbursement claim due to the fact that numerous monthly expense reports were not filed for reimbursement; this occurred because we had several personnel changes through the year and the new employees were not aware that they were required to file these reports. In addition, documentation could not be found to support the difference of \$3,115.88 between our original adjustment and the recalculated adjustment as determined by our own internal audit. That recalculated adjustment has already been included with our last monthly expense report. We now have a proper training system in place with the necessary checks and balances.

The reason it appears that the Regular Incentive Fund's monthly expenses exceeded 2012 County records, was because the auditor's worksheet only covers 2012 and the adjustment that was claimed on the 3rd quarter report covered not only 2012 but also all of 2011. This adjustment was made as a result of an internal audit of the previous 18 months that found that expenses from 2011 and 2012 were under reported or not reported at all; Financial Management Department of Child Services reporting guidelines (Section 3.5, Pg. 41) allows for adjustments to be made for up to 8 quarters after the quarter that the expenditures were incurred. This audit was done as a result of the fact that there had been multiple personnel changes and it had come to our attention that reporting errors were being made. To ensure that our reports are prepared in an accurate and timely manner from this point on, we have initiated a more thorough checks and balances system that requires that all completed reports be submitted with accompanying documentary detail (PR 260, LC 500) to upper management for review and approval before submission.

Sincerely,

Barbara L. McConnell
Chief Deputy Prosecuting Attorney



MICHAEL A. BROWN

CLERK LAKE CIRCUIT/SUPERIOR COURT
2293 NORTH MAIN STREET
CROWN POINT, INDIANA 46307

PHONE: (219) 755-3460
July 12, 2013

FAX: (219) 755-3520



Finding 2012-6: COMPLIANCE RELATED TO CHILD SUPPORT ENFORCEMENT GRANTS REPORTING

U.S. Department of Health and Human Services

Pass-Through Entity: Indiana Department of Child Services

CFDA Number: 93.563

Year: 2012

Auditee Contact Person: Marilyn Hrnjak

Title of Contact Person: Executive Chief Deputy

Phone Number: 219-755-3049

Describe corrective action to be taken: With regard to Incentive funds and the Quarterly Incentive Expenditure Report, going forward, the supporting documents used to prepare the report, namely summaries of the LC500 and the PR260, will be submitted with the report.

Concerning the ARRA funds, oversights will be avoided in the future in that the LC500 expenditures will be compared to the actual monthly expenses set forth in the Monthly Expense Claim for Title IVD; if there is a mathematical error, it will be discovered at that time and will be corrected.

Signature: 

Title: Clerk of the Lake Circuit / Superior Court

Date: 7/12/13

SUPERIOR COURT OF LAKE COUNTY
JUVENILE DIVISION

LAKE COUNTY JUVENILE JUSTICE COMPLEX
3000 WEST 93RD AVENUE
CROWN POINT, IN 46307

*FINDING 2012-6 – COMPLIANCE RELATED TO CHILD SUPPORT ENFORCEMENT
GRANTS REPORTING*

Issue 2: Non-payroll expenditures totaling \$6,415.70 that were recorded in the Court's fund in October through December, 2012 were not claimed for reimbursement during those months. Of the \$6,415.70 not claimed in 2012, \$5,665.70 was claimed on the March, 2013 Monthly Expenditure Claim and \$750 had yet to be claimed.

Action Plan: When the Bookkeeper compiles the information for the monthly report, she will look at the LC500, the LC265 and the purchase orders to ensure that all expenditures are being claimed on the Monthly FFP Report. These actions were put in place in May 2013.



Judge Webber

Judge Pro-Tem

July 11, 2013

LAKE COUNTY COMMUNITY CORRECTIONS

2600 West 93rd Avenue
Crown Point, Indiana 46307
(219) 755-3850 – Fax (219) 755-3871

KELLIE J. BITTORF
Executive Director

MARK R. MURPHY
Director of Operations

LONI N. BRITTINGHAM
Quality Assurance Manager

JEFFERY A. BATCHELOR
Residential Manager

CORRECTIVE ACTION PLAN

FINDING NO. 2012 – 07, INTERNAL CONTROLS

Lake County Community Corrections

| | |
|-------------------|--|
| Federal Agency: | U.S. Department of Justice |
| Federal Program: | Edward Byrne Memorial Justice Assistance Grant Program |
| CFDA Number: | 16.738, 16.803 |
| Pass-Through: | Indiana Criminal Justice Institute |
| Award Number: | 10-DJ-062 |
| Auditee Contact: | Leah Johnson |
| Title of Contact: | Budget & Personnel Assistant |
| Phone Number: | 219-755-3850 x308 |

Corrective Action and Plan Submitted:

In order to insure proper compliance of Period of Availability of grant funds, Lake County Community Corrections will immediately take measures to strengthen its internal control practices, including but not limited to, payroll authorization reports. These reports will be approved by either the Executive Director or Budget & Personnel Assistant, once prepared by the Bookkeeper.

Respectfully Submitted,



Kellie J. Bittorf
Executive Director
July 29, 2013

BOARD OF COMMISSIONERS

ROOSEVELT ALLEN JR.
First District

GERRY J. SCHEUB
Second District

MICHAEL REPAY
Third District

ADVISORY BOARD

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Chairman

HON. THOMAS P. STEFANIAK JR.
Vice-Chairman

LONI N. BRITTINGHAM
Secretary (Non-member)

SHERIFF JOHN BUNCICH

PROS. ATTY. BERNARD CARTER

JAMES CLEMENT JR.

HON. KAREN FREEMAN-WILSON

CARLEAN GADLING

LEE GILLIAM

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COUNCILMAN JEROME PRINCE

HERBERT I. SHAPS

ALMA V. WHITE



CORRECTIVE ACTION PLAN

Section III – Federal Awards Findings and Questioned Costs

FINDING 2012-07 – INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM, RECOVERY ACT – EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT (JAG) PROGRAM / GRANT TO STATES AND TERRITORIES

Federal Agency: U.S. Department of Justice
Federal Program: Edward Byrne Memorial Justice Assistance Grant Program, Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grant To States and Territories
CFDA Number: 16.738, 16.803
Pass –Through Entity: Indiana Criminal Justice Institute (grant 10-DJ-062 only)
Award Numbers: 2009-SB-B9-1671, 2009-DJ-BX-1410, 2010-DJ-BX-0810; 2011-DJ-BX-3472, & 10-DJ-062
Auditee Contact Person: Lisa Smith
Title of Contact Person: Grant Administrator
Phone Number: (219) 756-4742

Lake County's management will establish controls, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect to the program.

Cash Management - Rob Arnold (Commander, Staff Services) has been assigned the additional responsibility of oversight of grants. Commander Arnold, will have the task of reviewing grant paperwork and continuity of segregation of duties.

Earmarking – The grant administrator will review and sign-off the grant bookkeeper's work with name and date to document the oversight responsibility functions. Duties of the grant administrator and grant bookkeeper will be kept segregated and no overrides of administrative procedures will be allowed.

Procurement – The grant administrator will review the Federal government's website to check vendors against the suspension and debarment list.

Signed:  _____

Date: August 9, 2013 _____



CORRECTIVE ACTION PLAN

Section III – Federal Awards Findings and Questioned Costs

FINDING 2012-08 - COMPLIANCE RELATED TO EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANTS – ALLOWABLE COSTS, REPORTING

Federal Agency: U.S. Department of Justice
Federal Program: Edward Byrne Memorial Justice Assistance Grant Program, Recovery Act
– Edward Byrne Memorial Justice Assistance Grant (JAG) Program /
Grant To States and Territories
CFDA Number: 16.738, 16.803
Pass –Through Entity: Direct
Award Numbers: 2009-SB-B9-1671, 2009-DJ-BX-1410, 2010-DJ-BX-0810, 2011-DJ-BX-
3472
Auditee Contact Person: Lisa Smith
Title of Contact Person: Grant Administrator
Phone Number: (219) 756-4742

Officials will follow state and local policies compensation and benefits paid to all employees. That all policies and procedures for documenting compensation paid be in conformity with federal requirements over allowable costs. To prevent inconsistencies between Sheriff's Department records/reports, the grant administrator will coordinate more closely with the Lake County Auditor's office personnel. The sheriff's department personnel will sign and date their respective name on payroll reports to establish responsibility.

Signed: _____

Date: August 9, 2013 _____



CORRECTIVE ACTION PLAN

Section III – Federal Awards Findings and Questioned Costs

FINDING 2012-09 – COMPLIANCE RELATED TO EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANTS – REPORTING

Federal Agency: U.S. Department of Justice
Federal Program: Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program
CFDA Number: 16.738
Pass-Through Entity: Indiana Criminal Justice Institute (grant10-DJ-62 only)
Award Numbers: 2009-SB-B9-1671, 2009-DJ-BX-1410, 2010-DJ-BX-0810; 2011-DJ-BX-3472, & 10-DJ-062
Auditee Contact Person: Lisa Smith
Title of Contact Person: Grant Administrator
Phone Number: (219) 756-4742

Officials will establish procedures to adequately identify and report grant disbursements in the official records of the County. Also, grant spreadsheets will be maintained and reconciled with the County's records. In the future, grants will be tracked and reports will be prepared on the cash basis of accounting in compliance with the 2011 financial guide.

Signed: 
Date: August 9, 2013



CORRECTIVE ACTION PLAN

Section III – Federal Awards Findings and Questioned Costs

FINDING 2012–10 – COMPLIANCE RELATED TO EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM – PERIOD OF AVAILABILITY

Federal Agency: U.S. Department of Justice
Federal Program: Edward Byrne Memorial Justice Assistance Grant Program
CFDA Number: 16.738
Pass-Through Entity: Direct
Award Numbers: 2009-DJ-BX-1410
Auditee Contact Person: Lisa Smith
Title of Contact Person: Grant Administrator
Phone Number: (219) 756-4742

The County will comply with all grant requirements applicable to the period of availability. To prevent payments after the grant period from being termed “questioned costs”, the grant administrator will request extensions of time to disburse funds from the grantor on an as needed basis.

Signed: 
Date: August 9, 2013



CORRECTIVE ACTION PLAN

Section III – Federal Awards Findings and Questioned Costs

FINDING 2012-11 – COMPLIANCE RELATED TO EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT (JAG) PROGRAM / GRANTS TO STATES AND TERRITORIES PROCUREMENT

Federal Agency: U.S. Department of Justice
Federal Program: Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG)
Program/Grant to States and Territories
CFDA Number: 16.803
Pass-Through Entity: Direct
Award Numbers: 2009-SB-B9-1671
Auditee Contact Person: Lisa Smith
Title of Contact Person: Grant Administrator
Phone Number: (219) 756-4742

The Grant Administration office will take immediate action to comply with federal, state or local purchasing requirements. The grant administrator will work closer with recipient cities that may share federal grants to more closely adhere to spending timetables and Lake County ordinances concerning asset acquisitions.

Signed: _____

Date: August 9, 2013



THE BOARD OF COMMISSIONERS OF THE COUNTY OF LAKE



2293 North Main Street
Crown Point, Indiana 46307

Office: (219) 755-3200
Home: (219) 322-4139
Fax: (219) 755-3064

GERRY J. SCHEUB, President

CORRECTIVE ACTION PLAN

Section III – Federal Awards Findings and Questioned Costs

FINDING 2012-12 INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S PROGRAM AND NON-ENTITLEMENT IN HAWAII

Federal Agency: U.S. Department of Housing & Urban Development

Federal Program: CDBG/State's Program and Non-Entitlement Grant in Hawaii

CFDA Numbers: 14.228

Pass-Through: Indiana Office of Community & Rural Affairs

Award Numbers: DR2-29-208

Auditee Contact Person: Larry Blanchard

Title of Contact Person: Commissioner's Consultant

Phone Number: (219)-755-3211

The Commissioners will work with Departmental staff members in the development of an "Internal Control Plan" to address the concerns listed in the schedule of findings and questioned costs. Additionally, Commissioners will work with the County Council in the adoption of an amendment to the existing Grant Oversight Ordinance # 1176 A, language that will require an internal control system plan to be in place prior to the approval of acceptance of a grant. The plan will contain a system of controls that will prevent or detect non-compliance with the grant agreement.

The projected time for completion of the corrective action plan is November 30, 2013.

SIGNED *Ray Blawell*
DATED 7/24/2013



THE BOARD OF COMMISSIONERS OF THE COUNTY OF LAKE

• 1049-H

2293 North Main Street
Crown Point, Indiana 46307
Phone: (219) 755-3200
Fax: (219) 755-3064

Roosevelt Allen, Jr., First District
Gerry J. Scheub, Second District
Michael C. Repay, Third District

Corrective Action Plan

Section III – Federal Award Findings and Questioned Costs

Finding 2012-13 – **Internal Control System**

Federal Agency: U.S. Department of Energy

Federal Program: ARRA – Energy Efficiency and Conservation Block Grant Program (EECBG)

CFDA Number: 81.128

Award Number: DE-EE0000724

#1 Lake County Board of Commissioners will do the following to correct this issue: Retrieve the electronic files from CDMSmith (E-Room) that has all EECBG documentation for the EECBG Township Retrofits.

#2 Lake County Board of Commissioners will do the following to correct this issue: Lake County will have a hard copy of all correspondence in regards to non-suspension and or non-debarment of vendors for future reference and auditing purposes.

#3 Lake County Board of Commissioners will do the following to correct this issue: Lake County will have a third party vendor (CPA) to review all reports submitted to the federal government on behalf of Lake County when it pertains to grants.

August 5, 2013



THE BOARD OF COMMISSIONERS OF THE COUNTY OF LAKE

• CCCLX 1049-M

2293 North Main Street
Crown Point, Indiana 46307
Phone: (219) 755-3200
Fax: (219) 755-3064

Roosevelt Allen, Jr., First District
Gerry J. Scheub, Second District
Michael C. Repay, Third District

Corrective Action Plan

Section III – Federal Award Findings and Questioned Costs

Finding 2012-14 – **Equipment Management, ARRA**

Federal Agency: U.S. Department of Energy

Federal Program: ARRA – Energy Efficiency Conservation Block Grant Program
(EECBG)

CFDA Number: 81.128

Award Number: DE-EE0000724

#1 Lake County Board of Commissioners will do the following to correct this issue:
Retrieve the electronic files from CDMSmith (E-Room) that has all EECBG
documentation for the EECBG Township Retrofits.

August 5, 2013



COPY

LAKE COUNTY
COMMUNITY ECONOMIC DEVELOPMENT DEPARTMENT

2293 N. Main Street • Crown Point, IN 46307
Tel. (219) 755-3225 • Fax (219) 736-5925
econdev@lakecountyin.com

MILAN GROZDANICH
Executive Director



CORRECTIVE ACTION PLAN

Section III - Federal Awards Findings and Questioned Costs

FINDING 2012-15 - COMPLIANCE RELATED TO HOME INVESTMENT PARTNERSHIPS PROGRAM - REPORTING

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: HOME Investment Partnerships Program
CFDA Number: 14.239
Federal Award Number and Year: B-11-UC-18-0016
Pass-Through Entity: Direct Grant
Auditee Contact Person: Milan Grozdanich
Title of Contact Person: Executive Director
Phone Number: (219) 755-3231

Action to Correct Finding:

- 1) Earmarking - In the future, beginning August 2013, either Milan Grozdanich, Executive Director, or Alverna Hooks, Deputy Director, will initial the monthly "green bar" LC-500 report after reconciliation with the manual ledgers by Anna Nunez, Fiscal Officer or Lori Burke, Bookkeeper, to verify agreement with the expenditures of administrative and CHDO funds, demonstrating management review.
- 2) Matching - In the future, beginning October 2013, Alverna Hooks, Deputy Director, will review and initial on a quarterly basis, the HOME Match Log generated by staff internally, demonstrating management review.
- 3) Program Income - In the future, beginning October 2013, Milan Grozdanich, Executive Director, or Alverna Hooks, Deputy Director, will review and initial on a quarterly basis, the IDIS PR09 Program Income Detail Report, demonstrating management review.
- 4) Reporting - In the future, annually, either Milan Grozdanich, Executive Director, or Alverna Hooks, Deputy Director, will review and initial a file copy of the Annual Performance Report and Section 3 Summary Report, prior to submission to HUD, demonstrating management review.

Milan Grozdanich
4-1-13



LAKE COUNTY
COMMUNITY ECONOMIC DEVELOPMENT DEPARTMENT

2293 N. Main Street • Crown Point, IN 46307
Tel. (219) 755-3225 • Fax (219) 736-5925
econdev@lakecountyin.com

MILAN GROZDANICH
Executive Director



FINDING 2012-16 - COMPLIANCE RELATED TO HOME INVESTMENT PARTNERSHIPS
PROGRAM - REPORTING

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: HOME Investment Partnerships Program
CFDA Number: 14.239
Federal Award Number and Year: B-11-UC-18-0016
Pass-Through Entity: Direct Grant
Auditee Contact Person: Milan Grozdanich
Title of Contact Person: Executive Director
Phone Number: (219) 755-3231

Action to Correct Finding:

We will immediately revise the submitted HOME APR Report Form 40107 to reflect the correct Program Income amount (\$280,616.07) as shown on pages 8 and 26 of the narrative section.

In practice, preparation of the narrative and Form 40107 are usually done by different staff members, and disagreement with the number on the form escaped detection for the FY2011 report. A review of previous reports and forms did not show disagreement, so we believe this past year to be a simple clerical error.

In the future, either Milan Grozdanich, Executive Director, or Alverna Hooks, Deputy Director, will initial the file copy of Form 40107 prior to submission and/or inclusion with the Annual Performance Report Book.

Milan Grozdanich
8-1-13

LAKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 21, 2013, with Roosevelt Allen Jr., President of the Board of County Commissioners; John Dull, County Attorney; Ted F. Bilski, President of the County Council; Dante Rondelli, Administrator; Peggy Holinga Katona, Auditor; Michael Wieser, Finance Director; Larry Cak, Executive Director; and Ajaz Mohammad, Director of Taxation.