

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

EXAMINATION REPORT

OF

LAKE COUNTY SOLID WASTE MANAGEMENT DISTRICT

LAKE COUNTY, INDIANA

January 1, 2007 to December 31, 2008



FILED
11/30/2009

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OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|-----------------------|---------------------------------|--|
| Executive Director | Jeffery A. Langbehn | 01-01-07 to 12-31-09 |
| Controller | John E. Petalas | 01-01-07 to 12-31-09 |
| Chairman of the Board | Jerome Prince Phillip Kuiper | 01-01-07 to 12-31-07 01-01-08 to 12-31-09 |



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE LAKE COUNTY SOLID WASTE
MANAGEMENT DISTRICT, LAKE COUNTY, INDIANA

We have examined the financial information presented herein of the Lake County Solid Waste Management District (District), for the period of January 1, 2007 to December 31, 2008. The District's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

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

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the District for the years ended December 31, 2007 and 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

October 27, 2009

LAKE COUNTY SOLID WASTE MANAGEMENT DISTRICT
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2007 And 2008

| | <u>Cash and Investments 01-01-07</u> | <u>Receipts</u> | <u>Disbursements</u> | <u>Cash and Investments 12-31-07</u> |
|----------------------------------|--|---------------------|----------------------|--|
| Governmental Fund: | | | | |
| Solid Waste Management (General) | \$ 2,659,514 | \$ 3,423,048 | \$ 4,154,920 | \$ 1,927,642 |
| Fiduciary Fund: | | | | |
| Payroll | <u>612</u> | <u>493,083</u> | <u>491,192</u> | <u>2,503</u> |
| Totals | <u>\$ 2,660,126</u> | <u>\$ 3,916,131</u> | <u>\$ 4,646,112</u> | <u>\$ 1,930,145</u> |
| | | | | |
| | <u>Cash and Investments 01-01-08</u> | <u>Receipts</u> | <u>Disbursements</u> | <u>Cash and Investments 12-31-08</u> |
| Governmental Fund: | | | | |
| Solid Waste Management (General) | \$ 1,927,642 | \$ 8,724,032 | \$ 9,366,544 | \$ 1,285,130 |
| Fiduciary Fund: | | | | |
| Payroll | <u>2,503</u> | <u>481,806</u> | <u>483,016</u> | <u>1,293</u> |
| Totals | <u>\$ 1,930,145</u> | <u>\$ 9,205,838</u> | <u>\$ 9,849,560</u> | <u>\$ 1,286,423</u> |

The accompanying notes are an integral part of the financial information.

LAKE COUNTY SOLID WASTE MANAGEMENT DISTRICT
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District provides the following services: sanitation and general administrative services.

Note 2. Fund Accounting

The District uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the District in June and December. 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% 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 become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the District on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes the District to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Subsequent Event – Property Taxes

Due to delays caused by trending of assessments, the assessed valuations of Lake County were not finalized by February 15, 2009, as required. Therefore, the 2008 pay 2009 property tax rates and levies, as well as related budget orders for 2009, were not established until July 31, 2009. The County billed the 2008 pay 2009 taxes in two installments with due dates of October 29 and November 30, 2009.

LAKE COUNTY SOLID WASTE MANAGEMENT DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
For The Year Ended December 31, 2008

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

| <u>Primary Government</u> | <u>Ending Balance</u> |
|--|---------------------------|
| Governmental activities: | |
| Capital assets, not being depreciated: | |
| Machinery and equipment | <u>\$ 376,236</u> |

LAKE COUNTY SOLID WASTE MANAGEMENT DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2008

The District has entered into the following debt:

| Description of Debt | Ending Principal Balance | Principal and Interest Due Within One Year |
|------------------------------------|--------------------------------|---|
| Governmental activities: | | |
| Capital leases: | | |
| 2004 Ford Explorer Sport Trac | \$ 830 | \$ 830 |
| 2006 Honda Ridgeline | 19,045 | 6,804 |
| 2007 Chevy Impala | 16,560 | 4,795 |
| 2008 Chevy HHR | 14,269 | 4,216 |
| 2008 Honda Ridgeline | 32,676 | 8,340 |
| People's Bank Loan | <u>6,780,000</u> | <u>230,000</u> |
| Total governmental activities debt | <u>\$ 6,863,380</u> | <u>\$ 254,985</u> |

LAKE COUNTY SOLID WASTE MANAGEMENT DISTRICT
EXAMINATION RESULT AND COMMENT

CONTRACTS

The District has entered into a contractual relationship for the position of fiscal officer/controller. The last written contract is dated for the year 1994. For the years 2007 and 2008, the fiscal officer was compensated \$22,050. There is no current written contract to support the amount paid.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

LAKE COUNTY SOLID WASTE MANAGEMENT DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on October 27, 2009, with Gerry Scheub, Board Vice Chairman; John E. Petalas, Controller; Clifford E. Duggan, Jr., Legal Counsel; and Jeannette Romano, Assistant Director. The officials concurred with our finding.