

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

FINANCIAL STATEMENTS EXAMINATION REPORT  
OF  
RECYCLING AND WASTE REDUCTION DISTRICT OF PORTER COUNTY  
PORTER COUNTY, INDIANA  
January 1, 2010 to December 31, 2012



**FILED**  
05/22/2013



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Therese Davis	01-01-10 to 12-31-13
Controller	Dawn Garmon	01-01-10 to 12-31-13
President of the Board	John Evans	01-01-10 to 12-31-13



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE RECYCLING AND WASTE REDUCTION  
DISTRICT OF PORTER COUNTY, PORTER COUNTY, INDIANA

We have examined the accompanying financial statements of the Recycling and Waste Reduction District of Porter County (District), for the period of January 1, 2010 to December 31, 2012. The financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on the financial statements based on our examination.

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

As discussed in Note 1, the District prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the District for the period of January 1, 2010 to December 31, 2012.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the District for the period of January 1, 2010 to December 31, 2012, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the District's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, 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 statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

Bruce Hartman  
State Examiner

March 27, 2013

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## FINANCIAL STATEMENTS

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

RECYCLING AND WASTE REDUCTION DISTRICT OF PORTER COUNTY  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For The Year Ended December 31, 2010

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Solid Waste Management Fund	\$ 455,528	\$ 923,400	\$ 846,788	\$ 532,140
Rainy Day Fund	-	15,338	5,473	9,865
Donation Fund	1,593	13,234	13,892	935
Nonreverting Capital Fund	<u>72,567</u>	<u>33,174</u>	<u>55,309</u>	<u>50,432</u>
Totals	<u>\$ 529,688</u>	<u>\$ 985,146</u>	<u>\$ 921,462</u>	<u>\$ 593,372</u>

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

RECYCLING AND WASTE REDUCTION DISTRICT OF PORTER COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Years Ended December 31, 2011 And 2012

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11	Receipts	Disbursements	Cash and Investments 12-31-12
Solid Waste Management Fund	\$ 532,141	\$ 891,100	\$ 852,122	\$ 571,119	\$ 821,881	\$ 881,100	\$ 511,900
Rainy Day Fund	9,865	-	-	9,865	-	-	9,865
Donation Fund	935	26,693	25,368	2,260	20,426	22,584	102
Nonreverting Capital Fund	50,432	60,014	48,793	61,653	40,015	54,285	47,383
Totals	<u>\$ 593,373</u>	<u>\$ 977,807</u>	<u>\$ 926,283</u>	<u>\$ 644,897</u>	<u>\$ 882,322</u>	<u>\$ 957,969</u>	<u>\$ 569,250</u>

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

RECYCLING AND WASTE REDUCTION DISTRICT OF PORTER COUNTY  
NOTES TO FINANCIAL STATEMENTS

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

*A. Reporting Entity*

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

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

*B. Basis of Accounting*

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

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

*C. Cash and Investments*

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

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts include the following sources:

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).

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

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

RECYCLING AND WASTE REDUCTION DISTRICT OF PORTER COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 District. It includes all expenditures for the reduction of the principal and interest of the District'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.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

*F. Interfund Transfers*

The District may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the District. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the District. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the District in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the District 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.

RECYCLING AND WASTE REDUCTION DISTRICT OF PORTER COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**Note 3. *Property Taxes***

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the District 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.

**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 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 5. *Risk Management***

The District may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the District to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

**Note 6. *Pension Plan***

*Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public

RECYCLING AND WASTE REDUCTION DISTRICT OF PORTER COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Retirement System (INPRS) Board, most requirements of the system, and give the District authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

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

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## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the District's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

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

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

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

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RECYCLING AND WASTE REDUCTION DISTRICT OF PORTER COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010

	Solid Waste Management Fund	Rainy Day Fund	Donation Fund	Nonreverting Capital Fund	Totals
Cash and investments - beginning	\$ 455,528	\$ -	\$ 1,593	\$ 72,567	\$ 529,688
Receipts:					
Charges for services	13,174	-	-	-	13,174
Fines and forfeits	901,541	-	-	-	901,541
Other receipts	8,685	15,338	13,234	33,174	70,431
Total receipts	923,400	15,338	13,234	33,174	985,146
Disbursements:					
Personal services	361,190	-	-	-	361,190
Supplies	26,556	-	-	-	26,556
Other services and charges	422,143	-	13,892	55,309	491,344
Debt service - principal and interest	1,426	-	-	-	1,426
Capital outlay	-	5,473	-	-	5,473
Other disbursements	35,473	-	-	-	35,473
Total disbursements	846,788	5,473	13,892	55,309	921,462
Excess (deficiency) of receipts over disbursements	76,612	9,865	(658)	(22,135)	63,684
Cash and investments - ending	\$ 532,140	\$ 9,865	\$ 935	\$ 50,432	\$ 593,372

RECYCLING AND WASTE REDUCTION DISTRICT OF PORTER COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011

	Solid Waste Management Fund	Rainy Day Fund	Donation Fund	Nonreverting Capital Fund	Totals
Cash and investments - beginning	\$ 532,141	\$ 9,865	\$ 935	\$ 50,432	\$ 593,373
Receipts:					
Charges for services	10,209	-	-	-	10,209
Fines and forfeits	856,914	-	-	-	856,914
Other receipts	23,977	-	26,693	60,014	110,684
Total receipts	<u>891,100</u>	<u>-</u>	<u>26,693</u>	<u>60,014</u>	<u>977,807</u>
Disbursements:					
Personal services	376,488	-	-	-	376,488
Supplies	23,911	-	-	28	23,939
Other services and charges	363,621	-	-	-	363,621
Debt service - principal and interest	28,102	-	-	-	28,102
Capital outlay	-	-	-	48,765	48,765
Other disbursements	60,000	-	25,368	-	85,368
Total disbursements	<u>852,122</u>	<u>-</u>	<u>25,368</u>	<u>48,793</u>	<u>926,283</u>
Excess (deficiency) of receipts over disbursements	<u>38,978</u>	<u>-</u>	<u>1,325</u>	<u>11,221</u>	<u>51,524</u>
Cash and investments - ending	<u>\$ 571,119</u>	<u>\$ 9,865</u>	<u>\$ 2,260</u>	<u>\$ 61,653</u>	<u>\$ 644,897</u>

RECYCLING AND WASTE REDUCTION DISTRICT OF PORTER COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012

	Solid Waste Management Fund	Rainy Day Fund	Donation Fund	Nonreverting Capital Fund	Totals
Cash and investments - beginning	\$ 571,119	\$ 9,865	\$ 2,260	\$ 61,653	\$ 644,897
Receipts:					
Other receipts	821,881	-	20,426	40,015	882,322
Total receipts	<u>821,881</u>	<u>-</u>	<u>20,426</u>	<u>40,015</u>	<u>882,322</u>
Disbursements:					
Personal services	407,016	-	-	-	407,016
Supplies	25,835	-	22,584	9	48,428
Other services and charges	408,249	-	-	54,276	462,525
Other disbursements	40,000	-	-	-	40,000
Total disbursements	<u>881,100</u>	<u>-</u>	<u>22,584</u>	<u>54,285</u>	<u>957,969</u>
Excess (deficiency) of receipts over disbursements	<u>(59,219)</u>	<u>-</u>	<u>(2,158)</u>	<u>(14,270)</u>	<u>(75,647)</u>
Cash and investments - ending	<u>\$ 511,900</u>	<u>\$ 9,865</u>	<u>\$ 102</u>	<u>\$ 47,383</u>	<u>\$ 569,250</u>

RECYCLING AND WASTE REDUCTION DISTRICT OF PORTER COUNTY  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2012

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: john deere credit inc	loader	\$ 25,339	05-01-10	05-01-15
Total of annual lease payments		<u>\$ 25,339</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
Notes and loans payable	admin truck gmc	\$ 17,870	\$ 5,533
Notes and loans payable	turner	<u>66,599</u>	<u>44,164</u>
Total governmental activities		<u>84,469</u>	<u>49,697</u>
Totals		<u>\$ 84,469</u>	<u>\$ 49,697</u>

RECYCLING AND WASTE REDUCTION DISTRICT OF PORTER 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	\$ 30,000
Infrastructure	8,193
Buildings	27,597
Improvements other than buildings	17,912
Machinery, equipment and vehicles	600,382
Total governmental activities	684,084
Total capital assets	\$ 684,084

RECYCLING AND WASTE REDUCTION DISTRICT OF PORTER COUNTY  
EXAMINATION RESULT AND COMMENT

***LONGEVITY PAY***

In 2010, the County Council approved longevity pay for County employees, which included the Recycling and Waste Reduction District of Porter County (District). The Director of the District decided to share her longevity pay with two employees who were not eligible for longevity pay due to lack of service time. Therefore, two District employees were provided compensation they were not entitled to. The action was not approved by the Board of Directors.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

RECYCLING AND WASTE REDUCTION DISTRICT OF PORTER COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on March 27, 2013, with John Evans, President of the Board, and Therese Davis, Executive Director. The officials concurred with our finding.