

**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, 2015 to December 31, 2015



**FILED**  
01/25/2017



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	John E. Petalas	01-01-15 to 12-31-18
County Treasurer	Peggy Holinga Katona	01-01-15 to 12-31-18
Clerk of the Circuit Court	Michael A. Brown	01-01-14 to 12-31-17
County Sheriff	John Buncich	01-01-15 to 12-31-18
County Recorder	Michael B. Brown	01-01-13 to 12-31-16
President of the Board of County Commissioners	Roosevelt Allen, Jr. Gerry Scheub	01-01-15 to 12-31-15 01-01-16 to 12-31-16
President of the County Council	Ted Bilski	01-01-15 to 12-31-16



## 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, 2015, and the related notes to the financial statement as listed in the Table of Contents.

### ***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 (Indiana Code 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, 2015.

***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, 2015, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*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 Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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.


*Other Information*

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.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated November 16, 2016, 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.

  
Paul D. Joyce, CPA  
State Examiner

November 16, 2016



**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, 2015, and the related notes to the financial statement, and have issued our report thereon dated November 16, 2016, 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.

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. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001, 2015-002, 2015-003, 2015-004, and 2015-005 that we consider to be material weaknesses.

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)

**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 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 2015-001, 2015-002, 2015-003, 2015-004, and 2015-005.

**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.

  
Paul D. Joyce, CPA  
State Examiner

November 16, 2016

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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, 2015

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
General	\$ 14,859,030	\$ 146,839,118	\$ 151,075,536	\$ 10,622,612
Accident Report	33,295	22,919	41,600	14,614
Animal Control	6,135	18,637	9,522	15,250
Campaign Finance Enforcement - County	26,738	2,243	-	28,981
Child Advocacy	10,729	400	-	11,129
Clerk's Records Perpetuation	41,079	217,329	126,237	132,171
COIT - Special Legislation	1,875	438	-	2,313
Community Corrections	876,280	3,765,133	3,585,099	1,056,314
Congressional School Interest	21,438	-	21,438	-
Prisoner Reimbursement For Incarceration	921	-	-	921
Sales Disclosure - County Share	61,359	48,545	37,302	72,602
Cumulative Capital Development	1,421,739	2,070,077	2,953,280	538,536
Cumulative Capital Improvement	46,487	-	2,000	44,487
Cumulative Voting System	1,643,942	-	-	1,643,942
Drug Free Community	360,075	285,383	313,550	331,908
Electronic Map Generation	10,510	14,844	12,876	12,478
Emergency Planning/Right To Know	114,274	-	27,026	87,248
E911 Contruction Fund	3,923,193	67,527	1,574,656	2,416,064
Extradition and Sheriff's Assistance	15,050	11,409	7,917	18,542
Firearms Training	12,906	25,400	12,730	25,576
General Drain Improvement	446,126	322,937	591,988	177,075
Health	2,983,026	2,203,081	2,478,616	2,707,491
Identification Security Protection	955,526	441,052	424,590	971,988
Levy Excess	-	3,353,688	-	3,353,688
Local Health Maintenance	309,331	56,553	137,416	228,468
Local Road and Street	1,761,107	811,011	899,742	1,672,376
Major Moves Construction	995,177	53,764	69,657	979,284
Medical Care for Inmates	9,299	106	-	9,405
Misdemeanant	407,980	420,063	602,691	225,352
Motor Vehicle Highway	3,803,367	7,050,050	5,751,319	5,102,098
Omitted Property Audits	-	49,449	49,400	49
Park Nonreverting Capital	79,835	1,125,356	582,809	622,382
Park Nonreverting Operating	241,828	4,750,486	4,633,909	358,405
Reassessment - 2009	122	-	-	122
Reassessment - 2015	3,945,882	1,932,517	2,306,983	3,571,416
Recorder's Records Perpetuation	671,055	930,214	934,241	667,028
Riverboat	1,104,805	10,867,120	11,079,079	892,846
Sheriff's Pension Trust	510,113	732,139	763,095	479,157
Storm Water Management Capital Projects	21,208	11,695	19,688	13,215
Storm Water Management Operating	1,267,399	738,451	657,950	1,347,900
Supplemental Public Defender Services	58,480	155,779	145,470	68,789
Surveyor's Corner Perpetuation	147,306	97,165	57,183	187,288
Tax Sale Fees	863,107	3,965,418	4,439,905	388,620
Tax Sale Redemption	549,257	5,089,950	5,280,246	358,961
Tax Sale Surplus	15,008,707	5,748,035	14,750,279	6,006,463
Unsafe Building	329,313	30,690	29,754	330,249
Vehicle Inspection	34,754	16,922	29,729	21,947
GAL/CASA	112,359	263,064	294,647	80,776
Auditor's Ineligible Deductions	853,656	1,894,752	921,346	1,827,062
County Elected Officials Training	142,436	43,843	5,140	181,139
Park And Recreation	687,675	7,122,345	6,410,455	1,399,565
County Offender Transportation Fund	16,084	5,493	-	21,577
Statewide 911	4,968,810	20,133,407	19,271,740	5,830,477
Adult Probation Administrative	27,324	156,572	188,140	(4,244)
Juvenile Probation Administrative	26,948	45,490	35,018	37,420
Supplemental Adult Probation Services	1,279,437	832,435	993,139	1,118,733
Supplemental Juvenile Probation Services	62,133	12,767	60,765	14,135
Alternative Dispute Resolution	223,117	42,754	34,436	231,435
County User Fee	1,777,112	2,317,807	2,120,612	1,974,307
Convention Center Operating	428	1,469,293	1,469,293	428
Animal Shelter	70,961	38,018	73,257	35,722
Sheriff Sale Administration	(322,208)	346,600	271,252	(246,860)
Drug Task Force	497,758	110,057	200,584	407,231
DUI Task Force	8,800	7,312	13,409	2,703
Local Ordinance Violations Fines - County	3,620	-	-	3,620
TIF Grants and Loans	2,860,644	-	2,860,644	-
Park Bond 2013	385,139	635,395	731,608	288,926
Insurance	(8,558)	-	12,642	(21,200)
Settlement	247,805	605,514,507	605,217,684	544,628
CVET Agency	619	4,057,663	4,057,663	619
Financial Institution Tax	-	2,871,535	2,871,535	-
HEA 1001 State Homestead Credit	67,226	-	67,226	-

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, 2015  
(Continued)

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
Homestead Credit Rebate	12,870	-	-	12,870
State Fines and Forfeitures	144,262	433,471	536,221	41,512
Infraction Judgements	489,631	1,597,134	1,814,928	271,837
Overweight Vehicle Fines	239,027	184,515	179,423	244,119
Special Death Benefit	3,285	46,166	45,276	4,175
Sales Disclosure - State Share	101,664	151,605	130,599	122,670
Coroners Training & Con't Education	9,083	76,353	75,190	10,246
Interstate Compact - State Share	188	6,528	5,990	726
Mortgage Recording Fees - State Share	2,496	38,598	38,448	2,646
Sex and Violent Offender Admin - State	18,039	18,445	21,941	14,543
Child Restraint Violations Fines	50	1,572	1,217	405
Inheritance Tax	149,825	533,293	658,102	25,016
Sales Tax Collections	5,024	100,818	103,884	1,958
Education Plate Fees Agency	17,229	12,338	11,156	18,411
Public Safety CAGIT	1,028,083	8,517,585	8,843,483	702,185
CEDIT	1,285,234	8,759,783	6,189,706	3,855,311
City/Town Ordinance Violations Fines	681,006	258,450	395,294	544,162
93.563 Prosecutor PCA	680,770	89,391	69,843	700,318
Rainy Day	9,661	-	8,442	1,219
Juvenile Probation Administrative	12,859	28,487	30,666	10,680
Ordinance Violation Deferral	22,201	112	-	22,313
Congressional School Principal	35,000	-	35,000	-
County Inkeepers Tax	(184,347)	-	-	(184,347)
Veteran Services Funds	250	-	-	250
1387-Exempt Park Revenue Bond	575,517	2,358,427	2,427,196	506,748
County Bond Redemption	3,859,600	7,547,246	9,660,793	1,746,053
Exempt Debt Service	1,784,728	3,315,074	3,566,420	1,533,382
Park & Recreation Self Insurance	23,649	10,256	24,148	9,757
Excess Internet Access Fee	33,530	-	25,559	7,971
Non-reverting Self Ins. Fund	779,753	9,328,621	5,331,441	4,776,933
Lake County Jail Construction	10,414	-	7,294	3,120
Construction Fund	2,113,501	24,377	1,168,248	969,630
Cumulative Bridge	2,653,498	583,592	887,371	2,349,719
Co Hwy Maint Garage Bond	25,321	-	-	25,321
Park Dist Bond 1982	3,158,434	1,380,616	1,861,750	2,677,300
Non-Sufficient Check Fund/LC	68,361	4,798	2,015	71,144
Park & Recreation Gift	15,100	4,186	2,012	17,274
Auditor's Tax Incentive Fund	298,854	236,000	368,612	166,242
Doctor's Merchants	77,621	39	-	77,660
Division I LADOS	271,930	183,744	185,680	269,994
Division II LADOS	43,113	152,411	190,065	5,459
Ordinance Deferral Program	113,160	275,878	306,347	82,691
Disproportional Minority Contact Project Grant	2	-	-	2
Zoning Enforcement Fund	1,000	-	-	1,000
Non-revert Hwy Deposit GambI	272,131	540,598	681,893	130,836
Domestic Relation Counseling B	129,383	44,209	35,874	137,718
NON-REVERT DELINQ COLL FEES	10,688	39,701	24,379	26,010
Comm Incentive Fund	236,365	300,000	317,710	218,655
Coroner Facility Fee	38,984	35,800	35,957	38,827
Cum Helicopter Improvement Fnd	4,332	-	4,013	319
Lake County Community Development FMHA	45,238	-	-	45,238
Anti-Bioterrorism	7,341	-	-	7,341
LC Sheriff's Marine Unit	3,480	845	-	4,325
Sheriff's Towing & Franchise Fee	32,886	221,885	199,835	54,936
Lake County Operating Fund	14,215	-	-	14,215
Reimbursement Fund	376,142	191,531	140,686	426,987
Commissary Payroll Pass-Thru	40	52,210	52,210	40
Violence Intervention Program	(2,570)	81,417	60,333	18,514
Treasurer's Incentive Fund	487,691	240,000	342,861	384,830
Child Support Incentive	1,411,681	461,060	185,464	1,687,277
HAVA Title III Voting System	29,935	-	-	29,935
Subdivision Escrow Bonds	115,585	7,836	15,404	108,017
Jury Fees	162,121	108,452	85,377	185,196
Check Deception Collection Fee	115,976	25,452	-	141,428
Fingerprint Fee Fund	445	-	-	445
HAVA Sec 101 Voting Sys Fund	277,998	-	-	277,998
Prosecutor's Elderly Abuse	54,522	202,224	201,889	54,857
County Welfare Trusts	4,720	-	-	4,720
Interpreter Services Grant	12,838	17,802	19,282	11,358
U.S. Research Consultants/Personal Property	3,473	-	-	3,473
VOCA - Victims of Crime Act	91	67,092	79,078	(11,895)
Payroll Court Judgement	42,353	-	-	42,353
HUD-NSP-3 Grant	12,391	147,402	56,919	102,874

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, 2015  
(Continued)

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
Commissioner's Sale Surplus Property Deposit	4,477	-	-	4,477
JAIBG Block Grant	113	-	-	113
Lake County CASA Program Grant	718	-	-	718
ARRA Grant	8,025	-	-	8,025
93.563 County IV-D Incentive	105,114	184,091	245,219	43,986
93.563 Prosecutor IV-D Incentive - Post Oct '99	12,503	45	6,019	6,529
State Drunk Driving Fees	16,058	11,139	7,669	19,528
LC Home Program	20,510	550,431	553,021	17,920
LC Comm Dev Cities & Towns	-	801,388	801,388	-
LC Dev. Rehabilitation	242	336,152	335,342	1,052
Sheriff's Therapy Dog Fund	2,720	-	196	2,524
LC Comm Dev Remp I.D.O.C.	361,110	74	-	361,184
HUD - NSP Grant	742	192,645	57,218	136,169
CAGIT Pass Thru	-	126,888,906	126,888,906	-
LC Economic Rev Loan	756,607	180,650	600,832	336,425
C.D.B.G. Recapture Loans	1,150,140	521	650,000	500,661
Sheriff's Grants Fund	39,016	31,916	39,849	31,083
Homeland Security Grant	18,265	8,302	8,302	18,265
Family Court Initiative Grant	27,286	20	348	26,958
CEDIT Pass Thru	-	25,377,781	25,377,781	-
Justice Assistance Grant	14,515	231,761	231,495	14,781
Sheriff's SIG Grant Fund	15,944	-	-	15,944
COPS Interoperability Grant	5,162	-	-	5,162
Detention Alternatives Grant	322	-	-	322
Criminal Court Tech Grant Fund	2,010	-	2,010	-
LC Dev Admin Budget	(1,769)	373,984	362,236	9,979
Substance Abuse Testing	9,396	-	8,782	614
Payment Error (Refunds)	425,570	200,202	228,869	396,903
Adult Guardianship Svcs Grant	19,625	19,125	38,750	-
Community Supervision Grant	220,000	-	155,758	64,242
Lake County Comm Correction	154,770	104,161	191,241	67,690
CPHCP High Conflict	20,810	18,400	20,900	18,310
CAGIT - PTRC	2,699,490	101,705,142	99,462,820	4,941,812
LC RDF for Juveniles Fund	15,017	73,808	-	88,825
Juvenile Secured Detention	24,662	106,612	118,231	13,043
Parks - Outside Cash	22,208	68,222	68,934	21,496
Community Economic Development	2,006	39,259	37,788	3,477
Employee Benefit Accruals	(1,460,307)	75,227,858	71,830,505	1,937,046
Inmate Trust	557,497	1,528,672	1,515,221	570,948
Jail Commissary	22,103	939,603	944,961	16,745
Unfunded Money	16,925,323	16,855,948	16,925,323	16,855,948
Animal Control	1,093	768	1,807	54
Sheriff	315,037	11,878,055	11,810,261	382,831
Juvenile Division	-	5,314	5,314	-
Clerk	12,410,045	40,380,188	39,682,142	13,108,091
Community Corrections Commissary	32,309	116,221	96,357	52,173
LC GO Bonds Series 2014B	-	11,925,597	4,892,350	7,033,247
Building Construction Fund	-	12,333,820	1,267,689	11,066,131
Highway Project Fund	-	7,174,694	5,828,774	1,345,920
Commuter Rail Extension/Improv	-	114,884	-	114,884
Family Court Grant Fund	-	40,000	10,842	29,158
Sheriff Aviation Unit Grant Fund	-	23,000	5,885	17,115
Hermit's Lake Debt Reserve	45,945	-	-	45,945
Sewage Collections	151,552	645,541	596,918	200,175
<b>Totals</b>	<b>\$ 133,725,422</b>	<b>\$ 1,338,004,527</b>	<b>\$ 1,324,361,920</b>	<b>\$ 147,368,029</b>

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 Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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 include the following sources:

Taxes, which can include one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income 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 the following: peddler licenses, dog tax licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

LAKE COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Intergovernmental receipts, which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of these types of receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the County.

Charges for services, which can include, but are not limited to, the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 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.

Other receipts, which include amounts received from various sources including, but 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 include the following uses:

Personal services, which 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, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Capital outlay, which includes 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)

Other disbursements, which include, but are not limited to, the following: debt service principal and interest payments; utility operating expenses; 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 January 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, the following: 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 a cost-sharing 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  
One North Capitol, 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. Cash Balance Deficits**

The financial statement contains some funds with deficit balances in cash. The Adult Probation Administrative, Sheriff Sale Administration, and VOCA - Victims of Crime Act funds are associated with payroll postings. They may show negative due to timing issues. The Insurance fund was a calculated end-of-year payment made to prevent a federal penalty.

LAKE COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 8. *Holding Corporation***

The County has entered into a capital lease with 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 2015 totaled \$2,618,000. Payments continue through 2024.

**Note 9. *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 10. *Subsequent events***

The Park and Recreation Board approved Resolution 2016-09 on September 8, 2016, approving the issuance of \$12,000,000 Park General Obligation Bonds for the purpose of procuring funds to be applied on the cost of the purchase of various items of equipment, the costs of planning, construction, development and improving of park facilities and the acquisition of land.

**Note 11. *Contingent liabilities***

The County has pending lawsuits of which outcomes cannot be reasonably determined; however, unfavorable outcomes could result in damages to the County approximating \$8,000,000.

The County has tax refund appeals of approximately \$4,000,000 for taxpayers excluding casino boats.

#### OTHER INFORMATION - UNAUDITED

The County's Annual Financial 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 County's Annual Financial Report 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 other 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, 2015

	General	Accident Report	Animal Control	Campaign Finance Enforcement - County	Child Advocacy	Clerk's Records Perpetuation	COIT - Special Legislation	Community Corrections
Cash and investments - beginning	\$ 14,859,030	\$ 33,295	\$ 6,135	\$ 26,738	\$ 10,729	\$ 41,079	\$ 1,875	\$ 876,280
Receipts:								
Taxes	128,183,632	-	-	-	-	-	-	-
Licenses and permits	104,475	-	-	-	-	-	-	-
Intergovernmental receipts	11,804,264	-	-	-	-	-	-	2,809,379
Charges for services	2,908,681	-	-	-	-	-	438	481,179
Fines and forfeits	1,729,807	-	-	2,243	400	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	2,108,259	22,919	18,637	-	-	217,329	-	474,575
Total receipts	<u>146,839,118</u>	<u>22,919</u>	<u>18,637</u>	<u>2,243</u>	<u>400</u>	<u>217,329</u>	<u>438</u>	<u>3,765,133</u>
Disbursements:								
Personal services	92,866,804	-	-	-	-	98,883	-	2,987,427
Supplies	3,272,361	-	-	-	-	21,772	-	91,060
Other services and charges	26,695,621	36,500	9,522	-	-	4,532	-	436,807
Capital outlay	1,132,513	5,100	-	-	-	1,050	-	44,282
Other disbursements	27,108,237	-	-	-	-	-	-	25,523
Total disbursements	<u>151,075,536</u>	<u>41,600</u>	<u>9,522</u>	<u>-</u>	<u>-</u>	<u>126,237</u>	<u>-</u>	<u>3,585,099</u>
Excess (deficiency) of receipts over disbursements	<u>(4,236,418)</u>	<u>(18,681)</u>	<u>9,115</u>	<u>2,243</u>	<u>400</u>	<u>91,092</u>	<u>438</u>	<u>180,034</u>
Cash and investments - ending	<u>\$ 10,622,612</u>	<u>\$ 14,614</u>	<u>\$ 15,250</u>	<u>\$ 28,981</u>	<u>\$ 11,129</u>	<u>\$ 132,171</u>	<u>\$ 2,313</u>	<u>\$ 1,056,314</u>

LAKE COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	Congressional School Interest	Prisoner Reimbursement For Incarceration	Sales Disclosure - County Share	Cumulative Capital Development	Cumulative Capital Improvement	Cumulative Voting System	Drug Free Community	Electronic Map Generation
Cash and investments - beginning	\$ 21,438	\$ 921	\$ 61,359	\$ 1,421,739	\$ 46,487	\$ 1,643,942	\$ 360,075	\$ 10,510
Receipts:								
Taxes	-	-	-	1,944,043	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	124,956	-	-	-	-
Charges for services	-	-	-	-	-	-	192	14,844
Fines and forfeits	-	-	48,545	-	-	-	281,682	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	-	-	1,078	-	-	3,509	-
Total receipts	-	-	48,545	2,070,077	-	-	285,383	14,844
Disbursements:								
Personal services	-	-	20,160	-	-	-	-	-
Supplies	-	-	-	-	-	-	1,531	2,780
Other services and charges	-	-	15,987	162,821	2,000	-	670	10,096
Capital outlay	-	-	1,155	2,749,753	-	-	-	-
Other disbursements	21,438	-	-	40,706	-	-	311,349	-
Total disbursements	21,438	-	37,302	2,953,280	2,000	-	313,550	12,876
Excess (deficiency) of receipts over disbursements	(21,438)	-	11,243	(883,203)	(2,000)	-	(28,167)	1,968
Cash and investments - ending	\$ -	\$ 921	\$ 72,602	\$ 538,536	\$ 44,487	\$ 1,643,942	\$ 331,908	\$ 12,478

LAKE COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	Emergency Planning/ Right To Know	E911 Construction Fund	Extradition and Sheriff's Assistance	Firearms Training	General Drain Improvement	Health	Identification Security Protection	Levy Excess
Cash and investments - beginning	\$ 114,274	\$ 3,923,193	\$ 15,050	\$ 12,906	\$ 446,126	\$ 2,983,026	\$ 955,526	\$ -
Receipts:								
Taxes	-	-	-	-	303,922	846,688	-	-
Licenses and permits	-	-	-	-	-	465,843	-	-
Intergovernmental receipts	-	-	-	-	19,015	269,061	-	-
Charges for services	-	-	-	-	-	594,049	43,843	-
Fines and forfeits	-	-	11,409	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	67,527	-	25,400	-	27,440	397,209	3,353,688
Total receipts	-	67,527	11,409	25,400	322,937	2,203,081	441,052	3,353,688
Disbursements:								
Personal services	-	-	-	-	-	2,226,408	-	-
Supplies	6,250	-	-	-	-	43,791	-	-
Other services and charges	-	124,174	7,917	12,730	-	173,880	-	-
Capital outlay	20,776	1,432,501	-	-	578,487	15,348	-	-
Other disbursements	-	17,981	-	-	13,501	19,189	424,590	-
Total disbursements	27,026	1,574,656	7,917	12,730	591,988	2,478,616	424,590	-
Excess (deficiency) of receipts over disbursements	(27,026)	(1,507,129)	3,492	12,670	(269,051)	(275,535)	16,462	3,353,688
Cash and investments - ending	\$ 87,248	\$ 2,416,064	\$ 18,542	\$ 25,576	\$ 177,075	\$ 2,707,491	\$ 971,988	\$ 3,353,688

LAKE COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	Local Health Maintenance	Local Road and Street	Major Moves Construction	Medical Care for Inmates	Misdemeanant	Motor Vehicle Highway	Omitted Property Audits	Park Nonreverting Capital
Cash and investments - beginning	\$ 309,331	\$ 1,761,107	\$ 995,177	\$ 9,299	\$ 407,980	\$ 3,803,367	\$ -	\$ 79,835
Receipts:								
Taxes	-	-	-	-	-	-	49,449	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	56,553	801,149	53,764	-	420,063	7,014,876	-	988,449
Charges for services	-	-	-	106	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	9,862	-	-	-	35,174	-	136,907
Total receipts	<u>56,553</u>	<u>811,011</u>	<u>53,764</u>	<u>106</u>	<u>420,063</u>	<u>7,050,050</u>	<u>49,449</u>	<u>1,125,356</u>
Disbursements:								
Personal services	33,090	-	-	-	527,989	4,683,454	-	-
Supplies	-	326,789	-	-	74,702	364,006	-	-
Other services and charges	17,914	572,953	69,657	-	-	696,383	49,400	-
Capital outlay	86,412	-	-	-	-	7,476	-	582,809
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	<u>137,416</u>	<u>899,742</u>	<u>69,657</u>	<u>-</u>	<u>602,691</u>	<u>5,751,319</u>	<u>49,400</u>	<u>582,809</u>
Excess (deficiency) of receipts over disbursements	<u>(80,863)</u>	<u>(88,731)</u>	<u>(15,893)</u>	<u>106</u>	<u>(182,628)</u>	<u>1,298,731</u>	<u>49</u>	<u>542,547</u>
Cash and investments - ending	<u>\$ 228,468</u>	<u>\$ 1,672,376</u>	<u>\$ 979,284</u>	<u>\$ 9,405</u>	<u>\$ 225,352</u>	<u>\$ 5,102,098</u>	<u>\$ 49</u>	<u>\$ 622,382</u>

LAKE COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	Park Nonreverting Operating	Reassessment - 2009	Reassessment - 2015	Recorder's Records Perpetuation	Riverboat	Sheriff's Pension Trust	Storm Water Management Capital Projects	Storm Water Management Operating
Cash and investments - beginning	\$ 241,828	\$ 122	\$ 3,945,882	\$ 671,055	\$ 1,104,805	\$ 510,113	\$ 21,208	\$ 1,267,399
Receipts:								
Taxes	-	-	1,815,710	-	-	-	-	738,451
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	1,850	-	116,807	-	10,816,592	-	-	-
Charges for services	4,245,386	-	-	292,591	-	-	9,575	-
Fines and forfeits	-	-	-	-	-	679,929	2,120	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	503,250	-	-	637,623	50,528	52,210	-	-
Total receipts	4,750,486	-	1,932,517	930,214	10,867,120	732,139	11,695	738,451
Disbursements:								
Personal services	2,103,299	-	648,817	586,063	1,000,000	763,095	-	255,724
Supplies	851,012	-	39,611	498	77,339	-	-	52,494
Other services and charges	1,169,514	-	1,530,617	195,356	6,305,054	-	19,688	83,926
Capital outlay	7,684	-	48,703	4,903	2,056,088	-	-	259,421
Other disbursements	502,400	-	39,235	147,421	1,640,598	-	-	6,385
Total disbursements	4,633,909	-	2,306,983	934,241	11,079,079	763,095	19,688	657,950
Excess (deficiency) of receipts over disbursements	116,577	-	(374,466)	(4,027)	(211,959)	(30,956)	(7,993)	80,501
Cash and investments - ending	\$ 358,405	\$ 122	\$ 3,571,416	\$ 667,028	\$ 892,846	\$ 479,157	\$ 13,215	\$ 1,347,900

LAKE COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	Supplemental Public Defender Services	Surveyor's Corner Perpetuation	Tax Sale Fees	Tax Sale Redemption	Tax Sale Surplus	Unsafe Building	Vehicle Inspection	GAL/CASA
Cash and investments - beginning	\$ 58,480	\$ 147,306	\$ 863,107	\$ 549,257	\$ 15,008,707	\$ 329,313	\$ 34,754	\$ 112,359
Receipts:								
Taxes	-	-	-	-	288,942	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	50,068	-	-	-	-	-	-	263,064
Charges for services	-	97,165	466,327	-	-	30,360	15,487	-
Fines and forfeits	105,391	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	320	-	3,499,091	5,089,950	5,459,093	330	1,435	-
Total receipts	155,779	97,165	3,965,418	5,089,950	5,748,035	30,690	16,922	263,064
Disbursements:								
Personal services	137,277	25,164	-	-	-	-	-	294,647
Supplies	4,748	2,910	-	-	-	-	-	-
Other services and charges	1,926	21,959	1,000,109	-	-	29,754	-	-
Capital outlay	1,519	7,150	-	-	-	-	29,729	-
Other disbursements	-	-	3,439,796	5,280,246	14,750,279	-	-	-
Total disbursements	145,470	57,183	4,439,905	5,280,246	14,750,279	29,754	29,729	294,647
Excess (deficiency) of receipts over disbursements	10,309	39,982	(474,487)	(190,296)	(9,002,244)	936	(12,807)	(31,583)
Cash and investments - ending	\$ 68,789	\$ 187,288	\$ 388,620	\$ 358,961	\$ 6,006,463	\$ 330,249	\$ 21,947	\$ 80,776

LAKE COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	Auditor's Ineligible Deductions	County Elected Officials Training	Park And Recreation	County Offender Transportation Fund	Statewide 911	Adult Probation Administrative	Juvenile Probation Administrative	Supplemental Adult Probation Services
Cash and investments - beginning	\$ 853,656	\$ 142,436	\$ 687,675	\$ 16,084	\$ 4,968,810	\$ 27,324	\$ 26,948	\$ 1,279,437
Receipts:								
Taxes	-	-	4,437,237	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	1,347,089	-	2,638,152	-	45,490	-
Charges for services	-	43,843	573,015	5,493	33,995	-	-	-
Fines and forfeits	-	-	-	-	-	156,572	-	832,435
Utility fees	-	-	-	-	-	-	-	-
Other receipts	1,894,752	-	765,004	-	17,461,260	-	-	-
Total receipts	1,894,752	43,843	7,122,345	5,493	20,133,407	156,572	45,490	832,435
Disbursements:								
Personal services	99,108	-	3,929,066	-	7,943,207	188,140	240	891,263
Supplies	-	-	446,276	-	19,684	-	198	17,650
Other services and charges	680,152	5,140	939,266	-	2,243,080	-	32,481	64,958
Capital outlay	71,709	-	240,435	-	244,729	-	2,099	19,268
Other disbursements	70,377	-	855,412	-	8,821,040	-	-	-
Total disbursements	921,346	5,140	6,410,455	-	19,271,740	188,140	35,018	993,139
Excess (deficiency) of receipts over disbursements	973,406	38,703	711,890	5,493	861,667	(31,568)	10,472	(160,704)
Cash and investments - ending	\$ 1,827,062	\$ 181,139	\$ 1,399,565	\$ 21,577	\$ 5,830,477	\$ (4,244)	\$ 37,420	\$ 1,118,733

LAKE COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	Supplemental Juvenile Probation Services	Alternative Dispute Resolution	County User Fee	Convention Center Operating	Animal Shelter	Sheriff Sale Administration	Drug Task Force	DUI Task Force
Cash and investments - beginning	\$ 62,133	\$ 223,117	\$ 1,777,112	\$ 428	\$ 70,961	\$ (322,208)	\$ 497,758	\$ 8,800
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	129	-	1,469,293	-	-	72,294	7,312
Charges for services	-	910	485,336	-	23,121	346,600	-	-
Fines and forfeits	12,767	5,365	1,524,471	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	36,350	308,000	-	14,897	-	37,763	-
Total receipts	12,767	42,754	2,317,807	1,469,293	38,018	346,600	110,057	7,312
Disbursements:								
Personal services	56,925	10,326	490,564	-	35,832	271,252	110,536	13,409
Supplies	-	-	21,612	-	4,950	-	11,954	-
Other services and charges	925	23,890	214,613	1,469,293	32,475	-	63,738	-
Capital outlay	2,915	-	2,255	-	-	-	9,574	-
Other disbursements	-	220	1,391,568	-	-	-	4,782	-
Total disbursements	60,765	34,436	2,120,612	1,469,293	73,257	271,252	200,584	13,409
Excess (deficiency) of receipts over disbursements	(47,998)	8,318	197,195	-	(35,239)	75,348	(90,527)	(6,097)
Cash and investments - ending	\$ 14,135	\$ 231,435	\$ 1,974,307	\$ 428	\$ 35,722	\$ (246,860)	\$ 407,231	\$ 2,703

LAKE COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	Local Ordinance Violations Fines - County	TIF Grants and Loans	Park Bond 2013	Insurance	Settlement	CVET Agency	Financial Institution Tax	HEA 1001 State Homestead Credit
Cash and investments - beginning	\$ 3,620	\$ 2,860,644	\$ 385,139	\$ (8,558)	\$ 247,805	\$ 619	\$ -	\$ 67,226
Receipts:								
Taxes	-	-	598,723	-	556,853,522	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	36,672	-	43,566,265	4,057,663	2,871,535	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	5,094,720	-	-	-
Total receipts	-	-	635,395	-	605,514,507	4,057,663	2,871,535	-
Disbursements:								
Personal services	-	-	-	12,642	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Capital outlay	-	-	669,175	-	-	-	-	-
Other disbursements	-	2,860,644	62,433	-	605,217,684	4,057,663	2,871,535	67,226
Total disbursements	-	2,860,644	731,608	12,642	605,217,684	4,057,663	2,871,535	67,226
Excess (deficiency) of receipts over disbursements	-	(2,860,644)	(96,213)	(12,642)	296,823	-	-	(67,226)
Cash and investments - ending	\$ 3,620	\$ -	\$ 288,926	\$ (21,200)	\$ 544,628	\$ 619	\$ -	\$ -

LAKE COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	Homestead Credit Rebate	State Fines and Forfeitures	Infraction Judgements	Overweight Vehicle Fines	Special Death Benefit	Sales Disclosure - State Share	Coroners Training & Con't Education	Interstate Compact - State Share
Cash and investments - beginning	\$ 12,870	\$ 144,262	\$ 489,631	\$ 239,027	\$ 3,285	\$ 101,664	\$ 9,083	\$ 188
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	108,539	-	-	-	-
Intergovernmental receipts	-	171,228	-	-	-	-	-	-
Charges for services	-	-	-	12,600	-	103,965	-	6,528
Fines and forfeits	-	164,022	1,087,951	63,376	46,166	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	98,221	509,183	-	-	47,640	76,353	-
Total receipts	-	433,471	1,597,134	184,515	46,166	151,605	76,353	6,528
Disbursements:								
Personal services	-	-	995,172	85,980	-	70,105	-	-
Supplies	-	-	1,356	-	-	4,435	-	-
Other services and charges	-	-	-	1,413	-	5,575	-	-
Capital outlay	-	258,010	-	30,211	-	1,409	-	-
Other disbursements	-	278,211	818,400	61,819	45,276	49,075	75,190	5,990
Total disbursements	-	536,221	1,814,928	179,423	45,276	130,599	75,190	5,990
Excess (deficiency) of receipts over disbursements	-	(102,750)	(217,794)	5,092	890	21,006	1,163	538
Cash and investments - ending	\$ 12,870	\$ 41,512	\$ 271,837	\$ 244,119	\$ 4,175	\$ 122,670	\$ 10,246	\$ 726

LAKE COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	Mortgage Recording Fees - State Share	Sex and Violent Offender Admin - State	Child Restraint Violations Fines	Inheritance Tax	Sales Tax Collections	Education Plate Fees Agency	Public Safety CAGIT	CEDIT
Cash and investments - beginning	\$ 2,496	\$ 18,039	\$ 50	\$ 149,825	\$ 5,024	\$ 17,229	\$ 1,028,083	\$ 1,285,234
Receipts:								
Taxes	-	-	-	-	-	-	8,517,585	8,741,592
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	533,293	-	12,338	-	18,191
Charges for services	38,598	18,445	-	-	-	-	-	-
Fines and forfeits	-	-	1,572	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	100,818	-	-	-
Total receipts	<u>38,598</u>	<u>18,445</u>	<u>1,572</u>	<u>533,293</u>	<u>100,818</u>	<u>12,338</u>	<u>8,517,585</u>	<u>8,759,783</u>
Disbursements:								
Personal services	-	17,734	-	-	-	-	3,065,866	3,915,750
Supplies	-	-	-	-	-	-	343,763	-
Other services and charges	-	-	-	-	103,884	-	4,601,484	269,526
Capital outlay	-	2,354	-	-	-	-	832,370	2,004,430
Other disbursements	38,448	1,853	1,217	658,102	-	11,156	-	-
Total disbursements	<u>38,448</u>	<u>21,941</u>	<u>1,217</u>	<u>658,102</u>	<u>103,884</u>	<u>11,156</u>	<u>8,843,483</u>	<u>6,189,706</u>
Excess (deficiency) of receipts over disbursements	<u>150</u>	<u>(3,496)</u>	<u>355</u>	<u>(124,809)</u>	<u>(3,066)</u>	<u>1,182</u>	<u>(325,898)</u>	<u>2,570,077</u>
Cash and investments - ending	<u>\$ 2,646</u>	<u>\$ 14,543</u>	<u>\$ 405</u>	<u>\$ 25,016</u>	<u>\$ 1,958</u>	<u>\$ 18,411</u>	<u>\$ 702,185</u>	<u>\$ 3,855,311</u>

LAKE COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	City/Town Ordinance Violations Fines	93.563 Prosecutor PCA	Rainy Day	Juvenile Probation Administrative	Ordinance Violation Deferral	Congressional School Principal	County Innkeepers Tax	Veteran Services Funds
Cash and investments - beginning	\$ 681,006	\$ 680,770	\$ 9,661	\$ 12,859	\$ 22,201	\$ 35,000	\$ (184,347)	\$ 250
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	89,391	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	134,882	-	-	28,487	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	123,568	-	-	-	112	-	-	-
Total receipts	258,450	89,391	-	28,487	112	-	-	-
Disbursements:								
Personal services	383,828	-	-	30,666	-	-	-	-
Supplies	9,269	19,838	-	-	-	-	-	-
Other services and charges	582	50,005	-	-	-	-	-	-
Capital outlay	1,615	-	-	-	-	-	-	-
Other disbursements	-	-	8,442	-	-	35,000	-	-
Total disbursements	395,294	69,843	8,442	30,666	-	35,000	-	-
Excess (deficiency) of receipts over disbursements	(136,844)	19,548	(8,442)	(2,179)	112	(35,000)	-	-
Cash and investments - ending	\$ 544,162	\$ 700,318	\$ 1,219	\$ 10,680	\$ 22,313	\$ -	\$ (184,347)	\$ 250

LAKE COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	1387-Exempt Park Revenue Bond	County Bond Redemption	Exempt Debt Service	Park & Recreation Self Insurance	Excess Internet Access Fee	Non-reverting Self Ins. Fund	Lake County Jail Construction	Construction Fund
Cash and investments - beginning	\$ 575,517	\$ 3,859,600	\$ 1,784,728	\$ 23,649	\$ 33,530	\$ 779,753	\$ 10,414	\$ 2,113,501
Receipts:								
Taxes	2,221,247	6,071,019	3,123,565	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	137,180	376,227	191,509	-	-	-	-	24,377
Charges for services	-	-	-	-	-	828,781	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	1,100,000	-	10,256	-	8,499,840	-	-
Total receipts	<u>2,358,427</u>	<u>7,547,246</u>	<u>3,315,074</u>	<u>10,256</u>	<u>-</u>	<u>9,328,621</u>	<u>-</u>	<u>24,377</u>
Disbursements:								
Personal services	-	-	-	-	20,268	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	1,389,523	-	24,148	-	5,331,441	7,294	-
Capital outlay	2,287,664	7,758,582	3,278,533	-	5,291	-	-	1,168,248
Other disbursements	<u>139,532</u>	<u>512,688</u>	<u>287,887</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>2,427,196</u>	<u>9,660,793</u>	<u>3,566,420</u>	<u>24,148</u>	<u>25,559</u>	<u>5,331,441</u>	<u>7,294</u>	<u>1,168,248</u>
Excess (deficiency) of receipts over disbursements	<u>(68,769)</u>	<u>(2,113,547)</u>	<u>(251,346)</u>	<u>(13,892)</u>	<u>(25,559)</u>	<u>3,997,180</u>	<u>(7,294)</u>	<u>(1,143,871)</u>
Cash and investments - ending	<u>\$ 506,748</u>	<u>\$ 1,746,053</u>	<u>\$ 1,533,382</u>	<u>\$ 9,757</u>	<u>\$ 7,971</u>	<u>\$ 4,776,933</u>	<u>\$ 3,120</u>	<u>\$ 969,630</u>

LAKE COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	Cumulative Bridge	Co Hwy Maint Garage Bond	Park Dist Bond 1982	Non-Sufficient Check Fund/LC	Park & Recreation Gift	Auditor's Tax Incentive Fund	Doctor's Merchants	Division I LADOS
Cash and investments - beginning	\$ 2,653,498	\$ 25,321	\$ 3,158,434	\$ 68,361	\$ 15,100	\$ 298,854	\$ 77,621	\$ 271,930
Receipts:								
Taxes	13,767	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	31,088	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	4,798	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	538,737	-	1,380,616	-	4,186	236,000	39	183,744
Total receipts	583,592	-	1,380,616	4,798	4,186	236,000	39	183,744
Disbursements:								
Personal services	-	-	-	-	-	290,262	-	176,664
Supplies	8,619	-	-	-	-	-	-	3,163
Other services and charges	-	-	-	1,990	2,012	-	-	5,853
Capital outlay	864,985	-	611,750	-	-	-	-	-
Other disbursements	13,767	-	1,250,000	25	-	78,350	-	-
Total disbursements	887,371	-	1,861,750	2,015	2,012	368,612	-	185,680
Excess (deficiency) of receipts over disbursements	(303,779)	-	(481,134)	2,783	2,174	(132,612)	39	(1,936)
Cash and investments - ending	\$ 2,349,719	\$ 25,321	\$ 2,677,300	\$ 71,144	\$ 17,274	\$ 166,242	\$ 77,660	\$ 269,994

LAKE COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	Division II LADOS	Ordinance Deferral Program	Disproportional Minority Contact Project Grant	Zoning Enforcement Fund	Non-revert Hwy Deposit Gambl	Domestic Relation Counceling B	NON-REVERT DELINQ COLL FEES	Comm Incentive Fund
Cash and investments - beginning	\$ 43,113	\$ 113,160	\$ 2	\$ 1,000	\$ 272,131	\$ 129,383	\$ 10,688	\$ 236,365
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	540,598	49	-	-
Charges for services	-	-	-	-	-	-	39,701	-
Fines and forfeits	-	275,878	-	-	-	33,235	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	152,411	-	-	-	-	10,925	-	300,000
Total receipts	152,411	275,878	-	-	540,598	44,209	39,701	300,000
Disbursements:								
Personal services	182,776	-	-	-	-	33,316	-	158,252
Supplies	3,134	-	-	-	314,813	2,164	-	-
Other services and charges	3,785	306,347	-	-	367,080	394	24,379	70,791
Capital outlay	370	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	88,667
Total disbursements	190,065	306,347	-	-	681,893	35,874	24,379	317,710
Excess (deficiency) of receipts over disbursements	(37,654)	(30,469)	-	-	(141,295)	8,335	15,322	(17,710)
Cash and investments - ending	\$ 5,459	\$ 82,691	\$ 2	\$ 1,000	\$ 130,836	\$ 137,718	\$ 26,010	\$ 218,655

LAKE COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	Coroner Facility Fee	Cum Helicopter Improvement Fnd	Lake County Community Development FMHA	Anti- Bioterrorism	LC Sheriff's Marine Unit	Sheriff's Towing & Franchise Fee	Lake County Operating Fund	Reimbursement Fund
Cash and investments - beginning	\$ 38,984	\$ 4,332	\$ 45,238	\$ 7,341	\$ 3,480	\$ 32,886	\$ 14,215	\$ 376,142
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-	186,853
Charges for services	-	-	-	-	845	221,885	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	35,800	-	-	-	-	-	-	4,678
Total receipts	<u>35,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>845</u>	<u>221,885</u>	<u>-</u>	<u>191,531</u>
Disbursements:								
Personal services	35,957	-	-	-	-	199,835	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	4,013	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	140,686
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	<u>35,957</u>	<u>4,013</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>199,835</u>	<u>-</u>	<u>140,686</u>
Excess (deficiency) of receipts over disbursements	<u>(157)</u>	<u>(4,013)</u>	<u>-</u>	<u>-</u>	<u>845</u>	<u>22,050</u>	<u>-</u>	<u>50,845</u>
Cash and investments - ending	<u>\$ 38,827</u>	<u>\$ 319</u>	<u>\$ 45,238</u>	<u>\$ 7,341</u>	<u>\$ 4,325</u>	<u>\$ 54,936</u>	<u>\$ 14,215</u>	<u>\$ 426,987</u>

LAKE COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	Commissary Payroll Pass-Thru	Violence Intervention Program	Treasurer's Incentive Fund	Child Support Incentive	HAVA Title III Voting System	Subdivision Escrow Bonds	Jury Fees	Check Deception Collection Fee
Cash and investments - beginning	\$ 40	\$ (2,570)	\$ 487,691	\$ 1,411,681	\$ 29,935	\$ 115,585	\$ 162,121	\$ 115,976
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	81,417	-	461,060	-	-	-	-
Charges for services	-	-	-	-	-	-	-	25,452
Fines and forfeits	-	-	-	-	-	-	60,434	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	52,210	-	240,000	-	-	7,836	48,018	-
Total receipts	52,210	81,417	240,000	461,060	-	7,836	108,452	25,452
Disbursements:								
Personal services	-	58,142	230,365	144,850	-	-	85,377	-
Supplies	-	-	-	22,489	-	-	-	-
Other services and charges	-	2,191	11,823	964	-	-	-	-
Capital outlay	-	-	1,891	17,161	-	-	-	-
Other disbursements	52,210	-	98,782	-	-	15,404	-	-
Total disbursements	52,210	60,333	342,861	185,464	-	15,404	85,377	-
Excess (deficiency) of receipts over disbursements	-	21,084	(102,861)	275,596	-	(7,568)	23,075	25,452
Cash and investments - ending	\$ 40	\$ 18,514	\$ 384,830	\$ 1,687,277	\$ 29,935	\$ 108,017	\$ 185,196	\$ 141,428

LAKE COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	Fingerprint Fee Fund	HAVA Sec 101 Voting Sys Fund	Prosecutor's Elderly Abuse	County Welfare Trusts	Interpreter Services Grant	U.S. Research Consultants/Personal Property	VOCA - Victims of Crime Act	Payroll Court Judgement
Cash and investments - beginning	\$ 445	\$ 277,998	\$ 54,522	\$ 4,720	\$ 12,838	\$ 3,473	\$ 91	\$ 42,353
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	202,224	-	17,802	-	67,092	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	202,224	-	17,802	-	67,092	-
Disbursements:								
Personal services	-	-	177,794	-	-	-	75,328	-
Supplies	-	-	1,756	-	-	-	-	-
Other services and charges	-	-	1,942	-	19,282	-	3,750	-
Capital outlay	-	-	20,397	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	-	-	201,889	-	19,282	-	79,078	-
Excess (deficiency) of receipts over disbursements	-	-	335	-	(1,480)	-	(11,986)	-
Cash and investments - ending	\$ 445	\$ 277,998	\$ 54,857	\$ 4,720	\$ 11,358	\$ 3,473	\$ (11,895)	\$ 42,353

LAKE COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	HUD-NSP-3 Grant	Commissioner's Sale Surplus Property Deposit	JAIBG Block Grant	Lake County CASA Program Grant	ARRA Grant	93.563 County IV-D Incentive	93.563 Prosecutor IV-D Incentive - Post Oct '99	State Drunk Driving Fees
Cash and investments - beginning	\$ 12,391	\$ 4,477	\$ 113	\$ 718	\$ 8,025	\$ 105,114	\$ 12,503	\$ 16,058
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	38,854	-	-	-	-	184,091	-	11,139
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	108,548	-	-	-	-	-	45	-
Total receipts	147,402	-	-	-	-	184,091	45	11,139
Disbursements:								
Personal services	-	-	-	-	-	245,219	5,710	7,669
Supplies	-	-	-	-	-	-	-	-
Other services and charges	683	-	-	-	-	-	309	-
Capital outlay	56,236	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	56,919	-	-	-	-	245,219	6,019	7,669
Excess (deficiency) of receipts over disbursements	90,483	-	-	-	-	(61,128)	(5,974)	3,470
Cash and investments - ending	\$ 102,874	\$ 4,477	\$ 113	\$ 718	\$ 8,025	\$ 43,986	\$ 6,529	\$ 19,528

LAKE COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	LC Home Program	LC Comm Dev Cities & Towns	LC Dev. Rehabilitation	Sheriff's Therapy Dog Fund	LC Comm Dev Remp I.D.O.C.	HUD - NSP Grant	CAGIT Pass Thru	LC Economic Rev Loan
Cash and investments - beginning	\$ 20,510	\$ -	\$ 242	\$ 2,720	\$ 361,110	\$ 742	\$ -	\$ 756,607
Receipts:								
Taxes	-	-	-	-	-	-	126,888,906	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	437,117	801,388	334,074	-	-	38,672	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	145	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	113,314	-	1,933	-	74	153,973	-	180,650
Total receipts	<u>550,431</u>	<u>801,388</u>	<u>336,152</u>	<u>-</u>	<u>74</u>	<u>192,645</u>	<u>126,888,906</u>	<u>180,650</u>
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	196	-	-	-	-
Other services and charges	3,488	-	41	-	-	450	-	-
Capital outlay	549,533	801,388	335,301	-	-	56,768	-	600,832
Other disbursements	-	-	-	-	-	-	126,888,906	-
Total disbursements	<u>553,021</u>	<u>801,388</u>	<u>335,342</u>	<u>196</u>	<u>-</u>	<u>57,218</u>	<u>126,888,906</u>	<u>600,832</u>
Excess (deficiency) of receipts over disbursements	<u>(2,590)</u>	<u>-</u>	<u>810</u>	<u>(196)</u>	<u>74</u>	<u>135,427</u>	<u>-</u>	<u>(420,182)</u>
Cash and investments - ending	<u>\$ 17,920</u>	<u>\$ -</u>	<u>\$ 1,052</u>	<u>\$ 2,524</u>	<u>\$ 361,184</u>	<u>\$ 136,169</u>	<u>\$ -</u>	<u>\$ 336,425</u>

LAKE COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	C.D.B.G. Recapture Loans	Sheriff's Grants Fund	Homeland Security Grant	Family Court Initiative Grant	CEDIT Pass Thru	Justice Assistance Grant	Sheriff's SIG Grant Fund	COPS Interoperability Grant
Cash and investments - beginning	\$ 1,150,140	\$ 39,016	\$ 18,265	\$ 27,286	\$ -	\$ 14,515	\$ 15,944	\$ 5,162
Receipts:								
Taxes	-	-	-	-	25,377,781	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	31,916	8,302	20	-	231,761	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	521	-	-	-	-	-	-	-
Total receipts	<u>521</u>	<u>31,916</u>	<u>8,302</u>	<u>20</u>	<u>25,377,781</u>	<u>231,761</u>	<u>-</u>	<u>-</u>
Disbursements:								
Personal services	-	-	-	-	-	6,455	-	-
Supplies	-	1,656	-	-	-	16,628	-	-
Other services and charges	-	12,820	-	348	-	170,537	-	-
Capital outlay	650,000	25,373	8,302	-	-	37,875	-	-
Other disbursements	-	-	-	-	25,377,781	-	-	-
Total disbursements	<u>650,000</u>	<u>39,849</u>	<u>8,302</u>	<u>348</u>	<u>25,377,781</u>	<u>231,495</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(649,479)</u>	<u>(7,933)</u>	<u>-</u>	<u>(328)</u>	<u>-</u>	<u>266</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 500,661</u>	<u>\$ 31,083</u>	<u>\$ 18,265</u>	<u>\$ 26,958</u>	<u>\$ -</u>	<u>\$ 14,781</u>	<u>\$ 15,944</u>	<u>\$ 5,162</u>

LAKE COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	Detention Alternatives Grant	Criminal Court Tech Grant Fund	LC Dev Admin Budget	Substance Abuse Testing	Payment Error (Refunds)	Adult Guardianship Svcs Grant	Community Supervision Grant	Lake County Comm Correction
Cash and investments - beginning	\$ 322	\$ 2,010	\$ (1,769)	\$ 9,396	\$ 425,570	\$ 19,625	\$ 220,000	\$ 154,770
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	330,187	-	-	19,125	-	104,161
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	-	43,797	-	200,202	-	-	-
Total receipts	-	-	373,984	-	200,202	19,125	-	104,161
Disbursements:								
Personal services	-	-	339,341	-	-	-	-	41,168
Supplies	-	-	-	-	-	-	-	2,000
Other services and charges	-	-	22,895	8,782	-	38,750	155,758	102,754
Capital outlay	-	2,010	-	-	-	-	-	45,319
Other disbursements	-	-	-	-	228,869	-	-	-
Total disbursements	-	2,010	362,236	8,782	228,869	38,750	155,758	191,241
Excess (deficiency) of receipts over disbursements	-	(2,010)	11,748	(8,782)	(28,667)	(19,625)	(155,758)	(87,080)
Cash and investments - ending	<u>\$ 322</u>	<u>\$ -</u>	<u>\$ 9,979</u>	<u>\$ 614</u>	<u>\$ 396,903</u>	<u>\$ -</u>	<u>\$ 64,242</u>	<u>\$ 67,690</u>

LAKE COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	CPHCP High Conflict	CAGIT - PTRC	LC RDF for Juveniles Fund	Juvenile Secured Detention	Parks - Outside Cash	Community Economic Development	Employee Benefit Accruals	Inmate Trust
Cash and investments - beginning	\$ 20,810	\$ 2,699,490	\$ 15,017	\$ 24,662	\$ 22,208	\$ 2,006	\$ (1,460,307)	\$ 557,497
Receipts:								
Taxes	-	101,705,142	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	18,400	-	-	106,612	-	-	-	-
Charges for services	-	-	73,808	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	68,222	39,259	75,227,858	1,528,672
Total receipts	<u>18,400</u>	<u>101,705,142</u>	<u>73,808</u>	<u>106,612</u>	<u>68,222</u>	<u>39,259</u>	<u>75,227,858</u>	<u>1,528,672</u>
Disbursements:								
Personal services	4,090	-	-	113,753	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	15,650	-	-	4,478	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	<u>1,160</u>	<u>99,462,820</u>	<u>-</u>	<u>-</u>	<u>68,934</u>	<u>37,788</u>	<u>71,830,505</u>	<u>1,515,221</u>
Total disbursements	<u>20,900</u>	<u>99,462,820</u>	<u>-</u>	<u>118,231</u>	<u>68,934</u>	<u>37,788</u>	<u>71,830,505</u>	<u>1,515,221</u>
Excess (deficiency) of receipts over disbursements	<u>(2,500)</u>	<u>2,242,322</u>	<u>73,808</u>	<u>(11,619)</u>	<u>(712)</u>	<u>1,471</u>	<u>3,397,353</u>	<u>13,451</u>
Cash and investments - ending	<u>\$ 18,310</u>	<u>\$ 4,941,812</u>	<u>\$ 88,825</u>	<u>\$ 13,043</u>	<u>\$ 21,496</u>	<u>\$ 3,477</u>	<u>\$ 1,937,046</u>	<u>\$ 570,948</u>

LAKE COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	Jail Commissary	Unfunded Money	Animal Control	Sheriff	Juvenile Division	Clerk	Community Corrections Commissary	LC GO Bonds Series 2014B
Cash and investments - beginning	\$ 22,103	\$ 16,925,323	\$ 1,093	\$ 315,037	\$ -	\$ 12,410,045	\$ 32,309	\$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	939,603	16,855,948	768	11,878,055	5,314	40,380,188	116,221	11,925,597
Total receipts	939,603	16,855,948	768	11,878,055	5,314	40,380,188	116,221	11,925,597
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	54,133
Other services and charges	-	-	-	-	-	-	-	588,981
Capital outlay	-	-	-	-	-	-	-	3,855,636
Other disbursements	944,961	16,925,323	1,807	11,810,261	5,314	39,682,142	96,357	393,600
Total disbursements	944,961	16,925,323	1,807	11,810,261	5,314	39,682,142	96,357	4,892,350
Excess (deficiency) of receipts over disbursements	(5,358)	(69,375)	(1,039)	67,794	-	698,046	19,864	7,033,247
Cash and investments - ending	\$ 16,745	\$ 16,855,948	\$ 54	\$ 382,831	\$ -	\$ 13,108,091	\$ 52,173	\$ 7,033,247

LAKE COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	Building Construction Fund	Highway Project Fund	Commuter Rail Extension/Improv	Family Court Grant Fund	Sheriff Aviation Unit Grant Fund	Hermit's Lake Debt Reserve	Sewage Collections	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,945	\$ 151,552	\$ 133,725,422
Receipts:								
Taxes	-	-	-	-	-	-	-	978,720,923
Licenses and permits	-	-	-	-	-	-	-	678,857
Intergovernmental receipts	-	-	-	40,000	23,000	-	-	97,622,540
Charges for services	-	-	-	-	-	-	-	12,083,144
Fines and forfeits	-	-	-	-	-	-	-	7,294,082
Utility fees	-	-	-	-	-	-	186,661	186,661
Other receipts	12,333,820	7,174,694	114,884	-	-	-	458,880	241,418,320
Total receipts	<u>12,333,820</u>	<u>7,174,694</u>	<u>114,884</u>	<u>40,000</u>	<u>23,000</u>	<u>-</u>	<u>645,541</u>	<u>1,338,004,527</u>
Disbursements:								
Personal services	-	-	-	2,199	-	-	-	134,510,702
Supplies	-	50,307	-	-	5,885	-	-	6,621,582
Other services and charges	152,966	5,778,467	-	8,643	-	-	-	64,905,749
Capital outlay	1,114,723	-	-	-	-	-	-	37,760,271
Other disbursements	-	-	-	-	-	-	596,918	1,080,563,616
Total disbursements	<u>1,267,689</u>	<u>5,828,774</u>	<u>-</u>	<u>10,842</u>	<u>5,885</u>	<u>-</u>	<u>596,918</u>	<u>1,324,361,920</u>
Excess (deficiency) of receipts over disbursements	<u>11,066,131</u>	<u>1,345,920</u>	<u>114,884</u>	<u>29,158</u>	<u>17,115</u>	<u>-</u>	<u>48,623</u>	<u>13,642,607</u>
Cash and investments - ending	<u>\$ 11,066,131</u>	<u>\$ 1,345,920</u>	<u>\$ 114,884</u>	<u>\$ 29,158</u>	<u>\$ 17,115</u>	<u>\$ 45,945</u>	<u>\$ 200,175</u>	<u>\$ 147,368,029</u>

LAKE COUNTY  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2015

Government or Enterprise	Accounts Payable	Accounts Receivable
Hermit's Lake Sewer User Fee	\$ 30,222	\$ -
Governmental activities	13,516,283	-
Totals	\$ 13,546,505	\$ -

LAKE COUNTY  
SCHEDULE OF LEASES AND DEBT  
December 31, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
American Eurocopter Corporation / SunTrust Equipment Finance	Purchased new Helicopter	\$ 101,861	07/15/2009	01/15/2016
PNC Equip Finance	Highway Snow Plow Truck Lease	85,355	01/03/2013	01/03/2018
PNC Equip Finance	Highway Mower Decks	43,178	06/18/2015	06/18/2018
Lake County 2000 Building Corporation	Capital Improvements	<u>2,618,000</u>	08/01/2013	02/01/2024
Total of annual lease payments		<u>\$ 2,848,394</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	\$ 6,060,000	\$ 1,520,138
General obligation bonds	Energy Savings Phase I	3,685,000	2,579,375
General obligation bonds	Lake County Highway Garage	1,060,000	733,290
General obligation bonds	Parks #4 - Improvements & Acquisitions	585,000	609,131
General obligation bonds	Highway Improvements	3,885,000	582,063
General obligation bonds	Series 2012B - Lake County Jail Construction	3,550,000	839,063
General obligation bonds	Series 2012C - Lake County Operating Fund	2,830,000	1,166,050
General obligation bonds	Series 2012D-1 - Construction Fund	3,500,000	66,150
General obligation bonds	Series 2012D-2 - Reimbursement Fund	3,125,000	1,480,768
General obligation bonds	Park District Bonds Of 2013 for Improvements	1,820,000	656,750
General obligation bonds	GO Bonds 2014B Building/Jail Improvements & Paving	11,475,000	1,363,606
General obligation bonds	GO Bond 2015A Improvements to County Buildings, Parking Areas, and Bridges	12,000,000	805,000
General obligation bonds	GO Bond 2015B Highway Projects	7,000,000	166,250
General obligation bonds	GO Bond 2015C Pay Outstanding Judgments	6,300,000	516,249
General obligation bonds	Public Safety Tax Bonds-Series 2014A E911 Improvements	19,440,000	1,659,919
General obligation bonds	Park District Bonds of 2014 - Refinance 2005 Series	24,275,000	1,692,694
Notes and loans payable	Master Lease/Purchase Agreement - Helicopter	-	-
Notes and loans payable	Ad Valorem Property Tax Series 2012 Lake County 2000 Bldg Corp	-	-
General obligation bonds	Judgment Funding General Obligation Bonds of 2012	<u>4,745,000</u>	<u>1,392,363</u>
Total governmental activities		<u>115,335,000</u>	<u>17,828,859</u>
Hermit's Lake Sewer User Fee:			
Notes and loans payable	Improvements at Hermit's Lake Sewage Treatment Plant	<u>184,199</u>	<u>40,796</u>
Totals		<u>\$ 115,519,199</u>	<u>\$ 17,869,655</u>

LAKE COUNTY  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2015

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	\$ 27,819,137
Infrastructure	258,359,324
Buildings	143,371,798
Machinery, equipment, and vehicles	53,476,985
Construction in progress	3,038,707
Total governmental activities	486,065,951
Hermit's Lake Sewer User Fee:	
Land	21,040
Improvements other than buildings	969,251
Total Hermit's Lake Sewer User Fee	990,291
Total capital assets	\$ 487,056,242

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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 *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015. 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 Federal statutes, regulations, and the terms and conditions of its Federal awards 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. Except as discussed below, 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Community Development Block Grants/Entitlement Grants***

As described in item 2015-006 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the County with Community Development Block Grants/Entitlement Grants regarding Procurement and Suspension and Debarment. Consequently, we were unable to determine whether the County complied with those requirements applicable to the program.

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

***Qualified Opinion on Community Development Block Grants/Entitlement Grants***

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* paragraph 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 Community Development Block Grants/Entitlement Grants for the year ended December 31, 2015.

***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 each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2015.

***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 the 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 types 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 the Uniform Guidance, 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.


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. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section 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. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2015-006 and 2015-007 that we consider to be material weaknesses.

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

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

November 16, 2016

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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, 2015

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	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
Juvenile Center Breakfast Program			FY2015	\$ -	\$ 25,681
National School Lunch Program	Indiana Department of Education	10.555			
Juvenile Center Lunch Program			FY2015	-	40,543
Total - Child Nutrition Cluster				-	66,224
Total - Department of Agriculture				-	66,224
<u>Department of Commerce</u>					
Coastal Zone Management					
Administration Awards	Indiana Department of Natural Resources	11.419			
Coastal Zone Management			CZ212	-	105,000
Administration Awards				-	-
Total - Department of Commerce				-	105,000
<u>Department of Housing and Urban Development</u>					
Community Development Block					
Grants/Entitlement Grants	Direct Grant	14.218			
Neighborhood Stabilization Program-NSP 1			B-08-UN-18-0002	-	38,672
Neighborhood Stabilization Program-NSP 3			B-11-UN-18-0002	-	38,854
CDBG			B-13-UC-18-0016	22,286	1,158,551
CDBG			B-14-UC-18-0016	-	173,990
CDBG			B-15-UC-18-0016	7,500	133,107
Total - Community Development Block				29,786	1,543,174
Grants/Entitlement Grants				-	-
Home Investment Partnerships Program	Direct Grant	14.239			
LC Home Program			M-12-UC-18-0207	-	21,666
LC Home Program			M-13-UC-18-0207	-	327,876
Lake County Home Program			M-14-UC-18-0207	-	87,575
Total - Home Investment Partnerships Program				-	437,117
Total - Department of Housing and Urban Development				29,786	1,980,291
<u>Department of Justice</u>					
Edward Byrne Memorial Justice					
Assistance Grant Program	Direct Grant	16.738			
Justice Assistance Grant			2011-DJ-BX-3472	-	22,000
Justice Assistance Grant			2012-DJ-BX-0979	-	40,847
Justice Assistance Grant			2013-DJ-BX-0775	-	71,488
Justice Assistance Grant			2014-DJ-BX-0682	-	118,856
Justice Assistance Grant			2015-DJ-BX-0646	-	304
Total - Edward Byrne Memorial Justice				-	253,495
Grant Program				-	-
Edward Byrne Memorial Justice					
Assistance Grant Program	Indiana Criminal Justice Institute				
Reentry Court Grant			2013-DJ-BX-0039	-	10,491
Total - Edward Byrne Memorial Justice				-	263,986
Assistance Grant Program				-	-
Crime Victim Assistance	Indiana Criminal Justice Institute	16.575			
VOCA Grant			13VA2476	-	28
VOCA Grant			13VA2282	-	109
VOCA Grant			14VA2476	-	35,780
VOCA Grant			14VA2282	-	31,176
Total - Crime Victim Assistance				-	67,093
State Criminal Alien Assistance Program	Direct Grant	16.606			
SCAAP			2012-AP-BX-0363	-	16,916
Equitable Sharing Program	Direct Grant	16.922			
Equity Sharing			IND450000	-	265,372
Total - Department of Justice				-	613,367

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, 2015  
(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	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster					
Highway Planning and Construction	Indiana Department of Transportation	20.205			
Bridge 61			DES #1400843	-	18,191
Bridge Inspection			DES# 9982620	-	99,315
Bridge Inspection			DES#1005386	-	1,722
Bike Trail			DES#1005521	-	4,786
Bridge Inspection			DES#1382090	-	141,281
45th Avenue-Phase II			DES#9980090	-	53,764
Veterans Memorial			DES#9981680	-	61,967
Total - Highway Planning and Construction				-	381,026
Total - Highway Planning and Construction Cluster				-	381,026
Highway Safety Cluster					
State and Community Highway Safety Operation Pullover	Indiana Criminal Justice Institute	20.600	D3-15-8942	-	11,139
Total - Highway Safety Cluster				-	11,139
Total - Department of Transportation				-	392,165
<u>Environmental Protection Agency</u>					
Great Lakes Program Park Grant	Indiana Department of Natural Resources	66.469	CZ0136	-	205,195
Total - Environmental Protection Agency				-	205,195
<u>Department of Health and Human Services</u>					
Child Support Enforcement	Indiana Department of Child Services	93.563			
Title IV-D			County Clerk	-	171,470
Title IV-D Incentive			County Clerk	-	101,218
Title IV-D			County Court	-	181,618
Title IV-D Incentive			County Court	-	245,219
Title IV-D			County Prosecutor	-	1,903,280
Title IV-D Incentive			County Prosecutor	-	67,543
Title IV-D			Indirect Costs	-	908,444
Title IV-D			Circuit Court	-	27,224
Total - Child Support Enforcement				-	3,606,016
ARRA-Child Support Enforcement Title IV-D Incentive	Indiana Department of Child Services	93.563	County Prosecutor	-	16,704
Total - Child Support Enforcement				-	3,622,720
Social Services Block Grant Adult Protective Services Grant	Indiana Family and Social Services Administration	93.667	45-16-PV-1222-01	-	4,701
Human Immunodeficiency Virus(HIV)/ Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance HIV/AIDS Surveillance	Indiana Department of Health	93.944	5U62P001049-03	-	74,220
Total - Department of Health and Human Services				-	3,701,641
<u>Department of Homeland Security</u>					
Emergency Management Performance Grants Emergency Management Performance Grants	Indiana Department of Homeland Security	97.042	EMW-2015-EP-00037	-	53,631
Total - Department of Homeland Security				-	53,631
Total federal awards expended				\$ 29,786	\$ 7,117,514

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 (SEFA) includes the federal grant activity of the County under programs of the federal government for the year ended December 31, 2015. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the County, it is not intended to and does not present the financial position of the County.

**Note 2. *Summary of Significant Accounting Policies***

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The County has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

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
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
14.218	Community Development Block Grants/Entitlement Grants	Qualified
93.563	Child Support Enforcement	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? no

**Section II - Financial Statement Findings**

**FINDING 2015-001 - INTERNAL CONTROLS AND COMPLIANCE  
OVER FINANCIAL TRANSACTIONS AND REPORTING**

*Condition*

There were several deficiencies in the internal control system of the County related to financial transactions and reporting. Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the County's audited financial statement and then determining how those identified risks should be managed. The County had not identified risks to the preparation of the financial statement to prevent or detect and correct material misstatements.

The County Auditor was responsible for preparing the Annual Financial Report (AFR) and electronically submitting it to the Indiana State Board of Accounts via the Gateway system. The financial information in the AFR was used to generate the financial statement to be audited.

LAKE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The information included in the AFR was gathered and entered into Gateway by one employee in the County Auditor's office without an oversight or review process to prevent or detect errors. In addition, the County Auditor's office did not have procedures in place to ensure that the financial information provided by departments not accounted for by the County Auditor was accurate and complete. The financial statement presented for audit contained the following errors:

1. The beginning cash and investment balances did not agree with the prior audited ending cash and investment balances for six funds. The variances totaling \$24,529 were caused by prior approved adjustments that were not made to the County's records which affected the beginning cash and investment balances.
2. The financial statement receipts were understated by \$13,664,018. This was caused by errors and not properly including all funds in the County's AFR.
3. The financial statement disbursements were understated by \$13,266,304. This was caused by errors and not properly including all funds in the County's AFR.
4. The financial statement ending cash and investment balance was understated by \$422,248. The understatement was caused by the errors and adjustments that occurred with the beginning cash and investment balances, the receipts, and the disbursements addressed in the above items.

Audit adjustments were proposed, accepted by the County Auditor, and made to the financial statement.

In addition, the County issued receipts in batches on pre-numbered forms. At the beginning of each day, the employee who entered receipt information had to enter a beginning sequence number for that day. That sequence number became the receipt number in the County's ledger. The sequence number should have mirrored the receipt number on the pre-numbered form. The County failed to implement effective controls to ensure that the sequence number entered mirrored the pre-numbered form. The County ledger contained 37 instances in which the same sequence number was used on 2 different days.

*Criteria*

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 Auditors of Indiana, Chapter 14)

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

LAKE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Cause*

Management of the County had not established a proper system of internal control.

*Effect*

The failure to establish controls enabled misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the County at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, misstatements in a timely manner. The financial statement contained the errors identified in the *Condition*.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

***FINDING 2015-002 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

*Condition*

The County did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

The department's reports did not reconcile to the County's financial records. The internal controls established were not effective in detecting and correcting errors.

The federal expenditures on the SEFA presented for audit were overstated by \$779,691. Federal expenditures were understated \$340,227 in total for seven grants; and were overstated \$1,119,918 in total for five grants.

Audit adjustments were proposed, accepted by the County, and made to the SEFA.

*Criteria*

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 Auditors of Indiana, Chapter 14).

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

LAKE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe the significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

*Cause*

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

*Effect*

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition*.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

LAKE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**FINDING 2015-003 - INTERNAL CONTROLS AND COMPLIANCE OVER TREASURER'S DAILY BALANCE OF CASH AND DEPOSITORIES AND AUDITOR'S FUNDS LEDGER**

*Condition*

The County Treasurer's office was responsible for maintaining the Treasurer's Daily Balance of Cash and Depositories (Cash Book). The Cash Book reflected 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.

As part of the monthly reconciliation process, the County Auditor's office compared the County Auditor's funds ledger balance to the County Treasurer's calculated Funds Ledger line per the Cash Book. As of December 31, 2014, the County Auditor's office reconciliation and the funds ledger balance agreed. However, a reconciling item of \$240,847 did not have the proper supporting documentation to substantiate the amount. The County Treasurer's office recorded a negative quietus (receipt) in the County Treasurer's "Funds Ledger" line; however, a corresponding entry was not posted to the County Auditor's funds ledger. The County Treasurer's Cash Book "Funds Ledger - Cash" line item should not have been adjusted without the proper supporting documentation and a corresponding entry in the County Auditor's funds ledger.

In addition, cash short or cash long entries were recorded in the Cash Book which indicates 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, payments by credit card, electronic check timing differences, and bank errors.

The cumulative cash short and cash long at December 31, 2012, 2013, 2014, and 2015 were as follows:

Description	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015
Cash Short	\$ 538,136.20	\$ 48,472.24	\$ 48,455.84	\$ 49,107.15
Cash Long	150,436.29	154,459.90	162,309.26	159,353.58
Unsubstantiated Adjustment	-	481,694.42	240,847.21	240,847.21
Net (Short)/Long	<u>\$ (387,699.91)</u>	<u>\$ (375,706.76)</u>	<u>\$ (126,993.79)</u>	<u>\$ (130,600.78)</u>

The cumulative cash short noted above, while large, is not material to the financial statement at December 31, 2015. As of August 31, 2016, the reconciling item totaling \$240,847 between the County Auditor's and County Treasurer's office had not been resolved.

*Criteria*

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)

LAKE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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)

*Cause*

Management of the County had not established a proper system of internal control.

*Effect*

The failure to establish controls enabled material misstatements or irregularities to remain undetected.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2015-004 - FINANCIAL TRANSACTIONS AND REPORTING - CLERK OF THE CIRCUIT COURT**

*Condition*

Internal controls over receipting, disbursing, recording, and accounting for the financial activities of the Clerk of the Circuit Court were insufficient. There were several deficiencies in the internal control system of the Clerk of the Circuit Court's office related to financial transactions and reporting that constituted material weaknesses:

1. Lack of Segregation of Duties: The Clerk of the Circuit Court's office had not separated incompatible activities related to receipts, disbursements, and cash and investment balances.

The Clerk of the Circuit Court's office had multiple offices and divisions. The divisions generally have a division manager, a bookkeeper, and multiple clerks. The various clerks issued receipts for amounts received and remitted the receipts and related collections to the bookkeepers, who also issued receipts for collections from the public. The bookkeepers made adjustments for receipt errors, closed and recorded the daily transactions, issued checks, prepared the bank deposit, and reconciled the bank accounts. In some divisions, the bookkeeper also took the deposit to the bank.

2. Preparing Financial Statement: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the County's audited financial statement and then determining how those identified risks should be managed.

LAKE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The Clerk of the Circuit Court did 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) and financial statement. The Clerk fund included in the financial statement included all receipts and disbursements of the Clerk of the Circuit Court's office, cash balances due to other governmental entities, and items held in trust for others.

The financial information provided by the Clerk of the Circuit Court to be included in the County's 2015 financial statement contained numerous errors and omissions. The Clerk of the Circuit Court had 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, 2015, as well as their receipts and disbursements for 2015 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 financial statement.

The total cash and investments reported on the 2015 financial statement was \$11,981,729; the audited cash and investments balance as of December 31, 2015, was \$13,108,091. The \$1,126,362 understatement of the ending cash and investments balance was the result of the beginning cash and investment balance not agreeing with the prior year's ending balance by \$704,780. In addition, the reported receipts and disbursements were understated by \$469,696 and \$48,114, respectively, for the year.

Identified errors that contributed to the differences were due to not reporting the prior audited ending balances as the beginning balances for 2015 and the activity of the court ordered investments. The audit adjustments were included in the variances noted in Finding 2015-001 above and the County Auditor approved the proposed adjustments to the financial statement.

*Criteria*

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)

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)

LAKE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Cause*

Management of the Clerk of the Circuit Court had not established a proper system of internal control. Management also had not conducted a risk assessment related to the Clerk of the Circuit Court's financial transactions and reporting.

*Effect*

The failure to establish controls enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the Clerk of the Circuit Court at risk that controls may not have been either designed properly or operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, material misstatements in a timely manner.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2015-005 - INTERNAL CONTROLS AND COMPLIANCE  
OVER FINANCIAL TRANSACTIONS AND REPORTING - SHERIFF**

*Condition*

There were several deficiencies in the internal control system of the County Sheriff's Department related to financial transactions and reporting. The following deficiencies constituted material weaknesses.

1. Lack of Segregation of Duties: The County Sheriff's Department had not separated incompatible activities related to receipts and disbursements.

The County Sheriff's Department had multiple offices and divisions. Those divisions with a lack of segregation of duties included Civil, Inmate Trust, Commissary, and the Lake County Drug Task Force. In the Civil, Inmate Trust, and Lake County Drug Task Force divisions, one employee was responsible for receipting and disbursing funds, reconciling the monthly bank statements to the respective ledgers, and posting transactions to the ledgers. For the Commissary division, one employee was responsible for disbursing funds, reconciling to the bank, and posting transactions to the ledger.

2. Receipt Issuance: Receipts were not issued for collections made by the Commissary division. Commissary collections were from three main sources: purchases made from Inmate Trust, commission from telephone calls, and commission from video conferences.

*Criteria*

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making the payment. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

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 Counties of Indiana, Chapter 1)

*Cause*

Management of the County Sheriff's Department had not established a proper system of internal control.

*Effect*

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2015-006 - PROCUREMENT AND SUSPENSION AND DEBARMENT**

Federal Agency: Department of Housing and Urban Development  
Federal Program: Community Development Block Grants/Entitlement Grants  
CFDA Number: 14.218  
Federal Award Numbers and Years (or Other Identifying Numbers): B-08-UN-18-0002,  
B-11-UN-18-0002,  
B-13-UC-18-0016  
B-14-UC-18-0016,  
B-15-UC-18-0016

The Procurement issue is a repeat finding from the immediate prior year; Finding 2014-006.

*Condition*

An effective internal control system was not in place at the County's Community Economic Development Department (Department) in order to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

LAKE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The Department's procedure was to maintain a "Bidder's List" to recap all of the submitted data about a projects procurement status and a checklist that contained a line item for checking for suspended and debarred vendors. It was determined that the Department's procedures were not effective since project files did not contain a completed "Bidder's List" or checklist.

The Department failed to comply with the purchasing policy approved by the Board of County Commissioners (Commissioner). According to the Commissioner's procurement policy, any contractual obligations must be approved by the Board of Commissioners after following the guidelines outlined in Indiana Code 5-22. The Department was to obtain three quotes for purchases of \$50,000 or less. Documents pertaining to procurement, such as quotes, were not retained for audit.

*Context*

Of the 18 vendors tested within four drawdown requests; there were eight instances of noncompliance with the Commissioner's procurement policy. Sixteen of the 18 vendor project folders tested did not include a quote/bidder's listing. Six of the 18 vendor project folders tested did not include the checklist noting that the Suspension and Debarment requirements were completed. This was a systemic problem as a majority of the procurement and suspension and debarment documentation tested was not retained for audit for certain types of projects.

*Criteria*

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

24 CFR 85.36 states in part:

"(a) *States.* When procuring property and services under a grant, a State will follow the same policies and procedures it uses for procurements from its non-Federal funds. The State will ensure that every purchase order or other contract includes any clauses required by Federal statutes and executive orders and their implementing regulations. Other grantees and subgrantees will follow paragraphs (b) through (i) in this section.

(b) *Procurement standards.* (1) 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. . . ."

LAKE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2 CFR 200.318(a) states:

"The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part."

2 CFR 200.319(a) states in part:

"All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this section. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. . . ."

2 CFR 200.320(b) states in part:

"Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources. . . ."

The Commissioner's Order on Centralized Purchasing and Purchasing Agent states in part:

". . . (d) Any contractual obligations under any sections of the following statute 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, . . .
- (4) Any public works project under IC 36-1-12, . . .

(i) The Board of Commissioners adopts the following policy on purchasing: . . .

- (2) In accordance with IC 5-22-8 the purchasing agent with the approval of the Board of Commissioners shall be authorized to purchase up to \$50,000 under IC 5-22 or other purchasing laws on the open market without notices or bids if these quotes are obtained from three vendors selected and approved by the Board of Commissioners. . ."

Indiana Code 5-15-6-3(d) states:

"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

LAKE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Cause*

Management had not developed a system of internal controls to ensure compliance with approved policies.

*Effect*

The failure to establish an effective internal control system enabled noncompliance to go undetected related to the Commissioner's procurement policy. Noncompliance with the grant agreement and the compliance requirements could have resulted in the loss of federal funds to the Department. Due to the lack of quote/bidder's listing and Suspension and Debarment checklist, we were unable to determine compliance for these requirements.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the County's management establish controls to ensure compliance and comply with the compliance requirement noted above.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2015-007 - PROGRAM INCOME AND REPORTING**

Federal Agency: Department of Housing and Urban Development  
Federal Program: Community Development Block Grants/Entitlement Grants  
CFDA Number: 14.218  
Federal Award Numbers and Years (or Other Identifying Numbers): B-08-UN-18-0002,  
B-11-UN-18-0002,  
B-13-UC-18-0016,  
B-14-UC-18-0016

The Reporting issue is a repeat finding from the immediate prior year; Finding 2014-007.

*Condition*

An effective internal control system was not in place at the County's Community Economic Development Department (Department) in order to ensure compliance with requirements related to the grant agreement and the Program Income and Reporting compliance requirements.

The Department did not have policies or procedures in place to ensure that NSP program income receipts were recorded in both the County's accounting system and the DRGR (Disaster Recovery Grant Reporting) system for Housing and Urban Development (HUD).

The Department had not developed nor documented a system of internal controls for the HUD 60002, Section 3 Summary Report reporting requirements.

LAKE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Context*

There were only two NSP program income receipts; however, the total receipted was \$262,520 for the two sold NSP homes. These two receipts were the majority of the program income.

This is isolated to only the HUD 60002, Section 3 Summary Report annual performance reporting requirements. The Financial Reports for the Community Development Block Grant had a documented control.

*Criteria*

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. . . ."

*Cause*

The Department failed to establish a proper internal control structure to ensure compliance with requirements associated with the Program Income and Reporting compliance requirements.

*Effect*

The failure to establish internal controls could have enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could have resulted in the loss of federal funds to the Department.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the County's management establish controls related to the grant agreement and the Program Income and Reporting compliance requirements.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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#### AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the County. The documents are presented as intended by the County.

JOHN E. PETALAS  
AUDITOR



*Auditor Lake County*

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

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FINDING NO. 2014-001**

**INTERNAL CONTROLS AND COMPLIANCE OVER FINANCIAL  
TRANSACTIONS AND REPORTING**

Fiscal year: 2014

Auditee Contact Person: Michael T. Wieser

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

Phone Number: (219) 755-3129

Status of Audit Finding:

Due to the timing of these reports, no action was taken in 2015. The County is working to implement controls to resolve these types of issues.

Michael Wieser  
Finance Director  
11/10/16

JOHN E. PETALAS  
AUDITOR



*Auditor Lake County*

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FINDING NO. 2014-002**

**PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL  
AWARDS**

Fiscal year: 2014

Auditee Contact Person: Michael T. Wieser

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

Phone Number: (219) 755-3129

Status of Audit Finding:

Due to the timing of these reports, no action was taken in 2015. The County is trying to implement controls to resolve these type of issues.

Michael Wieser  
Finance Director  
11/10/16

JOHN E. PETALAS  
AUDITOR



*Auditor Lake County*

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FINDING NO. 2014-003**

**INTERNAL CONTROLS AND COMPLIANCE OVER TREASURER'S DAILY  
BALANCE OF CASH AND DEPOSITORIES AND THE AUDITOR'S FUNDS  
LEDGER**

Fiscal year: 2014

Auditee Contact Person: Michael T. Wieser

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

Phone Number: (219) 755-3129

Status of Audit Finding:

Due to the timing of these reports, no action was taken in 2015. The County is working to determine the best solution to resolve the issue.

Michael Wieser  
Finance Director  
11/10/16



JOHN PETALAS  
Auditor

PEGGY HOLINGA KATONA  
TREASURER

### Auditor Lake County Treasurer Lake County

Lake County Government Center  
2293 N Main Street  
Crown Point, IN 46307

#### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS


#### FINDING 2014-003


#### INTERNAL CONROLS AND COMPLIANCE OVER TREASURERS DAILY BALANCE OF CASH AND DEPOSITORIES AND THE AUDITORS FUND LEDGER

Contact Person Responsible for Corrective Action: Michael Wieser  
Contact Phone Number: (219) 755-3129

Description of Corrective Action Plan:

Due to the timing of these reports, no action was taken in 2015. The County is working to determine the best solution to resolve the issue.

  
John Petalas, Auditor OG  
11-28-16

Date  
  
Peggy Holinga Katona, Treasurer  
11-28-16  
Date

JOHN E. PETALAS  
AUDITOR



*Auditor Lake County*

LAKE COUNTY GOVERNMENT CENTER  
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CROWN POINT, INDIANA 46307



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FINDING NO. 2014-004**

**FINANCIAL TRANSACTIONS AND REPORTING-COUNTY CLERK**

Fiscal year: 2014  
Auditee Contact Person: Rebecca Dowling  
Title of Contact Person: Deputy  
Phone Number: (219) 755-3067

**Status of Audit Finding:**

Due to the timing of these reports, no action was taken in 2015. The County Clerks office is working to implement the controls necessary to resolve the issue.

Michael Wieser  
Finance Director  
11/16/16

JOHN E. PETALAS  
AUDITOR



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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FINDING NO. 2014-005**

**INTERNAL CONTROLS AND COMPLIANCE OVER FINANCIAL  
TRANSACTIONS AND REPORTING-SHERIFF**

Fiscal year: 2014

Auditee Contact Person: Melanie Dillon

Title of Contact Person: Deputy

Phone Number: (219) 755-3428

Status of Audit Finding:

Due to the timing of these reports, no action was taken in 2015. The County Sheriff's office is working to implement the controls necessary to resolve the issue.

Michael Wieser

Finance Director

11/21/16



**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**

Executive Director  
Timothy A. Brown

Redevelopment  
Commission  
Members:

**November 14, 2016**

President  
Randy Palmateer

**Summary Schedule of Prior Audit Findings**

Vice President  
Jamal Washington

Secretary  
John Brezik

**Finding 2014-006**

Treasurer  
Deborah Trevino

**Fiscal year in which the finding initially occurred: 2014**

Members  
Gerry Scheub  
Tom Bainbridge

**Federal Agency: HUD**

**Contact Person Responsible for Corrective Action: Timothy A. Brown**

**Title of Contact Person: Executive Director**

**Phone Number: (219) 755-3225**

**Status of Audit Findings:**

The Lake County Community Economic Development Department is still working to implement controls to ensure compliance with the requirements addressed in Finding 2014-006 Procurement.

A handwritten signature in cursive script, appearing to read "Timothy A. Brown", written over a horizontal line.

**Timothy A. Brown**

**Executive Director**

**November 14, 2016**



**LAKE COUNTY  
COMMUNITY ECONOMIC DEVELOPMENT DEPARTMENT**

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**econdev@lakecountyin.com**

Executive Director  
Timothy A. Brown

Redevelopment  
Commission  
Members:

November 14, 2016

President  
Randy Palmateer

**Summary Schedule of Prior Audit Findings**

Vice President  
Jamal Washington

Secretary  
John Brezik

**Finding 2014-007**

Treasurer  
Deborah Trevino

**Fiscal year in which the finding initially occurred: 2014**

**Federal Agency: HUD**

Members  
Gerry Scheub  
Tom Bainbridge

**Contact Person Responsible for Corrective Action: Timothy A. Brown**

**Title of Contact Person: Executive Director**

**Phone Number: (219) 755-3225**

**Status of Audit Findings:**

**The Lake County Community Economic Development Department is still working to implement controls to ensure compliance with the requirements addressed in Finding 2014-007 Reporting - CDBG.**

A handwritten signature in black ink, appearing to read "Timothy A. Brown", written over a horizontal line.

**Timothy A. Brown**

**Executive Director**

**November 14, 2016**



**LAKE COUNTY  
COMMUNITY ECONOMIC DEVELOPMENT DEPARTMENT**

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Executive Director  
Timothy A. Brown

Redevelopment  
Commission  
Members:

**November 14, 2016**

President  
Randy Palmateer

**Summary Schedule of Prior Audit Findings**

Vice President  
Jamal Washington

Secretary  
John Brezik

**Finding 2014-008**

Treasurer  
Deborah Trevino

**Fiscal year in which the finding initially occurred: 2014**

**Federal Agency: HUD**

Members  
Gerry Scheub  
Tom Bainbridge

**Contact Person Responsible for Corrective Action: Timothy A. Brown**

**Title of Contact Person: Executive Director**

**Phone Number: (219) 755-3225**

**Status of Audit Findings:**

**The Lake County Community Economic Development Department is still working to implement controls to ensure compliance with the requirements addressed in Finding 2014-008 Matching and Reporting – HOME Program.**

**Timothy A. Brown**

**Executive Director**

**November 14, 2016**



**LAKE COUNTY  
COMMUNITY ECONOMIC DEVELOPMENT DEPARTMENT**

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**econdev@lakecountyin.com**

Executive Director  
Timothy A. Brown

Redevelopment  
Commission  
Members:

**November 14, 2016**

President  
Randy Palmateer

**Summary Schedule of Prior Audit Findings**

Vice President  
Jamal Washington

Secretary  
John Brezik

**Finding 2014-009**

Treasurer  
Deborah Trevino

**Fiscal year in which the finding initially occurred: 2014**

Members  
Gerry Scheub  
Tom Bainbridge

**Federal Agency: HUD**

**Contact Person Responsible for Corrective Action: Timothy A. Brown**

**Title of Contact Person: Executive Director**

**Phone Number: (219) 755-3225**

**Status of Audit Findings:**

**The Lake County Community Economic Development Department is still working to implement controls to ensure compliance with the requirements addressed in Finding 2014-009 Special Tests and Provisions - HQS.**

A handwritten signature in black ink, appearing to read "Timothy A. Brown", written over a horizontal line.

**Timothy A. Brown**

**Executive Director**

**November 14, 2016**

JOHN E. PETALAS  
AUDITOR



*Auditor Lake County*

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FINDING NO. 2014-010**  
**ALLOWABLE COSTS/COSTS PRINCIPLES**

Fiscal year: 2014

Auditee Contact Person: Michael T. Wieser

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

Phone Number: (219) 755-3129

**Status of Audit Finding:**

Lake County Auditor's staff met with John Mallers , representative of Maximus on October 20, 2014. The vendor provided a page by page narrative to Michael Wieser and Karen Jones. In the meeting the vendor provided the documentation used to compile his report and the information was verified by Auditor staff by using Lake County financial reports

Michael Wieser  
Finance Director  
11/16/16

JOHN E. PETALAS  
AUDITOR



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## CORRECTIVE ACTION PLAN

FINDING NO. 2015-001

INTERNAL CONTROLS AND COMPLIANCE OVER FINANCIAL  
TRANSACTIONS AND REPORTING

Auditee Contact Person: Michael Wieser  
Title of Contact Person: Finance Director

Phone Number: (219) 755-3129

**Description of Corrective Action Plan:**

The County has identified the deficiencies as they relate to financial transactions and reporting. The County had differences in the annual financial reports and will take steps to correct the prior erroneous entries with the aid of the SBOA.

Time of Completion: December, 2016

 11/10/16

Michael Wieser  
Finance Director

JOHN E. PETALAS  
AUDITOR



*Auditor Lake County*

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## **CORRECTIVE ACTION PLAN**

FINDING NO. 2015-002

**PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL  
AWARDS**


Auditee Contact Person: Michael Wieser  
Title of Contact Person: Finance Director

Phone Number: (219) 755-3129

**Description of Corrective Action Plan:**

The County has identified the errors in the SEFA report and will be implementing a system that will include an independent grant coordinator who will compile all grant information and present this information to members of the Lake County Auditor's Office staff, explaining in detail all information contained in the report. The Auditor's staff will document said presentation and have the proper supervisor provide assistance to the employee responsible during the entry of information into the SEFA schedule

Time of Completion: January 2017

  
Michael Wieser  
Finance Director



JOHN PETALAS  
Auditor

PEGGY HOLINGA KATONA  
TREASURER

### Auditor Lake County Treasurer Lake County

Lake County Government Center  
2293 N Main Street  
Crown Point, IN 46307

#### CORRECTIVE ACTION PLAN

#### FINDING 2015-003

#### **INTERNAL CONROLS AND COMPLIANCE OVER TREASURERS DAILY BALANCE OF CASH AND DEPOSITORIES AND THE AUDITORS FUND LEDGER**

Contact Person Responsible for Corrective Action: Michael Wieser  
Contact Phone Number: (219) 755-3129

Description of Corrective Action Plan:

We concur with the finding. The County has identified the error and presented the SBOA auditors with the information. A corrective entry will be made to balance the records.  
In the future, the Quietus Worksheet provided by the Auditor of State will be used to prevent this issue from reoccurring.

  
John Petalas, Auditor OG

11-28-16  
Date

  
Peggy Holinga Katona, Treasurer

11-28-16  
Date



**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**

November 10, 2016

FINDING 2015-004

Contact Person Responsible for Corrective Action: Rebecca Dowling

Contact Phone Number: 219-755-3067

Views of Responsible Official: We concur with the finding.

The corrective plan for the Lack of Segregation of Duties has been addressed and these controls were put into place in late 2014 after the same finding in the 2013 audit. This will be fully implemented starting November 10th, 2016. We will continue to monitor and enforce that these procedures will be followed daily per the State Board of Accounts manual.

The corrective plan for the Preparing Financial Statement (Annual Carr/ Supplemental Report) will be to monitor that the correct dollar amounts are reported by the County Auditor in the Gateway program. We will have an open line of communication with the Auditors Department on the checks and balances of this report.

Anticipated Completion Date: November 10, 2016

Sincerely,

A handwritten signature in black ink that reads "Michael A. Brown".

Michael A. Brown



**JOHN BUNCICH**  
**LAKE COUNTY SHERIFF**  
LAKE COUNTY, INDIANA

November 17, 2016

Mr. Paul Joyce, CPA  
State Board of Accounts  
302 W Washington  
Room E418  
Indianapolis, IN 46204-2765

Dear Mr. Joyce:

The Lake County Indiana Sheriff's Department acknowledges the strategic importance of the Indiana State Board of Accounts mission in promoting government transparency, integrity, efficiency, and the adherence to promulgated accounting regulations. We appreciate the input of the auditors assigned to our examination, both during the audit and at our exit interview. While we take the auditors' comments and related reports seriously, we respectfully disagree with some of their observations and/or assertions.

We note that the "Finding 2015-005" provided to this department (copy attached) does NOT have specific facts or circumstances that would allow us to focus on defined issues. Follow up telephone conversations between the auditor and Sheriff's Department staff confirmed that the finding report was "not specific".

We partially agree to the assertion that at the time of your audit there was a "Lack of Segregation of Duties" in the Civil, Inmate Trust, Commissary, and the Lake County Drug Task Force. We appreciate the opportunity to present the facts and corrective actions to be instituted.

Appended to this response are discussions of the current procedures in the Lake County Jail Commissary Account concerning the receipt and disbursement of funds. Based on the number of personnel involved, the "paper trail" utilized, and in certain circumstances command/supervisory approval via the personal approval of Sheriff John Buncich, we disagree with your assertion that this department has not established a proper system of internal control. We would like to emphasize the fact that an outside independent Certified Public Accounting firm is utilized to reconcile the Commissary Bank Account in furtherance of oversight to prevent errors, omissions, or defalcations. We also want to stress that the Lake County Sheriff's Department utilizes an outside commissary management company (Keefe), to service the commissary needs of the Lake County Jail inmates. Many of the transactions the Keefe system initiates are reviewed by multiple Sheriff personnel and utilize a paper trail and/or electronic trail that has been tested by the SBOA over the years and can be traced to the bank statements. In spite of the command oversight procedures utilized to increase internal control to negate alleged incompatible personnel functions, if this department has overlooked a procedure that could still lend itself to material misstatements or irregularities to remain undetected, we welcome specific facts and specific recommendations to resolve such issues.

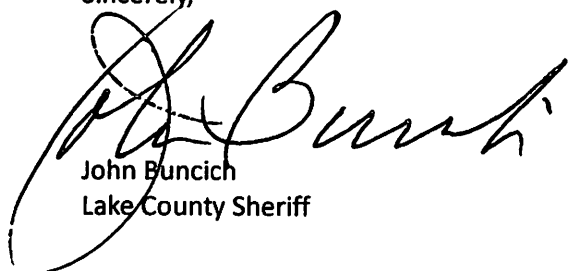
Also appended to this response, is a discussion of current procedures utilized within the Lake County Drug Task Force (LCDTF). We acknowledge that while performing the vital function of the suppression of illegal drug trafficking, the LCDTF is required to follow criminal law and Federal grant restrictions, in addition to Indiana State Board of Accounts regulations. In an effort to address your agency's accounting assertions, we have found that although there are already stringent policies in place there are a couple of changes that will add extra layers of protection.

We acknowledge that the Lake County Sheriff's Department Civil Division did have incompatible accounting personnel functions that were discussed with the Civil Division staff and remedied yesterday. With such a small department there are times one person did intake cash, issue a receipt, input the accounting transaction, prepare the bank deposit, make the bank deposit, and reconcile the bank account. In the future, cash and accounting functions will be divided between civil division staff. In addition, the Civil Division Commander will utilize increased command oversight, including review, and/or reconciliation of daily reports to be compared to bank deposits to mitigate any remaining incompatible accounting transaction functions to bolster internal control. As with the other divisions of this department, if there are any other civil division incompatible functions or internal control deficiencies that we have not been addressed for correction, we would appreciate your specific facts and circumstances.

We are in disagreement that there exists a lack of internal control and incompatible accounting functions within the Inmate Trust division. From initial arrest all the way through the booking and incarceration processes, there are procedures and multiple jail staff utilized to protect the integrity of the inmate's financial resources and accounting for said funds. The Lake County Jail utilizes an outside vendor for the collection, receipt, recording, and deposit of inmate's funds. Part of the checks and balances utilized to safeguard inmate funds are the paper receipts and reports provided to the jail inmates themselves. There are procedures available to the inmates to resolve alleged discrepancies involving the inmate's funds as another internal control. Once again, an independent Certified Public Accounting firm is utilized to reconcile the Trust Bank Account in furtherance of oversight to prevent errors, omissions, or defalcations. If there is a specific procedure or gap in internal control you would like us to address, then please be specific so we may resolve the alleged issue.

In closing, we thank you for your diligence and the opportunity to work with you to address our accounting issues and to make improvements to the Lake County Sheriff's Department internal control procedures.

Sincerely,

A handwritten signature in black ink, appearing to read "John Buncich", written over a large, stylized circular flourish.

John Buncich  
Lake County Sheriff

Attachments

## **Lake County Jail Commissary Fund Receipt Issuance Telmate Phone Commission**

The Lake County Jail Commissary Officer receives an invoice from the Keefe Commissary Network (KCN). The KCN invoice lists the monthly Commissary Sales for products purchased by inmates for a given time period. The Commissary Officer adds each invoice to come up with a total amount. The Commissary Officer delivers the KCN invoices to the Lake County Sheriff's Department Staff Services Deputy Commander. The Staff Services Deputy Commander adds the invoices together to verify the amount.

The Staff Services Deputy Commander issues two checks from the invoices from the Inmate Trust Bank Account. The first check is issued to KCN for the total amount due listed on the KCN invoice.

The second check is issued by the Staff Services Deputy Commander to the Lake County Jail Commissary Fund in the amount of the monthly commission earned which is listed on the KCN Invoice. The check is taken to Bookkeeping. The bookkeeper prepares a Special Order to have the Commission Check deposited into the Lake County Jail Commissary Fund. The bookkeeper presents the Special Order to the Sheriff for his approval. Once the Special Order is approved, the bookkeeper gives the Commission Check and Special Order back to the Staff Services Deputy Commander.

The Staff Services Deputy Commander delivers the commission check and special order to the Lake County Jail Commissary Officer. The Lake County Jail Commissary Officer deposits the check in the Lake County Jail Commissary Fund at the bank and records the transaction in the Keefe Commissary Network.

## **Lake County Jail Commissary Fund Receipt Issuance Telmate Phone Commission**

The Lake County Sheriff's Department's Staff Services Deputy Commander receives an invoice from Telmate LLC. The Telmate invoice lists the monthly Prepaid Sales for inmate telephone calls. The monthly prepaid sales are divided into two categories: Monthly Commission Earned by the Lake County Sheriff's Department and Amount Total for Telmate's Services.

The Staff Services Deputy Commander issues two checks from the invoice from the Inmate Trust Bank Account. The first check is issued to Telmate LLC for the total amount due listed on the Telmate invoice. The Staff Services Deputy Commander records the transaction in the Keefe Commissary Network and sends the payment to Telmate by mail.

The second check is issued by the Staff Services Deputy Commander to the Lake County Jail Commissary Fund in the amount of the monthly commission earned which is listed on the Telmate Invoice. The check is taken to Bookkeeping. The bookkeeper prepares a Special Order to have the Earned Commission Check deposited into the Lake County Jail Commissary Fund. The bookkeeper presents the Special Order to the Sheriff for his approval. Once the Special Order is approved, the bookkeeper gives the Commission Check and Special Order back to the Staff Services Deputy Commander.

The Staff Services Deputy Commander delivers the commission check and special order to the Lake County Jail Commissary Officer. The Lake County Jail Commissary Officer deposits the check in the Lake County Jail Commissary Fund at the bank and records the transaction in the Keefe Commissary Network.

# **Lake County Jail Commissary Fund Receipt Issuance Telmate Video Visitation & Tablet Commission**

The Lake County Sheriff's Department's Staff Services Deputy Commander receives a check from Telmate LLC. The check is for commission earned from Jail Video Visitations and Jail Tablet use. The Staff Services Deputy Commander records the video visitation and tablet commission. The commission check is made payable to the Lake County Jail Commissary Fund.

The Staff Services Deputy Commander gives the commission check to the Sheriff's bookkeeper. The bookkeeper prepares a Special Order to have the Video Visitation and Tablet Commission Check deposited into the Lake County Jail Commissary Fund. The bookkeeper presents the Special Order to the Sheriff for his approval. Once the Special Order is approved, the bookkeeper gives the Commission Check and Special Order back to the Staff Services Deputy Commander.

The Staff Services Deputy Commander delivers the commission check and special order to the Lake County Jail Commissary Officer. The Lake County Jail Commissary Officer deposits the check in the Lake County Jail Commissary Fund at the bank and records the transaction in the Keefe Commissary Network.

The Staff Services Deputy Commander issues a written receipt from a receipt journal to Telmate LLC for the Video Visitation and Tablet Commissions. The written receipt is mailed to Telmate LLC along with a copy of their payment stub.



**JOHN BUNCICH**  
**LAKE COUNTY SHERIFF**  
LAKE COUNTY, INDIANA

The current procedures relating to monies handled by the Lake County Drug Task Force (LCDTF) are as follows.

Two (2) separate bank accounts are maintained for monies held by the LCDTF. The first account (seizure account) is for monies seized during the course of investigations. The second account (forfeiture account) is for forfeiture funds from those monies or other forfeited assets.

Cash is maintained at the LCDTF for use in investigations and comes from the forfeiture account. This is generally referred to as "buy money".

### **Seizure Account**

When the LCDTF seizes monies during an investigation that are intended for forfeiture, they are deposited into the seizure account.

Initially the seizing officer takes custody of the funds which are treated as evidence. The funds are counted and recorded and then sealed in an evidence bag. A property inventory / custody form is completed documenting all the necessary information related to the case. The funds are then secured in a safe and a separate log is maintained on all monies deposited and withdrawn from the safe.

One of four persons designated then removes the funds from the safe and transports the funds to the bank for deposit. Four persons are designated but it is usually the same individual completing this task.

The funds remain in the account pending court ordered forfeiture. Once forfeited, the funds are then withdrawn via check and transported to the Lake County Clerk's Office for deposit and dispersal as ordered by the court.

When the LCDTF receives the forfeited portion of the monies from the LC Clerks Office those funds are then deposited into the LCDTF forfeiture account.

It is usually the same person completing the aforementioned steps.

In the event that the monies are not ordered forfeited, they would be returned to the defendant from whom they were initially seized from.

All accompanying paperwork from this process is kept with and reconciled with the monthly bank statements and case files. The same person currently reconciles this account.

### **Forfeiture Account**



**JOHN BUNCICH**  
**LAKE COUNTY SHERIFF**

LAKE COUNTY, INDIANA

The monies that have been court ordered as forfeited to the LCDTF are deposited into this account. This is a two (2) signature account and all withdrawals require two (2) signatures of Four (4) persons designated.

Forfeiture funds are received from the Lake County Clerk's Office via check and deposited in the forfeiture account. This is usually done by one individual.

Currently funds from this account are being used solely for the purchase of evidence, information and services in narcotics investigations.

The LCDTF commander gives verbal approval for funds to be withdrawn and used for this purpose. Two supervisors designated then go to the bank and withdraw the "buy money" which is then secured in a safe at the LCDTF.

### **Buy Money**

The LCDTF buy money is secured in a safe that three (3) designated supervisors have access to. A paper log / ledger and electronic spreadsheet are used to record all deposits and withdrawals of these funds. The logs contain case numbers and the purpose for which the funds are utilized. The log also documents the name of the officer requesting and receiving the funds and the name of the supervisor who disperses the funds.

In addition, a funds request form is completed and maintained which has the signatures of the officers involved with the withdrawal. These forms are kept with the Buy Money log / ledger. The LCDTF Commander completes periodic audits of the cash on hand which is documented in the ledgers.

In the event that funds are used to pay a confidential source (CS) for services or information, a separate form is completed. This form has the signature of two officers and of the CS whom was paid. This form is kept in the CS file.

### **Seizure Account Corrective Actions**

A log of all monies collected for seizure and placed into the LCDTF safe will be created. This log will document the seizing officer, amount of money and case related

**JOHN BUNCICH**  
**LAKE COUNTY SHERIFF**  
LAKE COUNTY, INDIANA

information. The LCDTF will designate a separate supervisor that will maintain this log and reconcile this log with monies deposited into the seizure account on a monthly basis. The designated person will not be involved with the bank deposit process. The LCDTF Commander will conduct regular audits of this reconciliation process and maintain a separate file documenting this activity.

**Forfeiture Account Corrective Actions**

A form will be created for the request to withdraw funds from this account for the use of "Buy Money". The form will document the requesting supervisors, the amount of money and reflect written approval from the LCDTF Commander. Two (2) copies of this form will be made, one will be maintained by the LCDTF Commander and the other will be kept with the Buy Money deposit / dispersal records. The LCDTF Commander will conduct regular audits of this account and maintain a separate file documenting this activity.

**Buy Money**

The completed Buy Money request form will be copied. Copies will be maintained in the Buy Money files, corresponding case file and an additional copy will be maintained by the LCDTF Commander. The LCDTF Commander will conduct regular audits of this cash on hand and maintain a separate file documenting this activity.

**From:** Barick, Valerie  
**Sent:** Wednesday, November 16, 2016 12:38 PM  
**Subject:** Civil Division response

Mr. Donald Smith,

Currently, the Lake County Sheriff's Civil Division lacks segregation of duties in regards to receipting, depositing, disbursing, and reconciling funds received in office. Although two employees receipt funds, one person is primarily responsible for the duties listed above.

Going forward, the Lake County Sheriff's Civil Division will ensure segregation of duties by enforcing a system of checks and balances amongst it's employees. The Civil Division will have one employee prepare the deposit and another employee reconcile the monthly bank statement and cashbook. Also on a daily basis, Commander Ron Ladd will review, verify, and sign off on every deposit before it is taken to First Midwest Bank. If he is unavailable, the Civil Division Merit Supervisor will perform this task. Commander Ron Ladd will begin reviewing and signing off on the tax warrant payment report sent to the Indiana Department of Revenue and will maintain a separate file with copies of the monthly reports.

Sincerely,

Valerie A. Barick

Lake County Sheriff's Department

Civil Division

## **Lake County Inmate Trust Bank Deposits**

When an inmate is brought into the Lake County Jail, the arresting/transporting officer collects any cash the inmate has on himself. The officer deposits the cash in the kiosk machine located in the Lake County Jail Booking Area. When the cash has been inserted, the kiosk will print a receipt as proof of the deposit transaction. The cash is stored in the kiosk and it is picked up by an armored truck company. The armored truck employees transport the cash to the bank where it is deposited. At no time does a Lake County Jail employee or Lake County Sheriff employee handle the cash.

If an inmate's friend or family member wants to deposit money into the inmate's account, they insert cash into a kiosk located in the jail lobby. The cash is stored in the kiosk and it is picked up by an armored truck company. The armored truck employees transport the cash to the bank where it is deposited. At no time does a Lake County Jail employee or Lake County Sheriff employee handle the cash.



**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**

Executive Director  
Timothy A. Brown

November 14, 2016

Redevelopment  
Commission  
Members:

**Corrective Action Plan**

President  
Randy Palmateer

Finding 2015-006

Vice President  
Jamal Washington

Fiscal year in which the finding initially occurred: 2015

Federal Agency: HUD

Contact Person Responsible for Corrective Action: Timothy A. Brown

Secretary  
John Brezik

Title of Contact Person: Executive Director

Phone Number: (219) 755-3225

Treasurer  
Deborah Trevino

**Corrective Action Plan:**

Members  
Gerry Scheub  
Tom Bainbridge

The 16 sub-grantee communities that use LCCEDD CDBG funds use their own bidding and contracting documents. LCCEDD staff will work with each community to amend their bidding tabulations that will indicate that contractor Suspension and Debarment has been checked. Further, minutes of the bid opening signed by the sub-grantee official will be submitted to LCCEDD prior to granting a project notice to proceed.

The Executive Director will review with the County Council and Board of County Commissioners to prepare and provide an amended and/or updated purchasing policy applicable for the type of program being offered by LCCEDD to expedite purchases in Emergency circumstances. Until such policy changes are effective the LCCEDD staff will implement the current Emergency Purchases Policy provided by the County.

The sub-grantee bidding document changes will commence with the next round of community CDBG projects set for the spring of 2017 and completed no later than July 30<sup>th</sup>, 2017. The purchasing policy changes require a few hearings with three different boards therefore corrective actions may not be completed until August of 2017.

Timothy A. Brown  
Executive Director



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Finding 2015-007

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Secretary  
John Brezik

Contact Person Responsible for Corrective Action: Timothy A. Brown

Title of Contact Person: Executive Director

Phone Number: (219) 755-3225

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Deborah Trevino

Corrective Action Plan:

Members  
Gerry Scheub  
Tom Bainbridge

The Section 3 reports were provided to HUD, in a timely manner in paper format, however the requirements was for electronic versions to be filed. The Executive Director and Inspector-Monitor are both now part of the Spears 2 reporting program system and all Section 3 reports from 2013, 2014 and 2015 have been filed and forwarded to HUD. The Spears 2 system provides for necessary internal controls and segregation of duties. The corrective actions have been made therefore no timeline is necessary.

LCCEDD will create a policy on NSP program income that will incorporate a process to check that all income is properly reported and documented with the County Auditor and DRGR with HUD. This policy will be created and part of the overall department policies and guideline changes that are anticipated to be completed by August of 2017.

A handwritten signature in black ink that reads "Timothy A. Brown".

Timothy A. Brown  
Executive Director

#### OTHER REPORTS

In addition to this report, other reports may have been issued for the County. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.