

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

FINANCIAL STATEMENTS EXAMINATION REPORT
OF
LAKE COUNTY SOLID WASTE MANAGEMENT DISTRICT
LAKE COUNTY, INDIANA
January 1, 2011 to December 31, 2013



FILED
04/27/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Jeffrey A. Langbehn	01-01-11 to 09-03-14
Acting Executive Director	Jeanette Romano	09-04-14 to 05-04-15
Executive Director	John Minear	05-05-15 to 12-31-17
Controller	John E. Petalas	01-01-11 to 12-31-17
Chairman of the Board	Gerry Scheub	01-01-11 to 02-01-12
	Rick Niemeyer	02-02-12 to 01-16-13
	David Hamm	01-17-13 to 01-14-15
	Jerry Herzog	01-15-15 to 01-14-16
	Chrissy Barron	01-15-16 to 01-14-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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NDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statements of the Lake County Solid Waste Management District (District), for the period of January 1, 2011 to December 31, 2013. The financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on the financial statements based on our examination.

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

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

In our opinion, because of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the District for the period of January 1, 2011 to December 31, 2013.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the District for the period of January 1, 2011 to December 31, 2013, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the District's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

February 19, 2015

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FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

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

LAKE COUNTY SOLID WASTE MANAGEMENT DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2011 and 2012

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11	Receipts	Disbursements	Cash and Investments 12-31-12
Solid Waste Management Fund	\$ 259,606	\$ 7,500,731	\$ 5,439,152	\$ 2,321,185	\$ 4,599,183	\$ 4,697,607	\$ 2,222,761
Payroll Fund	<u>4,714</u>	<u>529,144</u>	<u>526,490</u>	<u>7,368</u>	<u>494,857</u>	<u>489,254</u>	<u>12,971</u>
Totals	<u>\$ 264,320</u>	<u>\$ 8,029,875</u>	<u>\$ 5,965,642</u>	<u>\$ 2,328,553</u>	<u>\$ 5,094,040</u>	<u>\$ 5,186,861</u>	<u>\$ 2,235,732</u>

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

LAKE COUNTY SOLID WASTE MANAGEMENT DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2013

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
Solid Waste Management Fund	\$ 2,222,761	\$ 4,573,201	\$ 4,681,651	\$ 2,114,311
Payroll Fund	<u>12,971</u>	<u>473,603</u>	<u>480,912</u>	<u>5,662</u>
Totals	<u>\$ 2,235,732</u>	<u>\$ 5,046,804</u>	<u>\$ 5,162,563</u>	<u>\$ 2,119,973</u>

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

LAKE COUNTY SOLID WASTE MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the 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 statements. 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 District.

Intergovernmental receipts, which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to, 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.

Charges for services, which can include, but are not limited to, the following: copies of public records, copy machine charges and recycling fees.

LAKE COUNTY SOLID WASTE MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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; and fiduciary receipts.

E. Disbursements

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

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.

Debt service - principal and interest, which includes fixed obligations resulting from financial transactions previously entered into by the District. It includes all expenditures for the reduction of the principal and interest of the District's general obligation indebtedness.

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

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

F. Interfund Transfers

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

G. Fund Accounting

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

LAKE COUNTY SOLID WASTE MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the District submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the District in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the District to invest in securities including, but not limited to, 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 District may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

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

LAKE COUNTY SOLID WASTE MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 6. Pension Plan

The District contributes to a pension plan unique to the District. Information regarding this plan may be obtained from the District.

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SUPPLEMENTARY INFORMATION - UNEXAMINED

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

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

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

LAKE COUNTY SOLID WASTE MANAGEMENT DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2011

	Solid Waste Management Fund	Payroll Fund	Totals
	<u> </u>	<u> </u>	<u> </u>
Cash and investments - beginning	\$ 259,606	\$ 4,714	\$ 264,320
Receipts:			
Taxes	6,633,050	-	6,633,050
Intergovernmental receipts	294,991	-	294,991
Charges for services	177,074	-	177,074
Other receipts	<u>395,616</u>	<u>529,144</u>	<u>924,760</u>
Total receipts	<u>7,500,731</u>	<u>529,144</u>	<u>8,029,875</u>
Disbursements:			
Personal services	630,652	-	630,652
Supplies	53,108	-	53,108
Other services and charges	1,163,382	-	1,163,382
Debt service - principal and interest	493,724	-	493,724
Capital outlay	31,986	-	31,986
Other disbursements	<u>3,066,300</u>	<u>526,490</u>	<u>3,592,790</u>
Total disbursements	<u>5,439,152</u>	<u>526,490</u>	<u>5,965,642</u>
Excess (deficiency) of receipts over disbursements	<u>2,061,579</u>	<u>2,654</u>	<u>2,064,233</u>
Cash and investments - ending	<u>\$ 2,321,185</u>	<u>\$ 7,368</u>	<u>\$ 2,328,553</u>

LAKE COUNTY SOLID WASTE MANAGEMENT DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2012

	Solid Waste Management Fund	Payroll Fund	Totals
	<u> </u>	<u> </u>	<u> </u>
Cash and investments - beginning	\$ 2,321,185	\$ 7,368	\$ 2,328,553
Receipts:			
Taxes	4,040,990	-	4,040,990
Intergovernmental receipts	291,243	-	291,243
Charges for services	172,523	-	172,523
Other receipts	<u>94,427</u>	<u>494,857</u>	<u>589,284</u>
Total receipts	<u>4,599,183</u>	<u>494,857</u>	<u>5,094,040</u>
Disbursements:			
Personal services	599,659	-	599,659
Supplies	34,447	-	34,447
Other services and charges	1,007,605	-	1,007,605
Debt service - principal and interest	428,721	-	428,721
Capital outlay	26,378	-	26,378
Other disbursements	<u>2,600,797</u>	<u>489,254</u>	<u>3,090,051</u>
Total disbursements	<u>4,697,607</u>	<u>489,254</u>	<u>5,186,861</u>
Excess (deficiency) of receipts over disbursements	<u>(98,424)</u>	<u>5,603</u>	<u>(92,821)</u>
Cash and investments - ending	<u>\$ 2,222,761</u>	<u>\$ 12,971</u>	<u>\$ 2,235,732</u>

LAKE COUNTY SOLID WASTE MANAGEMENT DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013

	Solid Waste Management Fund	Payroll Fund	Totals
	<u> </u>	<u> </u>	<u> </u>
Cash and investments - beginning	\$ 2,222,761	\$ 12,971	\$ 2,235,732
Receipts:			
Taxes	3,995,381	-	3,995,381
Intergovernmental receipts	310,603	-	310,603
Charges for services	198,590	-	198,590
Other receipts	<u>68,627</u>	<u>473,603</u>	<u>542,230</u>
Total receipts	<u>4,573,201</u>	<u>473,603</u>	<u>5,046,804</u>
Disbursements:			
Personal services	590,269	-	590,269
Supplies	64,720	-	64,720
Other services and charges	926,723	-	926,723
Debt service - principal and interest	443,957	-	443,957
Capital outlay	22,760	-	22,760
Other disbursements	<u>2,633,222</u>	<u>480,912</u>	<u>3,114,134</u>
Total disbursements	<u>4,681,651</u>	<u>480,912</u>	<u>5,162,563</u>
Excess (deficiency) of receipts over disbursements	<u>(108,450)</u>	<u>(7,309)</u>	<u>(115,759)</u>
Cash and investments - ending	<u>\$ 2,114,311</u>	<u>\$ 5,662</u>	<u>\$ 2,119,973</u>

LAKE COUNTY SOLID WASTE MANAGEMENT DISTRICT
SCHEDULE OF LEASES AND DEBT
December 31, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Matlin Leasing	Copier	\$ 3,306	12/13/2010	12/13/2013
Pitney Bowes	Postage Meter	228	1/1/2013	12/31/2013
Town of Merrillville	Rent	18,000	1/1/2013	12/31/2013
Ally Bank	Transportation - Vehicles	8,553	7/28/2012	6/28/2018
Ally Bank	Transportation - Vehicles	9,343	11/14/2013	10/14/2019
Ally Bank	Transportation - Vehicles	5,610	2/14/2013	1/14/2019
Kubota Leasing	Transportation - Construction Equipment	<u>16,872</u>	9/2/2013	9/2/2017
Total governmental activities		<u>61,912</u>		
Total of annual lease payments		<u>\$ 61,912</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Claims and judgments	Loan for Judgment	\$ 5,595,000	\$ 448,070
Totals		<u>\$ 5,595,000</u>	<u>\$ 448,070</u>

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LAKE COUNTY SOLID WASTE MANAGEMENT DISTRICT
SCHEDULE OF CAPITAL ASSETS
December 31, 2013

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

	<u>Ending Balance</u>
Governmental activities:	
Machinery, equipment, and vehicles	\$ <u>483,193</u>
Total capital assets	\$ <u><u>483,193</u></u>

OTHER REPORTS

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