

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

AUDIT REPORT
OF
COUNTY TREASURER
LAKE COUNTY, INDIANA
January 1, 2005 to December 31, 2005



FILED
11/29/2006

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
County Officials	2
Transmittal Letter	3
Audit Results and Comments:	
Surplus Tax Fund	4
Treasurer's Monthly Reports and Bank Account Reconciliations	4
Exit Conference	5

COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Peggy Holinga Katona Irene Holinga (Interim) John E. Petalas	01-01-03 to 09-25-05 09-26-05 to 11-20-05 11-21-05 to 12-31-06
President of the County Council	Will A. Smith, Jr.	01-01-05 to 12-31-06
President of the Board of County Commissioners	Gerry J. Scheub Rudolph Clay Frances DuPey Gerry J. Scheub	01-01-05 to 12-31-05 01-01-06 to 04-07-06 04-08-06 to 05-16-06 05-17-06 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

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

TO: THE OFFICIALS OF LAKE COUNTY

We have audited the records of the County Treasurer for the period from January 1, 2005 to December 31, 2005, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Results and Comments. The financial transactions of this office are reflected in the Annual Report of Lake County for the year 2005.

STATE BOARD OF ACCOUNTS

September 28, 2006

COUNTY TREASURER
LAKE COUNTY
AUDIT RESULTS AND COMMENTS

SURPLUS TAX FUND

In 2005, the County Treasurer transferred \$17,422,297.90 in surplus property tax payments to the County Auditor's Surplus Tax Fund (Fund 501). Later in 2005, upon issuing subsequent tax billings, \$37,004,476.06 in surplus property tax payments were rolled over as a credit on these tax billings so as to ease the tax burden on taxpayers. The \$37,004,476.06 was not refunded; instead it was held and applied as a credit on the next tax bills that were issued. Actual refunds of overpayments to taxpayers totaled \$528,066.07 from this fund in 2005. There was a beginning balance in the County Auditor's Surplus Tax Fund (Fund 501) of \$27,766,169.67 and an ending balance of \$7,445,103.04. A similar audit result and comment appeared in the prior report.

Each county treasurer shall place the portion of a tax or special assessment payment which exceeds the amount actually due, as shown by the tax duplicate or special assessment records, in a special fund to be known as the "surplus tax fund." Amounts placed in the fund shall first be applied to the taxpayer's delinquent taxes in the manner provided in Indiana Code 6-1.1-23-5(b). The taxpayer may then file a verified claim for money remaining in the surplus tax fund. The county treasurer or county auditor shall require reasonable proof of payment by the person making the claim. If the claim is approved by the county auditor and the county treasurer, the county auditor shall issue a warrant to the taxpayer for the amount due the taxpayer.

Not less frequently than at the time of each semiannual settlement, the county treasurer shall prepare duplicate schedules of all excess payments received. The schedules shall contain the name on the tax duplicate, the amount of excess paid, and the taxing district. The county treasurer shall deliver one (1) copy of the schedule to the county auditor. Within fifteen (15) days after receiving the schedule, the county auditor shall review the schedule, and if the county auditor concurs with the schedule, the county auditor shall notify the county treasurer that the notice may be sent. The county auditor shall preserve the schedule, and if a refund is subsequently made, he shall note on the schedule and notify the county treasurer of the date and amount of the refund. In addition, when money is transferred from the surplus tax fund to the county general fund after three (3) years, the county auditor shall note the date and amount of the transfer on the schedule. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 5)

TREASURER'S MONTHLY REPORTS AND BANK ACCOUNT RECONCILIATIONS

The Treasurer's Monthly Report (Form 47TR) is to be prepared by the 16th day of the following month. During 2005, 9 of the 12 required reports were filed between 94 and 133 days late. A contributing factor to the late filing was that bank reconciliations (for all bank accounts except the payroll account) were not performed for several months.

On or before the 16th day of each month the treasurer shall prepare a report showing the financial condition of the office as of the close of business on the last day of the preceding month. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 4)

The report shall be prepared in quadruplicate and each copy shall be verified by certificate of the treasurer. The treasurer shall retain one copy as a public record in the office and three copies shall be filed with the county auditor. The county auditor shall file the original of said reports with the records of the county board of finance, one copy shall be presented to the board of county commissioners at its next regular meeting, and the county auditor shall immediately transmit one copy to the State Board of Accounts. [IC 36-2-9-11 and 36-2-10-16] (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 4)

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

COUNTY TREASURER
LAKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 16, 2006, with John E. Petalas, Treasurer; Kimberly K. Robinson, Chief Deputy Treasurer; and Peggy Holinga Katona, former Treasurer. The officials concurred with our audit findings.