

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

AUDIT REPORT

OF

COUNTY TREASURER

LAKE COUNTY, INDIANA

January 1, 2008 to December 31, 2008



**FILED**  
11/19/2009



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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	John E. Petalas	01-01-07 to 12-31-10
President of the County Council	Christine Cid Larry Blanchard	01-01-08 to 12-31-08 01-01-09 to 12-31-09
President of the Board of County Commissioners	Gerry J. Scheub Roosevelt Allen, Jr.	01-01-08 to 12-31-08 01-01-09 to 12-31-09



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF LAKE COUNTY

We have audited the records of the County Treasurer for the period from January 1, 2008 to December 31, 2008, 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 2008.

STATE BOARD OF ACCOUNTS

September 24, 2009

COUNTY TREASURER  
LAKE COUNTY  
AUDIT RESULTS AND COMMENTS

BANK RECONCILEMENTS

Depository reconciliations of the fund balances to the bank account balances were presented for audit. As noted in the prior audit, 30 reconciling items on the reconciliation have been carried for more than one year, with some being carried for as many as five years. Negative adjustments over one year old total \$164,987.27, while positive adjustments total \$164,343.30 for a net difference of negative \$643.97. We recommended that officials correct these old adjustments.

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. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10)

INVESTMENT PROCEDURES

Documentation of quotes being taken for the best interest rate for the investment in certificates of deposit was not maintained for audit. As noted in the prior audit, investments were split among several depositories and not all placed with the depository offering the highest rate of return.

Thirty day investments made in July 2009, were split among three depositories and not all placed with the depository paying the highest interest rate.

IC 5-13-9-4(b) states in part:

"The investing officer making a deposit in a certificate of deposit shall obtain quotes of the specific rates of interest for the term of that certificate of deposit that each designated depository will pay on the certificate of deposit. Quotes may be solicited and taken by telephone. A memorandum of all quotes solicited and taken shall be retained by the investing officer as a public record of the political subdivision under IC 5-14-3. A deposit made under this subsection shall be placed in the designated depository quoting the highest rate of interest. If more than one (1) depository submits a quote of the highest interest rate quoted for the investment, the deposit may be placed in any or all of the designated depositories quoting the highest rate in the amount or amounts determined by the investing officer, in the investing officer's discretion."

UNAPPROVED FEE

As noted in the prior audit, the Treasurer's office collected a one dollar fee from title and mortgage companies for each copy or search of a tax bill requested. This fee was not established by ordinance.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10)

COUNTY TREASURER  
LAKE COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

COLLECTION OF DELINQUENT PERSONAL PROPERTY TAXES

We noted that demand notices for delinquent personal property taxes have not been served upon taxpayers since 2003. Consequently, the delinquent taxes were not filed with the Clerk of the Circuit Court, as judgments against the taxpayers and the corresponding amount of delinquent taxes was not removed from the tax duplicate.

The County Treasurer has the duty to enforce the collection of delinquent personal property taxes, including taxes on mobile homes. Annually, after November 10 but prior to August 1 of the succeeding year, each County Treasurer shall serve a written demand upon each county resident who is delinquent in the payment of personal property taxes . . . If a taxpayer does not pay the total amount due within thirty (30) days after the date the written demand is made, the county treasurer shall levy upon and sell personal property of the taxpayer which is of sufficient value to pay the delinquent taxes, penalties and anticipated collection expenses. [IC 6-1.1-23-2] The procedure to be observed in the sale of personal property for delinquent taxes and the collection expenses (including a demand fee of \$5.00) are provided in IC 6-1.1-23-1 through 6-1.1-23-8. In the year immediately following the year in which personal property taxes become delinquent, each county treasurer shall prepare a record of the delinquencies for which written demand has been made and which remain unpaid for at least sixty (60) days after the demand is made. The County Treasurer shall swear to the accuracy of the record before the clerk of the circuit court and shall file the record with the clerk. When the record is so filed, the amount of delinquent taxes, penalties and collection expenses stated in the record constitute a debt of the named taxpayer and the debt in all respects has the same force and effect as a judgment. On the date the County Treasurer files the record of the judgments in the office of the clerk of the circuit court, the county treasurer shall make an entry on the tax duplicate in a column headed "Certified to Clerk of Circuit Court." [IC 6-1.1-23-9] (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 7)

RECEIPT ISSUANCE

When the Treasurer's office tax receipt computer system is inoperable and unable to generate a receipt, a manual "Temporary Tax Receipt" is issued. These manual receipts are not prenumbered and not a prescribed form. Accountability of all "Temporary Tax Receipts" could not be determined.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10)

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COUNTY TREASURER  
LAKE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 24, 2009, with John E. Petalas, Treasurer; Larry Cak, Financial Manager; Patty Shell, Chief Bookkeeper; and Kimberly K. Robinson, Chief of Staff. The officials concurred with our audit findings.