

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

AUDIT REPORT  
OF  
COUNTY TREASURER  
LAPORTE COUNTY, INDIANA  
January 1, 2011 to December 31, 2011



**FILED**  
09/05/2012



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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Nancy Hawkins	01-01-09 to 12-31-12
President of the County Council	Richard Mrozinski, Jr. Matthew Bernacchi	01-01-11 to 12-31-11 01-01-12 to 12-31-12
President of the Board of County Commissioners	Kenneth Layton	01-01-11 to 12-31-12



**STATE OF INDIANA**  
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TO: THE OFFICIALS OF LAPORTE COUNTY

We have audited the records of the County Treasurer for the period from January 1, 2011 to December 31, 2011, 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 Result and Comment. The financial transactions of this office are not accurately reflected in the Annual Report of LaPorte County for the year 2011.

STATE BOARD OF ACCOUNTS

July 31, 2012

COUNTY TREASURER  
LAPORTE COUNTY  
AUDIT RESULT AND COMMENT

**CONDITION OF RECORDS**

The following deficiencies relating to the recordkeeping were present during our period of audit:

1. County Treasurer's Bank Reconciliations - Record balances were not reconciled to depository balances in a timely manner. At April 30, 2012, several bank accounts maintained by the County Treasurer have not been reconciled as of December 31, 2011. Thus, we are unable to verify that the fund balances presented in the annual report reconcile to the depository balances maintained by the County Treasurer.

This deficiency is the main factor for the opinion on the financial statements being disclaimed for the 2011 audit.

Indiana Code 5-13-6-1(e) states: "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."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10)

2. Reconciling Items - From the reconcilements reviewed, there are many reconciling items that have not been resolved in a timely manner. For example, the October 2011 reconciliation of the Horizon Bank accounts include 38 NSF checks that total \$52,169.76 of which 28 of these checks were originally returned between September 2004 and December 2010. Also, interest credited and service fees charged to the County bank accounts are not posted timely to the records of the County. Some of these credits and charges cover up to 18 months.

Indiana Code 5-13-6-1(e) states: "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  
LAPORTE COUNTY  
AUDIT RESULT AND COMMENT  
(Continued)

The "Schedule of Uncollected Items on Hand" must show in detail each item carried in the cash drawer at the close of the month which, for any reason, has not been collected or converted to cash. Included therein will be any checks or other items received and deposited, and later returned by a depository as uncollectible. At no time should items in this list be of long-standing, for it is expected that immediate steps be taken to enforce collection of such items or, in the case of tax collections, to remove the credits from the duplicates. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 4)

3. The supplemental CAR-1 report is to be submitted by the county treasurer to the county auditor to provide financial activity in the treasurer's office not reflected in the auditors records. The report was not accurately completed and so the county auditor was not able to include the appropriate financial activity from the treasurers office in the annual financial report.

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)

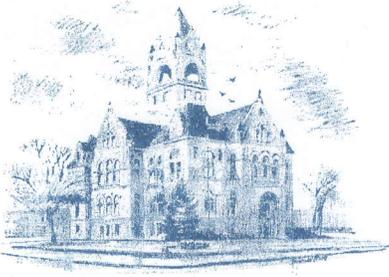
4. County Treasurer's Monthly Report - This report was not filed in a timely manner. All reports for 2011 were filed late. At April 30, 2012, the monthly reports for November 2011 and thereafter have not been filed.

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)

COUNTY TREASURER  
LAPORTE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on May 30, 2012, with Nancy Hawkins, Treasurer; Mike Maurer, Chief Deputy Treasurer; and Linda Lowery, 1<sup>st</sup> Deputy Treasurer. The Official Response has been made a part of this report and may be found on page 7.

The contents of this report were discussed on July 31, 2012, with Kenneth Layton, President of the Board of County Commissioners.



*LaPorte County Treasurer  
Nancy Hawkins  
555 Michigan Avenue, Suite 102  
LaPorte, IN 46350-3491*

State Board of Accounts  
227 W. Jefferson Blvd., Room 806  
South Bend, IN 46601

**OFFICIAL RESPONSE to LaPorte County Treasurer's Audit  
for period 1/10/11 to 12/31/11**

June 29, 2011

Dear Sirs:

I am in receipt of the State Board of Accounts finding in our audit for 2011. The audit results, dated May 30, 2012, have found that we are delinquent in the depository reconciliation and reporting of the fund balances to the bank account and that the reconciliation items have not been resolved timely.

As LaPorte County struggles to get caught up on the tax billing process, some duties have been delayed in order for us to respond to the daily demands of our taxpayers. As we continue to gain on the delayed property taxes and the reconciliation bills, we are making more of an effort to become timely on the bank reconciliations.

In regards to the reconciliation items, specifically NSF checks, that remain unresolved, again this is a function of the delayed property tax dilemma. When a check is returned NSF, we make every effort to collect the funds. When all avenues have been exhausted, the process of charging back the taxes to the system usually is the procedure. In the case of LaPorte County, we still are dealing with 5 databases and the taxes cannot be reversed in the provisional databases once the collection cycle for that provisional tax year is closed. The NSF checks for provisional payments must be held until that tax year is reconciled. At that time, those taxes payments will be reversed the taxpayer will once again be liable for the unpaid amounts.

Sincerely,  
*Nancy Hawkins*  
Nancy Hawkins  
Treasurer