

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

AUDIT REPORT

OF

COUNTY TREASURER

LAKE COUNTY, INDIANA

January 1, 2011 to December 31, 2011



FILED
09/24/2012

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
County Officials	2
Transmittal Letter	3
Audit Result and Comment: Treasurer's Daily Balance of Cash and Depositories	4
Exit Conference.....	5
Official Response	6

COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	John E. Petalas	01-01-07 to 12-31-14
President of the County Council	Ted Bilski Jerome A. Prince	01-01-11 to 12-31-11 01-01-12 to 12-31-12
President of the Board of County Commissioners	Roosevelt Allen, Jr. Gerry J. Scheub	01-01-11 to 12-31-11 01-01-12 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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, 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 reflected in the Annual Report of Lake County for the year 2011.

STATE BOARD OF ACCOUNTS

August 2, 2012

COUNTY TREASURER
LAKE COUNTY
AUDIT RESULT AND COMMENT

TREASURER'S DAILY BALANCE OF CASH AND DEPOSITORIES

The Treasurer is responsible for maintaining the Treasurer's Daily Balance of Cash and Depositories (cash book). The cash book reflects the daily receipts and disbursements, total amount of cash and investments on hand, and a proof of the financial condition of the office at the close of each day.

Cash short or cash long entries were recorded in the cash book indicating a difference between the amounts collected or disbursed with amounts recorded in the cash book. Various cash short and cash long entries explanations during the year included property tax settlement differences, voided transactions, and bank errors.

A cumulative listing of the cash short and cash long amounts at December 31, 2011, was not available for audit.

The cumulative cash short and cash long amounts at December 31, 2010, 2011, and July 2, 2012 are listed below.

<u>Description</u>	<u>December 31, 2010</u>	<u>December 31, 2011</u>	<u>July 2, 2012</u>
Cash Short	\$ (64,015.79)	\$ (609,747.42)	\$ (568,378.08)
Cash Long	<u>269,328.50</u>	<u>147,075.89</u>	<u>148,511.68</u>
Net (Short)/Long	<u>\$ 205,312.71</u>	<u>\$ (462,671.53)</u>	<u>\$ (419,866.40)</u>

Controls have not been established to identify and find resolution to the cash short and cash long entries made to the cash book. By not establishing such controls, the financial position of the County might be materially misrepresented.

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)

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)

COUNTY TREASURER
LAKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 2, 2012 with John E. Petalas, Treasurer; Peggy Holinga Katona, Auditor; Mike Weiser, Director of Finance; and Mary Jo Mazur, Bookkeeper. The official response has been made a part of this report and may be found on page 6.

JOHN PETALAS
TREASURER



CITY BRANCH OFFICES
EAST CHICAGO
HAMMOND
GARY

Treasurer Lake County

LAKE COUNTY GOVERNMENT CENTER
2293 NORTH MAIN STREET

CROWN POINT, INDIANA, 46307

August 14, 2012

Indiana State Board of Accounts
2293 N. Main Street, Crown Point,
In. 46307

Re: Audit results and comments reply.

Having met with our examiner and having reviewed a copy of your audit results for our office, we are working diligently to correct the error found on the Treasurer's Daily Cash report. We have included Manatron in our review and we will also use their reports to assist us in making the necessary corrections.

The discrepancy may have also been made due to tax settlements that were issued during the audit period in question. There were advance settlements and subsequent regular settlements that were made to governmental units during this time because of provisional billing. As a result we are working with the Auditor. We also feel that the Treasurer's bookkeeping department should have reconciled any differences on the daily Treasurer's record when they first were found. This will be corrected as well. We have also instructed Cenifax that we wish for the daily Treasurer's report to become automated so that errors on paper can be eliminated. As of this date some corrections have already been found.

We thank you for your assistance and for the opportunity to respond to your audit findings. Please contact me if further information is required.

Sincerely,


JOHN E. PETALAS
LAKE COUNTY TREASURER