

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

AUDIT REPORT

OF

COUNTY TREASURER

LAKE COUNTY, INDIANA

January 1, 2009 to December 31, 2009



**FILED**

01/07/2011



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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	Larry Blanchard Thomas O'Donnell	01-01-09 to 12-31-09 01-01-10 to 12-31-10
President of the Board of County Commissioners	Roosevelt Allen, Jr. Frances DuPey	01-01-09 to 12-31-09 01-01-10 to 12-31-10



**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, 2009 to December 31, 2009, 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 2009.

STATE BOARD OF ACCOUNTS

September 3, 2010

COUNTY TREASURER  
LAKE COUNTY  
AUDIT RESULTS AND COMMENTS

COLLECTION OF DELINQUENT PERSONAL PROPERTY TAXES

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 are 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)

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)

COUNTY TREASURER  
LAKE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 22, 2010, with John E. Petalas, Treasurer; Ofelia Gregoline, Executive Assistant; Kim Robinson, Chief of Staff; and Patricia Shell, Chief Bookkeeper. The official response has been made a part of this report and may be found on page 6.



*Treasurer Lake County*

LAKE COUNTY GOVERNMENT CENTER  
2293 NORTH MAIN STREET  
CROWN POINT, INDIANA 46307



September 28, 2010

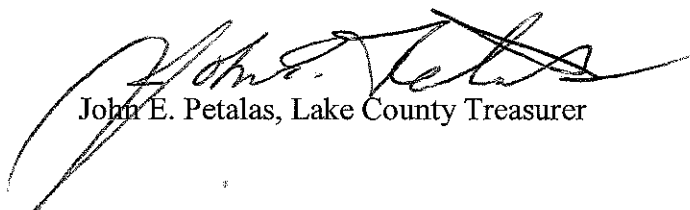
State Board of Accounts  
Bruce Hartman, State Examiner  
302 West Washington Street  
Room E 418  
Indianapolis, Indiana 46204-2765

Re: "OFFICIAL RESPONSE"

The contents of this report were discussed on September 22, 2010 with John E. Petalas, Lake County Treasurer, Patty Shell, Chief Bookkeeper, Kimberly K. Robinson, Chief of Staff. The official response has been made part of this report and may be found on Page 2 of 2.

In response to COLLECTION OF DELINQUENT PERSONAL PROPERTY TAXES, as required by the Indiana Code 6-1.1-23-1, on July 30, 2010 the Lake County Treasurer's office via US Postal Service has certified the personal property taxes for the years 2002 thru 2008, with a due date of August 30, 2010. The certification evidently took place at the same time the Audit was in progress. Both the date of certification and the eventual due date were prior to our exit conference.

RECEIPT ISSUANCE. After suggestions to the current "Temporary Receipt Form" made by the Local State Board of Accounts office, on September 24, 2009 a request for a modified form approval was sent to the State Board of Accounts office located in Indianapolis. We were unable to get a response. Therefore a second request was sent. After the second request the form was denied for approval due to the wording of "Temporary". Upon a discussion with Debbie Gibson in regards to the revision of the "Temporary Tax Receipt" form, the resolution was to change the wording from "Temporary" to "Manual Tax Receipt". A request letter has been sent to Deputy State Examiner Mr. Paul D. Joyce, requesting approval of the form. The request is still pending.



John E. Petalas, Lake County Treasurer