

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

AUDIT REPORT

OF

COUNTY TREASURER

DEARBORN COUNTY, INDIANA

January 1, 2005 to December 31, 2005



FILED

11/14/2006

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Gayle L. Pennington	01-01-05 to 12-31-08
President of the County Council	Charles T. Fehrman	01-01-05 to 12-31-06
President of the Board of County Commissioners	Vera Benning Jeff L. Hughes	01-01-05 to 05-16-06 05-17-06 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF DEARBORN 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 Dearborn County for the year 2005.

STATE BOARD OF ACCOUNTS

October 16, 2006

COUNTY TREASURER
DEARBORN COUNTY
AUDIT RESULTS AND COMMENTS

RECONCILIATION OF LEDGERS

As of December 31, 2005, the Treasurer's Daily Balance of Cash and Depositories (County Form 47) and the units bank balances was \$76,325 less than reported on the Treasurer's Monthly Financial Statement (County Form 61) and the County Auditor's fund ledger. On December 2, 2005, check number 22802 for \$94,604 was posted twice in error and was also deducted twice from the Treasurer's records. On July 30, 2006, a correction of the error was made to the Treasurer's records and this would have resulted in the Treasurer's Daily Balance of Cash and Depositories (County Form 47) and unit's bank balances at December 31, 2005, being more than the Treasurer's Monthly Financial Statement (County Form 61) and the County Auditor's fund ledger by \$18,279.

At all times, the manual and 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 Treasurer's, Chapter 10)

CONDITION OF RECORDS

The following deficiencies were noted relating to the recordkeeping:

- (1) The reconciliation at December 31, 2005, was prepared with unexplained reconciling items.

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."

- (2) The Treasurer's Fund Ledger and Ledger of Receipts (County Form 24B) and the Treasurer's Monthly Financial Statement (County Form 61) were not posted for 2005.

At all times, the manual and 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, Chapter 10)

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, Chapter 10)

- (3) County Treasurer's Monthly Reports County Form 47-TR for 2005 were completed in 2006 but were not filed.

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. 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 the next regular meeting, and the county auditor shall immediately transmit one copy to the State Board of Accounts. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers, Chapter 4)

COUNTY TREASURER
DEARBORN COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

- (4) Outstanding warrants more than two years old have not been receipted back to funds.

Indiana Code 5-11-10.5-2 states: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void. No individual, bank, trust company, building and loan association, or any other financial institution may honor, cash, or accept for payment or deposit any such warrant or check which may be presented for payment and which has been issued and outstanding for a period of two (2) or more years as of the last day of December of any year."

Indiana Code 5-11-10.5-3 states: "Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the: (1) board of finance of a political subdivision; or (2) fiscal body of a city or town. The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

Indiana Code 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision."

COUNTY TREASURER
DEARBORN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 16, 2006, with Gayle L. Pennington, Treasurer.