

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

AUDIT REPORT

OF

COUNTY TREASURER

DEARBORN COUNTY, INDIANA

January 1, 2006 to December 31, 2006



FILED

11/28/2007

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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	01-01-06 to 12-31-07
President of the Board of County Commissioners	Vera Benning Jeff L. Hughes	01-01-06 to 05-16-06 05-17-06 to 12-31-07



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, 2006 to December 31, 2006, 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 2006.

STATE BOARD OF ACCOUNTS

September 26, 2007

COUNTY TREASURER
DEARBORN COUNTY
AUDIT RESULTS AND COMMENTS

RECONCILIATION OF LEDGERS

As of December 31, 2006, the amount posted to the Treasurer's Daily Balance of Cash and Depositories (County Form 47) and reported on the Treasurer's bank balances was \$127,773 less than reported on the County Auditor's Fund Ledger. On December 1, 2006, Receipt 2147 for \$120,700 was posted to the County Auditor's Fund Ledger. However, Receipt 2147 was not posted to the Treasurer's Daily Balance of Cash and Depositories (County Form 47) and Treasurer's bank balances until January 19, 2007. As a result of the posting the Treasurer's Daily Balance of Cash and Depositories (County Form 47) would be less than the Auditor's Fund Ledger by \$7,073.

A similar comment about the Treasurer's records not balancing with the County Auditor's records was included in the prior report.

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, which were cited in the prior report, were again present during our period of audit:

- (1) The reconciliation of the depository account balances to the Treasurer's record balance as prepared by the Treasurer contained various reconciling items that were unexplained.

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."

- (2) The Treasurer's Monthly Financial Statement (County Form 61) was not posted for October, November, and December 2006 and for the period January through July 2007.

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 Treasurer's, Chapter 10)

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

COUNTY TREASURER
DEARBORN COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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; . . . 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."

PRESCRIBED FORMS

The Investment Register, General Form 350, was not in use as of December 31, 2006.

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 Treasurer's, Chapter 10)

COUNTY TREASURER
DEARBORN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 26, 2007, with Gayle L. Pennington, Treasurer.