

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

AUDIT REPORT

OF

COUNTY AUDITOR

DEARBORN COUNTY, INDIANA

January 1, 2008 to December 31, 2008



**FILED**

10/16/2009



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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Cary B. Pickens	01-01-07 to 12-31-10
President of the County Council	Charles T. Fehrman Dennis Kraus, Sr.	01-01-08 to 12-31-08 01-01-09 to 12-31-09
President of the Board of County Commissioners	Jeff L. Hughes Ralph Thompson	01-01-08 to 12-31-08 01-01-09 to 12-31-09



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

We have audited the records of the County Auditor for the period from January 1, 2008 to December 31, 2008, 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 2008.

STATE BOARD OF ACCOUNTS

September 15, 2009

COUNTY AUDITOR  
DEARBORN COUNTY  
AUDIT RESULTS AND COMMENTS

FUND FOR E911 FEES

Fees (commonly known as E911 fees) that are received for the enhanced emergency telephone system and the enhanced wireless emergency telephone service are receipted in the County's E-911 Fund. The County is to maintain these fees in separate funds. Not maintaining a separate fund for these fees results in an internal control weakness over the ability to ensure that the fees are expended as required by statute.

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 Auditors of Indiana, Chapter 14)

IC 36-8-16-13 states:

"A county treasurer or municipal fiscal officer to whom enhanced emergency telephone system fees are remitted under section 12 of this chapter shall deposit the fees in a separate fund. The fund shall be known as the \_\_\_\_\_ (insert name of county or municipality) emergency telephone system fund. The county treasurer or municipal fiscal officer may invest money in the fund in the same manner that other money of the county or municipality may be invested. The county treasurer or municipal fiscal officer shall deposit any income earned from such an investment in the fund."

IC 36-8-16.5-43 states:

"The distribution of wireless emergency enhanced 911 funds by the board for cost recovery by PSAPs under section 39 of this chapter must be deposited by the county treasurer in a separate fund set aside for the purposes allowed by section 41 of this chapter. The fund must be known as the \_\_\_\_\_ (insert name of county) wireless emergency telephone system fund. The county treasurer may invest money in the fund in the same manner that other money of the county may be invested, but income earned from the investment must be deposited in the fund set aside under this section."

We recommended the County utilize two separate funds to account for distributions received for wireless 911 fees and landline 911 fees. Separate funds are required to ensure that fees received are expended only for those activities allowable per statute.

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest of \$1,865.65 and \$1,928.33 were paid to the Internal Revenue Service on January 18, 2008, and March 12, 2008, respectively, for the late filing of payroll taxes for the periods July 2007 and December 2007.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

COUNTY AUDITOR  
DEARBORN COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

SALARY ORDINANCE

We found the following deficiencies regarding the approval of compensation:

1. The 2008 Salary Ordinance approved by the County Council set a bi-weekly rate and an approximate annual salary for County employees. We identified employees that were paid compensation in excess of the bi-weekly rate approved in the salary ordinance.

County officials stated that the bi-weekly rate listed on the salary ordinance was for an 80 hour pay period, and that the employees who worked overtime were entitled to receive more than the bi-weekly rate listed on the salary ordinance.

We recommended the salary ordinance be prepared in a manner so the method of compensation approved (salary vs. hourly) agrees to the method the compensation is to be paid. This is necessary to determine that compensation paid is in compliance with the amount or rate of compensation approved.

IC 36-2-5-11(c) states in part:

"At its annual meeting under IC 36-2-3-7(b)(2), the county fiscal body shall consider the statements and recommendations submitted by the county executive under section 4(b) of this chapter and shall then adopt an ordinance, separate from those adopted under subsection (b), fixing:

- (1) the compensation of all officers, deputies and other employees subject to this chapter . . ."

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

2. The Salary Ordinance approved by the County Council did not set the compensation for all part-time employees.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

COUNTY AUDITOR  
DEARBORN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 15, 2009, with Cary B. Pickens, Auditor; Ralph Thompson, President of the Board of County Commissioners; and Maynard Barrett, Vice President of the County Council.