

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

EXAMINATION REPORT
OF
COUNTY AUDITOR
WARREN COUNTY, INDIANA
January 1, 2006 to December 31, 2006



FILED
05/02/2007

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
County Officials	2
Transmittal Letter	3
Examination Results and Comments:	
Penalties, Interest and Other Charges	4
Annual Report	4
Overdrawn Fund Balances	4
Overspent Appropriations	4
Exit Conference	5
Official Response	6

COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Michelle Hetrick	01-01-06 to 12-31-10
President of the County Council	Steve McIntosh	01-01-06 to 12-31-07
President of the Board of County Commissioners	Thomas A. Hetrick	01-01-06 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF WARREN COUNTY

We have examined the records of the County Auditor 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 Examination Results and Comments. The financial transactions of this office are reflected in the Annual Report of Warren County for the year 2006.

STATE BOARD OF ACCOUNTS

April 18, 2007

AUDITOR
WARREN COUNTY
EXAMINATION RESULTS AND COMMENTS

PENALTIES, INTEREST AND OTHER CHARGES

Penalties and interest totaling \$6,398.10 were paid to the Internal Revenue Service on March 26, 2006, for the period July through December 2005 for untimely payroll withholding and tax remittances. The federal payroll withholdings and taxes for November and December 2006 totaling \$113,672.02 were not remitted until January 4, 2007. No penalties and interest have been paid as of April 18, 2006. A similar comment appeared in the prior Report B27210 dated June 23, 2006.

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.

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)

ANNUAL REPORT

An annual report for 2006 was not presented for examination. As of March 22, 2007, the annual report had not been completed.

Indiana Code 5-11-1-4(a) concerning annual reports, states in part: ". . . these reports shall be prepared, verified, and filed with the state examiner within thirty (30) days after the close of each fiscal year."

OVERDRAWN FUND BALANCES

The Bi-State Drug Task Force Fund, Local Road and Street Fund, General Drain Improvement Fund, and Overweight Vehicle Fines Fund were overdrawn as of December 31, 2006. If the unremitted taxes as of December 31, 2006, are removed from the Payroll Fund, it is also overdrawn as of December 31, 2006. A similar comment appeared in the prior Report B27210 dated June 23, 2006.

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

OVERSPENT APPROPRIATIONS

Records presented for examination indicated expenditures for the Health Fund exceeded budgeted appropriations by \$44,190.

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

AUDITOR
WARREN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 18, 2007, with Michelle Hetrick, Auditor; and Thomas A. Hetrick, President of the Board of County Commissioners. The official response has been made a part of this report and may be found on page 6.



**WARREN COUNTY COMMISSIONERS
WARREN COUNTY COUNCIL**

**125 N. MONROE
WILLIAMSPORT, INDIANA 47993
PHONE (765) 762-3275
WARREN COUNTY**

RESPONSE TO EXAMINATION RESULTS AND COMMENTS

PENALTIES, INTEREST AND OTHER CHARGES

The Internal Revenue Service was contacted and we requested a waiver for a portion of the penalties and interest that will be assessed for the late submission of the federal payroll withholdings. A letter of reprimand was issued to the payroll clerk. We have also implemented procedures that will hopefully alleviate this from occurring in the future.

OVERDRAWN FUND BALANCES

The Bi-State Drug Task Force Fund is a non-appropriated fund which receives reimbursement from State and Federal Grants. The reimbursement is requested and received on a quarterly basis after the services are provided.

The General Drain Improvement Fund is overdrawn as I did not move the dollars from the Drain Maintenance Fund to the Improvement Fund after the December 2006 Settlement was completed. We are correcting this and are now aware of the steps that need to be taken to complete this transfer of funds in the new financial system we are using.

The Overweight Vehicle Fines Fund was overdrawn at the December 2006 Settlement as I looked at the total receipts line for the year incorrectly instead of the fund balance. I requested a refund from the Auditor of State and received the refund on March 2, 2007.

OVERSPENT APPROPRIATIONS

The Health Fund was overspent due to an error of paying for the health insurance of the Health Department employees out of the incorrect fund. These payments should have come out of the Commissioners Budget line item and were incorrectly taken from the Health Fund line item. Due to the difficulty of correcting this in 2006 as we were on two financial systems we decided to leave it as is and to make certain that in 2007 the health insurance is taken from the Commissioners line item.

Michelle Hetrick
Warren County Auditor
4-18-07