

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

AUDIT REPORT  
OF  
COUNTY AUDITOR  
WARRICK COUNTY, INDIANA  
January 1, 2012 to December 31, 2012



**FILED**  
11/22/2013



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
County Officials .....	2
Transmittal Letter .....	3
Audit Results and Comments:	
Annual Report.....	4
Investment Transactions .....	4
Internal Control .....	5
Exit Conference.....	6

COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	L. B. "Dixie" Dugan	01-01-11 to 12-31-14
President of the County Council	Gary R. Meier	01-01-12 to 12-31-13
President of the Board of County Commissioners	Tim Mosbey Don Williams	01-01-12 to 12-31-12 01-01-13 to 12-31-13



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

---

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF WARRICK COUNTY

We have audited the records of the County Auditor for the period from January 1, 2012 to December 31, 2012, 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 Warrick County for the year 2012.

STATE BOARD OF ACCOUNTS

July 24, 2013

COUNTY AUDITOR  
WARRICK COUNTY  
AUDIT RESULTS AND COMMENTS

***ANNUAL REPORT***

The Annual Report for 2012 contained a number of errors and did not properly reflect the financial activity of Warrick County.

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

***INVESTMENT TRANSACTIONS***

In 2011, a certificate of deposit that was purchased from the WCCC Reserve Fund was sold, and the \$119,571.50 in principal and \$1,309.24 in interest were receipted into the WCCC Program Income Fund. An \$80,000 certificate of deposit was then purchased from the WCCC Program Income Fund.

In 2012, the \$80,000 certificate of deposit purchased from the WCCC Program Income Fund was sold, and the \$80,000 in principal and \$812.29 in interest were receipted into the WCCC Reserve Fund.

The County was instructed to transfer the net result of the transactions listed above of \$39,571.50 from the WCCC Program Income Fund to the WCCC Reserve Fund.

A similar comment was included in the prior report.

When the investments by fund are sold, the full amount of such sale should be entered as receipt to the fund from which the investment was made. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 19)

COUNTY AUDITOR  
WARRICK COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

***INTERNAL CONTROL***

We noted several deficiencies in the internal control system of the County related to financial reporting. The County should have proper controls in place over the preparation of the financial statement and the Schedule of Expenditures of Federal Awards (SEFA) to ensure accurate reporting of financial information. Without a proper system of internal controls in place that operate effectively, material misstatements of the financial statement and the SEFA could remain undetected.

Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the County's audited financial statement and SEFA and then determining how those identified risks should be managed. The County has not identified risks to the preparation of reliable financial statement and as a result has failed to design effective controls over the preparation of the financial statement to prevent or detect material misstatements.

During the audit, we noted quantitative material errors to the financial statement. We also noted qualitative and quantitative errors that when taken collectively resulted in a material misstatement of the SEFA. Audit adjustments were proposed, accepted by the County, and made to the financial statement and to the SEFA presented in this report. These adjustments resulted in a presentation of the financial statement that is materially correct and a SEFA that is materially correct in relation to the financial statement.

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.

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)

COUNTY AUDITOR  
WARRICK COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 24, 2013, with L. B. "Dixie" Dugan, Auditor; Don Williams, President of the Board of County Commissioners; and Allan James, First Deputy Auditor. The officials concurred with our audit findings.