

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

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



FILED
05/03/2007

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	R. Jeffrey Dossett	10-01-05 to 12-31-07
President of the County Council	Terry Hockersmith Don Peterson	01-01-06 to 12-31-06 01-01-07 to 12-31-07
President of the Board of County Commissioners	Phillip Bane William McCormick	01-01-06 to 12-31-06 01-01-07 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF MONTGOMERY 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 Montgomery County for the year 2006.

STATE BOARD OF ACCOUNTS

March 29, 2007

COUNTY AUDITOR
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EXAMINATION RESULTS AND COMMENTS

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the examination period:

1. Of 60 claims reviewed, 8 claims did not have adequate supporting documentation.
2. Of 60 claims reviewed, 5 claims did not have authorizing signatures.

Indiana Code 5-11-10-1.6(c) states: "The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

CONGRESSIONAL SCHOOL INTEREST

Semiannual distributions of Congressional School Fund interest was not properly distributed to schools. Required distributions of \$923.24 were not made in 2005. Only one distribution was made in 2006 leaving an unpaid balance of \$461.61. The total due the school corporations for the two year period is \$1,384.85.

Semiannually, on the second Monday of July and the last Monday in January, the auditor of each county shall make distribution of the interest on the congressional fund to the treasurer of each school corporation. The interest is computed at the rate of 4% per annum on the amount held in trust for each congressional township and apportioned and distributed on the basis of the enumeration of children, pursuant to IC 21-1-1-54. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, chapter 11)

DRAIN IMPROVEMENT FUND

A review of the Drain Improvement Fund subsidiary ledger indicated the following conditions:

1. The balance shown on the control sheet did not agree with the totals shown on the detail sheets.
2. The Drain Improvement Fund subsidiary ledger did not agree with the Drain Improvement Fund shown on the Auditor's fund ledger.

COUNTY AUDITOR
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EXAMINATION RESULTS AND COMMENTS
(Continued)

3. The subsidiary ledger does not indicate whether account is for construction, reconstruction, or maintenance repayable.
4. Assessments and unpaid assessments are not recorded on subsidiary ledger.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balances should agree. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

CAPITAL ASSETS

A capital assets record was not presented for examination.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable General Capital Asset Account Group Form. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

DRAINAGE MAINTENANCE FUND

A review of the Drainage Maintenance Subsidiary Ledger indicated the following conditions:

1. The detail of the Drainage Maintenance Subsidiary Ledger did not agree with the control sheet or the County Auditor's Fund Ledger.
2. Posting of transactions was not always timely. November and December, 2006 transactions were not posted until March, 2007.
3. The James Emerson ditch has a negative balance of \$26,502.66.
4. Loan payment made January 11, 2006, included a \$299.34 penalty for late payment.
5. Assessments and unpaid assessments are not posted to ledger.
6. Memorandum of payments from and repayments to General Drain Improvement Fund were not posted.

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Officials and employees have the duty to pay claims in a timely fashion. 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, Chapter 14)

COUNTY AUDITOR
MONTGOMERY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 29, 2007, with R. Jeffrey Dossett, Auditor; William McCormick, President of the Board of County Commissioners; Don Peterson, President of County Council; and Michelle Cash, newly elected Auditor. The officials concurred with our findings.