

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF  
MONTGOMERY COUNTY, INDIANA  
January 1, 2012 to December 31, 2012



**FILED**  
12/31/2013

*Reissued on March 2, 2015,  
to correct the Schedule of  
Expenditures of Federal  
Awards and related reports.*



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Michelle R. Cash	01-01-11 to 12-31-14
Treasurer	Janet S. Johnson	01-01-11 to 12-31-14
Clerk	Jennifer Bentley	01-01-09 to 12-31-16
Sheriff	Mark A. Casteel	01-01-11 to 12-31-14
Recorder	Kathy Traughber	01-01-12 to 12-31-15
President of the Board of County Commissioners	Phillip Bane	01-01-12 to 12-31-13
President of the County Council	Brian Keim	01-01-12 to 12-31-13



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF MONTGOMERY COUNTY, INDIANA

***Report on the Financial Statement***

We have audited the accompanying financial statement of Montgomery County (County), which comprises the financial position and results of operations for the year ended December 31, 2012, and the related notes to the financial statement.

***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As discussed in Note 1 of the financial statement, the County prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the County for the year ended December 31, 2012.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the County for the year ended December 31, 2012, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated November 7, 2013, except for Finding 2012-2, as to which the date is February 12, 2015, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

***Restatement of Schedule of Expenditures of Federal Awards***

As discussed in Note 2 of the Notes to the Schedule of Expenditures of Federal Awards, the 2012 Schedule of Expenditures of Federal Awards has been restated to correct a misstatement. Our opinion on the Schedule of Expenditures of Federal Awards in relation to the financial statement is not modified with respect to this matter.

***Accompanying Information***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the County's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures,

INDEPENDENT AUDITOR'S REPORT  
(Continued)

including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the County's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

*Other Information*

Included in the financial statement are the receipts and disbursements activity from emergency telephone system fees (IC 36-8-16), enhanced wireless emergency telephone fees (IC 36-8-16.5), and statewide 911 services fees (IC 36-8-16.7). In accordance with Indiana Code 36-8-16-14, Indiana Code 36-8-16.5-41, and Indiana Code 36-8-16.7-38, these fees have been subject to an annual audit performed by the Indiana State Board of Accounts and, in our opinion, are fairly stated, in all material respects, in relation to the financial statement taken as a whole.

  
Paul D. Joyce, CPA  
State Examiner

November 7, 2013, except for the Schedule of Expenditures of Federal Awards, as to which the date is February 12, 2015



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF MONTGOMERY COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of Montgomery County (County), which comprises the financial position and results of operations for the year ended December 31, 2012, and the related notes to the financial statement, and have issued our report thereon dated November 7, 2013, except for the Schedule of Expenditures of Federal Awards, as to which the date is February 12, 2015, wherein we noted the County followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

As discussed in Note 2 of the Notes to the Schedule of Expenditures of Federal Awards, the 2012 Schedule of Expenditures of Federal Awards has been restated to correct a misstatement. Our opinion on the Schedule of Expenditures of Federal Awards in relation to the financial statement is not modified with respect to this matter. This report cites a material weakness identified by the auditor as a result of the County having failed to prevent or detect the misstatement in the original Schedule of Expenditures of Federal Awards.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statement, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2012-1 and 2012-2 to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2012-2 and 2012-3.

***Montgomery County's Response to Findings***

The County's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

November 7, 2013, except for Finding 2012-2, as to which the date is February 12, 2015

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## FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the County. The financial statement and notes are presented as intended by the County.

MONTGOMERY COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2012

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
CNTY GEN	\$ 80,693	\$ 10,343,714	\$ 9,764,723	\$ 659,684
LOCAL RD & STREET	865,123	417,406	324,398	958,131
AVIATION FD	-	128,189	128,189	-
ACCIDENT RPTS	12,108	3,643	174	15,577
FIREARMS TRAIN	14,689	15,425	14,295	15,819
HEALTH DEPARTMENT	106,082	274,745	181,902	198,925
CLKS RECORDS PERPET	20,975	23,200	9,778	34,397
ST ASSESS TRAIN FD(DISCL)	330	4,345	4,215	460
EMEG TX E-911	89,048	190,774	16,427	263,395
DRAIN MAINT	745,834	485,407	330,700	900,541
EXTRADITION	4,372	-	-	4,372
JUVENILE PROB SERVS	42,057	9,345	1,267	50,135
SUPPL ADULT PROB	220,716	210,490	182,064	249,142
RECORDERS PERPET	184,332	61,205	47,451	198,086
CLK USER FEE	51,963	73,054	75,091	49,926
COVERED BRDG	31,423	1,850	31,423	1,850
LOCAL HEALTH & MAINT	94,239	58,442	71,140	81,541
PRE TRIAL DIVERSION	25,125	60,424	67,179	18,370
GUARDIAN AD LITEM / COURT	5	25,867	25,867	5
PLAT MAP FD	14,362	3,112	3,443	14,031
SURVEYOR CORNER PERPET	10,449	8,055	15,050	3,454
TAX SALE COSTS/ ADS/POSTG	12,711	6,700	5,511	13,900
RAINY DAY FD	1,006,503	-	-	1,006,503
CO SHARE DISCLOSURE FEES	5,411	4,435	2,246	7,600
K-9 GIFT FD	444	553	296	701
CNTY CORRECTIONS	(10,646)	-	-	(10,646)
EXCESS LEVY	61,509	-	-	61,509
IDENT SECUR PROTECTION	8,408	3,836	1,967	10,277
WIRELESS 911	1,344,575	62,951	518,189	889,337
PROS IV D (INCENT)	79,396	31,779	21,345	89,830
MAJOR MOVES	99	-	99	-
CNTY CORRECTION MISD FD	(262)	25,194	24,931	1
INELIGIBLE DEDUCTIONS FUND	-	49,621	8,214	41,407
CNTY ELECTED OFFCLS TRAIN	1,345	3,836	117	5,064
CUM CAP DEVELOPMENT	822,874	1,178,128	1,003,718	997,284
CUM BRDG	575,542	345,164	315,239	605,467
DRAIN IMPROV FD	377,194	1,555,812	999,431	933,575
PRIN CONG SCHOOL	20,081	-	20,081	-
CITY COURT COSTS	6,052	12,366	11,167	7,251
CORONER ED FD	780	3,245	3,685	340
INT CONG SCHOOL	1,843	48	1,891	-
WEED CUTTING	(3)	3	-	-
TAX SALE SURPLUS	300,269	1,243,039	1,138,551	404,757
TAX SALE REDEMPTION	(15,935)	122,922	106,987	-
TREASURER SURPLUS TAX	184,038	34,085	18,856	199,267
SETTL	-	1,124,367	1,124,367	-
FINES & FORFEITURES	46,102	40,788	62,529	24,361
SEWERAGE COLLECTIONS	-	32,507	32,507	-
OVERWEIGHT VEHICLE FD	2,140	2,565	4,705	-
INFRACTION JDGMTS	5,597	95,862	93,867	7,592
INHER TAX	717,991	2,099,654	1,984,839	832,806
SPECIAL DEATH BENF	205	3,070	3,025	250
ED PLATE FEES	-	1,807	769	1,038
INNKEEPERS TAX	29,335	185,886	130,479	84,742
FINANCIAL INSTITUTION TAX	-	278,987	278,987	-
CITY FINES (ORD/VIO)	17,882	1,275	-	19,157
SURTAX	-	796,185	796,185	-
INTRST COMPACT FEE FD	225	750	388	587
CVET (EXCISE)	-	209,559	209,559	-
RIVERBOAT REVENUE SHARING	5,702	225,844	225,844	5,702
HEA 1001 ST HMSTEAD	(4,171)	179	-	(3,992)
LOIT HMSTEAD CREDIT FD	61,114	5,691,627	4,527,195	1,225,546

The notes to the financial statement are an integral part of this statement.

MONTGOMERY COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2012  
(Continued)

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
LOIT PTRC FD	74,337	1,463,710	1,186,098	351,949
CEDIT HMSTEAD CREDIT FD	7,637	714,014	566,726	154,925
WHEEL & SURTAX	1,110,329	739,910	634,236	1,216,003
INTERPRETER GR	3,706	6,150	3,989	5,867
MONT CO REG SEWER BOARD	49,310	-	25,323	23,987
CLK ELECTION REIMB 1	41,860	-	-	41,860
2017 REASSMNT	171,411	176,086	110,661	236,836
REASSMNT	171,087	557	107,807	63,837
AHEAD GR	8,485	15,450	12,606	11,329
DRUG COURT GR	6,692	10,000	9,807	6,885
DRUG COURT USER FEES	-	740	-	740
MAPP FEES FOR BLDG DEPT	1,703	3,068	1,500	3,271
STMWATER CLRG ACCT	20,936	6,206	8,703	18,439
ELECTR FEE CLRG ACCT	14,162	2,790	6,750	10,202
FLOOD FEE HOLDING ACCT	17,262	5,776	4,815	18,223
BOND ADMIN FEE/DRUG COURT	294,240	29,160	17,061	306,339
CNTY EXTRADITION FD	2,437	-	-	2,437
HIGHWAY WHEEL TAX	340	120,345	120,125	560
CNTY JAIL BOND	584,206	1,188,605	1,327,613	445,198
COIT CNTY OPTION FD	-	7,045,717	6,355,348	690,369
CO SHARE RIVERBOAT MONEY	199,005	98,331	-	297,336
TREASURER DOG TAX	5,987	1,486	1,090	6,383
COMMRS TAX SALE	-	32,936	21,320	11,616
CNTY OPTION DOG TAX	511	2,180	2,180	511
CO SHARE OPTION DOG TAX	9,831	7,486	10,000	7,317
TAX SALE SRI FEE	13,819	18,840	13,860	18,799
TITLE IV-D INCEN	76,092	17,276	33,242	60,126
CCB FD IV-D	6,455	8,685	4,708	10,432
JUDGES IV-D INCENTIVE	-	9,226	-	9,226
SEX/ VIOL OFFND CHNG FEE	2,327	3,100	320	5,107
PROS IV-D ARRA	59,493	-	28,481	31,012
CNTY GEN IVD ARRA	18,293	-	-	18,293
CLK IVD ARRA	1,434	-	-	1,434
PAYROLL	591,515	3,746,845	3,861,807	476,553
PROB SALARIES ADMIN FEE	88,788	29,223	51,380	66,631
CNTY POLICE PENSION	375,397	77,692	205,681	247,408
POLICE PENSION TRUST FD	2,046	-	-	2,046
JUVENILE ADMIN FEE	17,251	3,880	3,063	18,068
TWP TAX	366	102,711	103,077	-
LIBRARY TAX	-	1,858,296	1,858,296	-
TRANSPORTATION TAX	-	4,454,424	4,454,424	-
SCHOOL DEBT SERV	-	10,491,276	10,491,276	-
SCHOOL BUS REPLACEMENT	-	256,709	256,709	-
SCHOOL PENSION	-	1,348,664	1,348,664	-
SHER DONATION SPECIAL	8,995	50	9,045	-
17T CORRECTION COE	(346,797)	105,716	320,565	(561,646)
TMA FD	-	7,343	-	7,343
ALTERNATIVE DISPUTE RESOL	22,816	4,410	1,464	25,762
CLK GEN IV -D INCEN	42,725	17,276	13,736	46,265
SHER WORK RELEASE	57,180	18,117	21,520	53,777
FAM VIOLNC & VICTIM ASSIS	29,003	606	-	29,609
CNTY HIGHWAY	559,654	2,188,947	2,177,973	570,628
STREET TAX	-	1,153,303	1,153,303	-
IND LHD TRUST ACCT	52,677	23,526	31,919	44,284
PREPAREDNESS GR	16,060	16,886	32,240	706
COURT REFERRAL	125,509	109,800	91,965	143,344
MEDICAL RESV CORP (MRC)	14,005	4,233	6,231	12,007
H1N1 GR	(7,978)	8,378	400	-
IMMUNIZATION GR 10	(6,896)	6,896	-	-
DISASTER RESPONSE REIMB	-	-	1,375	(1,375)
SKILL BUILDING PRGM	(2,546)	31,946	37,391	(7,991)
POOR RELIEF	(366)	317,848	317,482	-

The notes to the financial statement are an integral part of this statement.

MONTGOMERY COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2012  
(Continued)

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
CENTRAL COMMS CENTER	-	591,966	591,966	-
LITTLE RACoon CONS	-	23,651	23,651	-
LAKE HOLIDAY CONSERVANCY	-	162,430	162,430	-
EXTRA ASSMNT LAKE HOLIDAY	-	16,805	16,805	-
CCD TOWNS	-	279,777	279,777	-
TOWNSHIP FIREFIGHTING	-	337,882	337,882	-
CIVIL DEFENSE	-	27,619	27,619	-
DARE SUPPLIES	3	409	408	4
AGGRESSIVE DRIVING	(2,390)	2,390	-	-
CO LAW ENFORC CONT ED	27,135	9,585	-	36,720
EMER PLANG & RIGHT TO KN	(168)	168	-	-
JUVENILE JUSTICE JJAC	(166)	166	-	-
FIRE DEBT EQUIP (TWNSPS)	-	22,305	22,305	-
CUM FIRE BLDG & EQUIP	937	390,526	390,526	937
COMMON SCHOOL FD	7,565	-	-	7,565
SCHOOL CAPITAL PROJ	-	4,942,088	4,942,088	-
Statewide 911	-	255,505	914,740	(659,235)
JABIG GR (K 08)	(193)	193	-	-
PARKS & RECREATION	-	671,040	671,040	-
TOWNSHIP CEMETERY	-	2,988	2,988	-
TOWNSHIP RECREATION	-	6,136	6,136	-
FED MOTOR CARRIER CLK	116,593	3,943	-	120,536
CNTY DRUG FREE FD	54,573	42,310	64,599	32,284
CIR ADR FD	(223)	223	-	-
CORPORATION TAX	3	5,072,455	5,072,458	-
DRUG INVESTIGATION	5,185	-	-	5,185
BLOCK EQUIP GR (SHER CAM)	2,550	-	-	2,550
OPERATION PULLOVER	705	670	670	705
BULLETPROOF VEST GR	277	2,836	-	3,113
EQUIP GR (SHER LIGHTS)	1,705	-	-	1,705
EQUIP GR (SHER RAD)	756	-	-	756
2012 RAIL CROSSING GR	-	23,432	23,432	-
REDEV COMMISSION TIF	39,903	129,176	140,523	28,556
TIF SETTL FD	-	1,463,385	1,463,385	-
SOCIAL SECURITY ADMINISTRATION	-	4,000	-	4,000
HAZD SUB & RESP (LEPC GR)	-	10,754	383	10,371
AFTER SETTLEMENT COLLECTIONS	801,335	5,319,043	5,116,828	1,003,550
SHERIFF'S INMATE TRUST	17,861	223,517	221,218	20,160
SHERIFF'S COMMISSARY	110,464	233,792	208,580	135,676
CLERK'S TRUST	549,511	2,925,650	2,907,208	567,953
CLERK'S ISETS TRUST	7,052	882,354	885,695	3,711
REDEVELOPMENT COMMISSION	-	9,027,357	9,027,357	-
<b>Totals</b>	<b>\$ 14,632,039</b>	<b>\$ 99,094,678</b>	<b>\$ 95,960,594</b>	<b>\$ 17,766,123</b>

The notes to the financial statement are an integral part of this statement.

MONTGOMERY COUNTY  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The County was established under the laws of the State of Indiana. The County operates under a Council-Commissioner form of government and provides some or all of the following services: public safety (police), highways and streets, health welfare and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

The accompanying financial statement presents the financial information for the County.

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the County.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state,

MONTGOMERY COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the County.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

MONTGOMERY COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*F. Interfund Transfers*

The County may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the County. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the County. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the County in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the County submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the County in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

MONTGOMERY COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

State statutes authorize the County to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

**Note 5. Risk Management**

The County may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the County to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the County authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

MONTGOMERY COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. County Police Retirement Plan*

*Plan Description*

The County Police Retirement Plan is a single-employer defined benefit pension plan. With the approval of the County's fiscal body, the plan is administered by the sheriff's department and an appointed trustee as authorized by state statute (IC 36-8-10-12) for full-time police officers. The plan provides retirement, death, and disability benefits to plan members and beneficiaries. Funds designated for payments related to this plan are accounted for in a pension trust fund. The activity of this trust fund has not been reflected in the financial statement. The trustee issues a publicly available financial report that includes financial statements and required supplementary information of the plan. The report may be obtained by contacting the county sheriff.

*Funding Policy*

The contribution requirements of plan members for the County Police Retirement Plan are established by state statute.

*C. County Police Benefit Plan*

*Plan Description*

The County Police Benefit Plan is a single-employer defined benefit pension plan. With the approval of the County's fiscal body, the plan is administered by the sheriff's department and an appointed trustee as authorized by state statute (IC 36-8-10-12) for full-time police officers. The plan provides dependent pensions, life insurance, and disability benefits to plan members and beneficiaries. Funds designated for payments related to this plan are accounted for in a pension trust fund. The activity of this trust fund has not been reflected in the financial statement. The trustee issues a publicly available financial report that includes financial statements and required supplementary information of the plan. The report may be obtained by contacting the county sheriff.

*Funding Policy*

The contribution requirements of plan members for the County Police Benefit Plan are established by state statute.

**Note 7. Restatement of County Offices**

Certain funds that were included on the prior-year financial statement have been omitted from the current-year financial statement to more accurately reflect the financial activity of the County. These funds account for receipts and disbursements of County offices that are also eventually accounted for in the County's general ledger and financial statements.

MONTGOMERY COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 8. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. The Disaster Response Reim Fund and Skill Building Prgm Fund are a result of the funds being set up for reimbursable grants. The reimbursements for expenditures made by the County were not received by December 31, 2012. The Cnty Corrections Fund, HEA 1001 St Hmstead Fund, 17T Correction COE Fund, and Statewide 911 Fund are a result of the County's failure to adequately monitor cash balances.

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the County's Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the County which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the County. It is presented as intended by the County.

MONTGOMERY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012

	CNTY GEN	LOCAL RD & STREET	AVIATION FD	ACCIDENT RPTS	FIREARMS TRAIN	HEALTH DEPARTMENT	CLKS RECORDS PERPET
Cash and investments - beginning	\$ 80,693	\$ 865,123	\$ -	\$ 12,108	\$ 14,689	\$ 106,082	\$ 20,975
Receipts:							
Taxes	8,530,808	-	-	-	-	195,596	-
Licenses and permits	-	-	-	-	15,425	-	-
Intergovernmental	363,005	417,406	-	-	-	13,542	-
Charges for services	1,076,157	-	-	3,643	-	-	-
Fines and forfeits	42,293	-	-	-	-	-	-
Other receipts	331,451	-	128,189	-	-	65,607	23,200
Total receipts	<u>10,343,714</u>	<u>417,406</u>	<u>128,189</u>	<u>3,643</u>	<u>15,425</u>	<u>274,745</u>	<u>23,200</u>
Disbursements:							
Personal services	6,269,130	-	-	-	-	180,359	-
Supplies	286,619	131,394	-	-	14,295	343	-
Other services and charges	2,929,063	-	-	-	-	1,200	-
Capital outlay	122,032	193,004	-	174	-	-	9,778
Other disbursements	157,879	-	128,189	-	-	-	-
Total disbursements	<u>9,764,723</u>	<u>324,398</u>	<u>128,189</u>	<u>174</u>	<u>14,295</u>	<u>181,902</u>	<u>9,778</u>
Excess (deficiency) of receipts over disbursements	<u>578,991</u>	<u>93,008</u>	<u>-</u>	<u>3,469</u>	<u>1,130</u>	<u>92,843</u>	<u>13,422</u>
Cash and investments - ending	<u>\$ 659,684</u>	<u>\$ 958,131</u>	<u>\$ -</u>	<u>\$ 15,577</u>	<u>\$ 15,819</u>	<u>\$ 198,925</u>	<u>\$ 34,397</u>

MONTGOMERY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	ST ASSESS TRAIN FD(DISCL)	EMEG TX E-911	DRAIN MAINT	EXTRADITION	JUVENILE PROB SERVS	SUPPL ADULT PROB	RECORDERS PERPET
Cash and investments - beginning	\$ 330	\$ 89,048	\$ 745,834	\$ 4,372	\$ 42,057	\$ 220,716	\$ 184,332
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	19,470	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	4,345	190,774	465,937	-	9,345	210,490	61,205
Total receipts	4,345	190,774	485,407	-	9,345	210,490	61,205
Disbursements:							
Personal services	-	11,859	-	-	9	134,060	5,334
Supplies	-	-	-	-	-	8,069	27,932
Other services and charges	-	-	-	-	1,258	37,744	-
Capital outlay	-	4,568	-	-	-	2,191	-
Other disbursements	4,215	-	330,700	-	-	-	14,185
Total disbursements	4,215	16,427	330,700	-	1,267	182,064	47,451
Excess (deficiency) of receipts over disbursements	130	174,347	154,707	-	8,078	28,426	13,754
Cash and investments - ending	\$ 460	\$ 263,395	\$ 900,541	\$ 4,372	\$ 50,135	\$ 249,142	\$ 198,086

MONTGOMERY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	CLK USER FEE	COVERED BRDG	LOCAL HEALTH & MAINT	PRE TRIAL DIVERSION	GUARDIAN AD LITEM / COURT	PLAT MAP FD	SURVEYOR CORNER PERPET
Cash and investments - beginning	\$ 51,963	\$ 31,423	\$ 94,239	\$ 25,125	\$ 5	\$ 14,362	\$ 10,449
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	73,054	-	6,199	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	1,850	52,243	60,424	25,867	3,112	8,055
Total receipts	<u>73,054</u>	<u>1,850</u>	<u>58,442</u>	<u>60,424</u>	<u>25,867</u>	<u>3,112</u>	<u>8,055</u>
Disbursements:							
Personal services	-	-	50,523	66,224	-	-	-
Supplies	-	-	7,467	74	-	3,133	-
Other services and charges	-	-	13,150	-	22,018	310	15,050
Capital outlay	-	31,423	-	881	-	-	-
Other disbursements	75,091	-	-	-	3,849	-	-
Total disbursements	<u>75,091</u>	<u>31,423</u>	<u>71,140</u>	<u>67,179</u>	<u>25,867</u>	<u>3,443</u>	<u>15,050</u>
Excess (deficiency) of receipts over disbursements	<u>(2,037)</u>	<u>(29,573)</u>	<u>(12,698)</u>	<u>(6,755)</u>	<u>-</u>	<u>(331)</u>	<u>(6,995)</u>
Cash and investments - ending	<u>\$ 49,926</u>	<u>\$ 1,850</u>	<u>\$ 81,541</u>	<u>\$ 18,370</u>	<u>\$ 5</u>	<u>\$ 14,031</u>	<u>\$ 3,454</u>

MONTGOMERY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	TAX SALE COSTS/ ADS/POSTG	RAINY DAY FD	CO SHARE DISCLOSURE FEES	K-9 GIFT FD	CNTY CORRECTIONS	EXCESS LEVY	IDENT SECUR PROTECTION
Cash and investments - beginning	\$ 12,711	\$ 1,006,503	\$ 5,411	\$ 444	\$ (10,646)	\$ 61,509	\$ 8,408
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	6,700	-	4,435	553	-	-	3,836
Total receipts	6,700	-	4,435	553	-	-	3,836
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	1,967
Other services and charges	-	-	2,246	296	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	5,511	-	-	-	-	-	-
Total disbursements	5,511	-	2,246	296	-	-	1,967
Excess (deficiency) of receipts over disbursements	1,189	-	2,189	257	-	-	1,869
Cash and investments - ending	\$ 13,900	\$ 1,006,503	\$ 7,600	\$ 701	\$ (10,646)	\$ 61,509	\$ 10,277

MONTGOMERY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	WIRELESS 911	PROS IV D (INCENT)	MAJOR MOVES	CNTY CORRECTION MISD FD	INELIGIBLE DEDUCTIONS FUND	CNTY ELECTED OFFCLS TRAIN	CUM CAP DEVELOPMENT
Cash and investments - beginning	\$ 1,344,575	\$ 79,396	\$ 99	\$ (262)	\$ -	\$ 1,345	\$ 822,874
Receipts:							
Taxes	-	-	-	-	-	-	574,254
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	39,605
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	62,951	31,779	-	25,194	49,621	3,836	564,269
Total receipts	62,951	31,779	-	25,194	49,621	3,836	1,178,128
Disbursements:							
Personal services	-	20,193	-	-	-	-	-
Supplies	-	-	-	-	950	-	-
Other services and charges	7,442	1,152	-	-	7,264	-	584,967
Capital outlay	510,747	-	-	-	-	-	418,751
Other disbursements	-	-	99	24,931	-	117	-
Total disbursements	518,189	21,345	99	24,931	8,214	117	1,003,718
Excess (deficiency) of receipts over disbursements	(455,238)	10,434	(99)	263	41,407	3,719	174,410
Cash and investments - ending	\$ 889,337	\$ 89,830	\$ -	\$ 1	\$ 41,407	\$ 5,064	\$ 997,284

MONTGOMERY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	CUM BRDG	DRAIN IMPROV FD	PRIN CONG SCHOOL	CITY COURT COSTS	CORONER ED FD	INT CONG SCHOOL	WEED CUTTING
Cash and investments - beginning	\$ 575,542	\$ 377,194	\$ 20,081	\$ 6,052	\$ 780	\$ 1,843	\$ (3)
Receipts:							
Taxes	298,242	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	20,569	-	-	-	-	-	-
Charges for services	-	93,925	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	26,353	1,461,887	-	12,366	3,245	48	3
Total receipts	<u>345,164</u>	<u>1,555,812</u>	<u>-</u>	<u>12,366</u>	<u>3,245</u>	<u>48</u>	<u>3</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	81,054	-	-	-	-	-	-
Other services and charges	214,524	66,140	-	-	-	-	-
Capital outlay	19,661	-	-	-	-	-	-
Other disbursements	-	933,291	20,081	11,167	3,685	1,891	-
Total disbursements	<u>315,239</u>	<u>999,431</u>	<u>20,081</u>	<u>11,167</u>	<u>3,685</u>	<u>1,891</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>29,925</u>	<u>556,381</u>	<u>(20,081)</u>	<u>1,199</u>	<u>(440)</u>	<u>(1,843)</u>	<u>3</u>
Cash and investments - ending	<u>\$ 605,467</u>	<u>\$ 933,575</u>	<u>\$ -</u>	<u>\$ 7,251</u>	<u>\$ 340</u>	<u>\$ -</u>	<u>\$ -</u>

MONTGOMERY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	TAX SALE SURPLUS	TAX SALE REDEMPTION	TREASURER SURPLUS TAX	SETTL	FINES & FORFEITURES	SEWERAGE COLLECTIONS	OVERWEIGHT VEHICLE FD
Cash and investments - beginning	\$ 300,269	\$ (15,935)	\$ 184,038	\$ -	\$ 46,102	\$ -	\$ 2,140
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	<u>1,243,039</u>	<u>122,922</u>	<u>34,085</u>	<u>1,124,367</u>	<u>40,788</u>	<u>32,507</u>	<u>2,565</u>
Total receipts	<u>1,243,039</u>	<u>122,922</u>	<u>34,085</u>	<u>1,124,367</u>	<u>40,788</u>	<u>32,507</u>	<u>2,565</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	<u>1,138,551</u>	<u>106,987</u>	<u>18,856</u>	<u>1,124,367</u>	<u>62,529</u>	<u>32,507</u>	<u>4,705</u>
Total disbursements	<u>1,138,551</u>	<u>106,987</u>	<u>18,856</u>	<u>1,124,367</u>	<u>62,529</u>	<u>32,507</u>	<u>4,705</u>
Excess (deficiency) of receipts over disbursements	<u>104,488</u>	<u>15,935</u>	<u>15,229</u>	<u>-</u>	<u>(21,741)</u>	<u>-</u>	<u>(2,140)</u>
Cash and investments - ending	<u>\$ 404,757</u>	<u>\$ -</u>	<u>\$ 199,267</u>	<u>\$ -</u>	<u>\$ 24,361</u>	<u>\$ -</u>	<u>\$ -</u>

MONTGOMERY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	INFRACTION JDGMTS	INHER TAX	SPECIAL DEATH BENF	ED PLATE FEES	INNKEEPERS TAX	FINANCIAL INSTITUTION TAX	CITY FINES (ORD/VIO)
Cash and investments - beginning	\$ 5,597	\$ 717,991	\$ 205	\$ -	\$ 29,335	\$ -	\$ 17,882
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	<u>95,862</u>	<u>2,099,654</u>	<u>3,070</u>	<u>1,807</u>	<u>185,886</u>	<u>278,987</u>	<u>1,275</u>
Total receipts	<u>95,862</u>	<u>2,099,654</u>	<u>3,070</u>	<u>1,807</u>	<u>185,886</u>	<u>278,987</u>	<u>1,275</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	<u>93,867</u>	<u>1,984,839</u>	<u>3,025</u>	<u>769</u>	<u>130,479</u>	<u>278,987</u>	<u>-</u>
Total disbursements	<u>93,867</u>	<u>1,984,839</u>	<u>3,025</u>	<u>769</u>	<u>130,479</u>	<u>278,987</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>1,995</u>	<u>114,815</u>	<u>45</u>	<u>1,038</u>	<u>55,407</u>	<u>-</u>	<u>1,275</u>
Cash and investments - ending	<u>\$ 7,592</u>	<u>\$ 832,806</u>	<u>\$ 250</u>	<u>\$ 1,038</u>	<u>\$ 84,742</u>	<u>\$ -</u>	<u>\$ 19,157</u>

MONTGOMERY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	SURTAX	INTRST COMPACT FEE FD	CVET (EXCISE)	RIVERBOAT REVENUE SHARING	HEA 1001 ST HMSTEAD	LOIT HMSTEAD CREDIT FD	LOIT PTRC FD
Cash and investments - beginning	\$ -	\$ 225	\$ -	\$ 5,702	\$ (4,171)	\$ 61,114	\$ 74,337
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	796,185	750	209,559	225,844	179	5,691,627	1,463,710
Total receipts	796,185	750	209,559	225,844	179	5,691,627	1,463,710
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	796,185	388	209,559	225,844	-	4,527,195	1,186,098
Total disbursements	796,185	388	209,559	225,844	-	4,527,195	1,186,098
Excess (deficiency) of receipts over disbursements	-	362	-	-	179	1,164,432	277,612
Cash and investments - ending	\$ -	\$ 587	\$ -	\$ 5,702	\$ (3,992)	\$ 1,225,546	\$ 351,949

MONTGOMERY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	CREDIT HMSTEAD CREDIT FD	WHEEL & SURTAX	INTERPRETER GR	MONT CO REG SEWER BOARD	CLK ELECTION REIMB 1	2017 REASSMNT	REASSMNT
Cash and investments - beginning	\$ 7,637	\$ 1,110,329	\$ 3,706	\$ 49,310	\$ 41,860	\$ 171,411	\$ 171,087
Receipts:							
Taxes	-	-	-	-	-	164,867	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	10,813	557
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	714,014	739,910	6,150	-	-	406	-
Total receipts	<u>714,014</u>	<u>739,910</u>	<u>6,150</u>	<u>-</u>	<u>-</u>	<u>176,086</u>	<u>557</u>
Disbursements:							
Personal services	-	-	-	-	-	46,606	49,181
Supplies	-	634,236	-	-	-	1,492	1,371
Other services and charges	-	-	-	25,323	-	62,563	57,255
Capital outlay	-	-	-	-	-	-	-
Other disbursements	566,726	-	3,989	-	-	-	-
Total disbursements	<u>566,726</u>	<u>634,236</u>	<u>3,989</u>	<u>25,323</u>	<u>-</u>	<u>110,661</u>	<u>107,807</u>
Excess (deficiency) of receipts over disbursements	<u>147,288</u>	<u>105,674</u>	<u>2,161</u>	<u>(25,323)</u>	<u>-</u>	<u>65,425</u>	<u>(107,250)</u>
Cash and investments - ending	<u>\$ 154,925</u>	<u>\$ 1,216,003</u>	<u>\$ 5,867</u>	<u>\$ 23,987</u>	<u>\$ 41,860</u>	<u>\$ 236,836</u>	<u>\$ 63,837</u>

MONTGOMERY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	AHEAD GR	DRUG COURT GR	DRUG COURT USER FEES	MAPP FEES FOR BLDG DEPT	STMWATER CLRG ACCT	ELECTR FEE CLRG ACCT	FLOOD FEE HOLDING ACCT
Cash and investments - beginning	\$ 8,485	\$ 6,692	\$ -	\$ 1,703	\$ 20,936	\$ 14,162	\$ 17,262
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	15,450	10,000	740	3,068	6,206	2,790	5,776
Total receipts	<u>15,450</u>	<u>10,000</u>	<u>740</u>	<u>3,068</u>	<u>6,206</u>	<u>2,790</u>	<u>5,776</u>
Disbursements:							
Personal services	-	435	-	-	-	-	-
Supplies	400	2,642	-	-	651	126	350
Other services and charges	12,206	6,730	-	1,500	8,052	6,624	-
Capital outlay	-	-	-	-	-	-	4,465
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>12,606</u>	<u>9,807</u>	<u>-</u>	<u>1,500</u>	<u>8,703</u>	<u>6,750</u>	<u>4,815</u>
Excess (deficiency) of receipts over disbursements	<u>2,844</u>	<u>193</u>	<u>740</u>	<u>1,568</u>	<u>(2,497)</u>	<u>(3,960)</u>	<u>961</u>
Cash and investments - ending	<u>\$ 11,329</u>	<u>\$ 6,885</u>	<u>\$ 740</u>	<u>\$ 3,271</u>	<u>\$ 18,439</u>	<u>\$ 10,202</u>	<u>\$ 18,223</u>

MONTGOMERY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	BOND ADMIN FEE/DRUG COURT	CNTY EXTRADITION FD	HIGHWAY WHEEL TAX	CNTY JAIL BOND	COIT CNTY OPTION FD	CO SHARE RIVERBOAT MONEY	TREASURER DOG TAX
Cash and investments - beginning	\$ 294,240	\$ 2,437	\$ 340	\$ 584,206	\$ -	\$ 199,005	\$ 5,987
Receipts:							
Taxes	-	-	-	1,109,607	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	76,527	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	29,160	-	-	-	-	-	-
Other receipts	-	-	120,345	2,471	7,045,717	98,331	1,486
Total receipts	<u>29,160</u>	<u>-</u>	<u>120,345</u>	<u>1,188,605</u>	<u>7,045,717</u>	<u>98,331</u>	<u>1,486</u>
Disbursements:							
Personal services	3,793	-	-	-	-	-	1,090
Supplies	697	-	-	-	-	-	-
Other services and charges	12,571	-	-	-	-	-	-
Capital outlay	-	-	-	1,327,613	-	-	-
Other disbursements	-	-	120,125	-	6,355,348	-	-
Total disbursements	<u>17,061</u>	<u>-</u>	<u>120,125</u>	<u>1,327,613</u>	<u>6,355,348</u>	<u>-</u>	<u>1,090</u>
Excess (deficiency) of receipts over disbursements	<u>12,099</u>	<u>-</u>	<u>220</u>	<u>(139,008)</u>	<u>690,369</u>	<u>98,331</u>	<u>396</u>
Cash and investments - ending	<u>\$ 306,339</u>	<u>\$ 2,437</u>	<u>\$ 560</u>	<u>\$ 445,198</u>	<u>\$ 690,369</u>	<u>\$ 297,336</u>	<u>\$ 6,383</u>

MONTGOMERY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	COMMRS TAX SALE	CNTY OPTION DOG TAX	CO SHARE OPTION DOG TAX	TAX SALE SRI FEE	TITLE IV-D INCEN	CCB FD IV-D	JUDGES IV-D INCENTIVE
Cash and investments - beginning	\$ -	\$ 511	\$ 9,831	\$ 13,819	\$ 76,092	\$ 6,455	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	32,936	2,180	7,486	18,840	17,276	8,685	9,226
Total receipts	<u>32,936</u>	<u>2,180</u>	<u>7,486</u>	<u>18,840</u>	<u>17,276</u>	<u>8,685</u>	<u>9,226</u>
Disbursements:							
Personal services	-	-	-	-	33,242	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	4,708	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	21,320	2,180	10,000	13,860	-	-	-
Total disbursements	<u>21,320</u>	<u>2,180</u>	<u>10,000</u>	<u>13,860</u>	<u>33,242</u>	<u>4,708</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>11,616</u>	<u>-</u>	<u>(2,514)</u>	<u>4,980</u>	<u>(15,966)</u>	<u>3,977</u>	<u>9,226</u>
Cash and investments - ending	<u>\$ 11,616</u>	<u>\$ 511</u>	<u>\$ 7,317</u>	<u>\$ 18,799</u>	<u>\$ 60,126</u>	<u>\$ 10,432</u>	<u>\$ 9,226</u>

MONTGOMERY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	SEX/ VIOL OFFND CHNG FEE	PROS IV-D ARRA	CNTY GEN IVD ARRA	CLK IVD ARRA	PAYROLL	PROB SALARIES ADMIN FEE	CNTY POLICE PENSION
Cash and investments - beginning	\$ 2,327	\$ 59,493	\$ 18,293	\$ 1,434	\$ 591,515	\$ 88,788	\$ 375,397
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	77,692
Fines and forfeits	-	-	-	-	-	15,118	-
Other receipts	3,100	-	-	-	3,746,845	14,105	-
Total receipts	3,100	-	-	-	3,746,845	29,223	77,692
Disbursements:							
Personal services	-	18,603	-	-	-	51,380	205,681
Supplies	-	309	-	-	-	-	-
Other services and charges	-	-	-	-	3,861,807	-	-
Capital outlay	-	9,569	-	-	-	-	-
Other disbursements	320	-	-	-	-	-	-
Total disbursements	320	28,481	-	-	3,861,807	51,380	205,681
Excess (deficiency) of receipts over disbursements	2,780	(28,481)	-	-	(114,962)	(22,157)	(127,989)
Cash and investments - ending	\$ 5,107	\$ 31,012	\$ 18,293	\$ 1,434	\$ 476,553	\$ 66,631	\$ 247,408

MONTGOMERY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	POLICE PENSION TRUST FD	JUVENILE ADMIN FEE	TWP TAX	LIBRARY TAX	TRANSPORTATION TAX	SCHOOL DEBT SERV	SCHOOL BUS REPLACEMENT
Cash and investments - beginning	\$ 2,046	\$ 17,251	\$ 366	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	3,880	102,711	1,858,296	4,454,424	10,491,276	256,709
Total receipts	-	3,880	102,711	1,858,296	4,454,424	10,491,276	256,709
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	3,063	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	103,077	1,858,296	4,454,424	10,491,276	256,709
Total disbursements	-	3,063	103,077	1,858,296	4,454,424	10,491,276	256,709
Excess (deficiency) of receipts over disbursements	-	817	(366)	-	-	-	-
Cash and investments - ending	\$ 2,046	\$ 18,068	\$ -	\$ -	\$ -	\$ -	\$ -

MONTGOMERY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	SCHOOL PENSION	SHER DONATION SPECIAL	17T CORRECTION COE	TMA FD	ALTERNATIVE DISPUTE RESOL	CLK GEN IV -D INCEN	SHER WORK RELEASE
Cash and investments - beginning	\$ -	\$ 8,995	\$ (346,797)	\$ -	\$ 22,816	\$ 42,725	\$ 57,180
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	1,348,664	50	105,716	7,343	4,410	17,276	18,117
Total receipts	<u>1,348,664</u>	<u>50</u>	<u>105,716</u>	<u>7,343</u>	<u>4,410</u>	<u>17,276</u>	<u>18,117</u>
Disbursements:							
Personal services	-	-	-	-	-	-	19,325
Supplies	-	-	-	-	-	-	1,740
Other services and charges	-	-	-	-	1,464	13,736	455
Capital outlay	-	9,045	-	-	-	-	-
Other disbursements	1,348,664	-	320,565	-	-	-	-
Total disbursements	<u>1,348,664</u>	<u>9,045</u>	<u>320,565</u>	<u>-</u>	<u>1,464</u>	<u>13,736</u>	<u>21,520</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(8,995)</u>	<u>(214,849)</u>	<u>7,343</u>	<u>2,946</u>	<u>3,540</u>	<u>(3,403)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (561,646)</u>	<u>\$ 7,343</u>	<u>\$ 25,762</u>	<u>\$ 46,265</u>	<u>\$ 53,777</u>

MONTGOMERY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	FAM VIOLNC & VICTIM ASSIS	CNTY HIGHWAY	STREET TAX	IND LHD TRUST ACCT	PREPAREDNESS GR	COURT REFERRAL	MEDICAL RESV CORP (MRC)
Cash and investments - beginning	\$ 29,003	\$ 559,654	\$ -	\$ 52,677	\$ 16,060	\$ 125,509	\$ 14,005
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	2,176,100	-	-	-	-	-
Charges for services	-	-	-	-	-	15,085	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	606	12,847	1,153,303	23,526	16,886	94,715	4,233
Total receipts	<u>606</u>	<u>2,188,947</u>	<u>1,153,303</u>	<u>23,526</u>	<u>16,886</u>	<u>109,800</u>	<u>4,233</u>
Disbursements:							
Personal services	-	1,371,658	-	7,845	4,256	86,339	2,315
Supplies	-	693,998	-	20,270	2,438	3,135	534
Other services and charges	-	105,646	-	3,804	183	2,491	1,793
Capital outlay	-	6,671	-	-	3,993	-	1,589
Other disbursements	-	-	1,153,303	-	21,370	-	-
Total disbursements	<u>-</u>	<u>2,177,973</u>	<u>1,153,303</u>	<u>31,919</u>	<u>32,240</u>	<u>91,965</u>	<u>6,231</u>
Excess (deficiency) of receipts over disbursements	<u>606</u>	<u>10,974</u>	<u>-</u>	<u>(8,393)</u>	<u>(15,354)</u>	<u>17,835</u>	<u>(1,998)</u>
Cash and investments - ending	<u>\$ 29,609</u>	<u>\$ 570,628</u>	<u>\$ -</u>	<u>\$ 44,284</u>	<u>\$ 706</u>	<u>\$ 143,344</u>	<u>\$ 12,007</u>

MONTGOMERY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	H1N1 GR	IMMUNIZATION GR 10	DISASTER RESPONSE REIMB	SKILL BUILDING PRGM	POOR RELIEF	CENTRAL COMMS CENTER	LITTLE RACCOON CONS
Cash and investments - beginning	\$ (7,978)	\$ (6,896)	\$ -	\$ (2,546)	\$ (366)	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	317,848	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	8,378	6,896	-	31,946	-	591,966	23,651
Total receipts	<u>8,378</u>	<u>6,896</u>	<u>-</u>	<u>31,946</u>	<u>317,848</u>	<u>591,966</u>	<u>23,651</u>
Disbursements:							
Personal services	-	-	1,375	27,988	-	492,352	-
Supplies	-	-	-	-	-	15,230	-
Other services and charges	-	-	-	9,403	-	84,384	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	400	-	-	-	317,482	-	23,651
Total disbursements	<u>400</u>	<u>-</u>	<u>1,375</u>	<u>37,391</u>	<u>317,482</u>	<u>591,966</u>	<u>23,651</u>
Excess (deficiency) of receipts over disbursements	<u>7,978</u>	<u>6,896</u>	<u>(1,375)</u>	<u>(5,445)</u>	<u>366</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,375)</u>	<u>\$ (7,991)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MONTGOMERY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	LAKE HOLIDAY CONSERVANCY	EXTRA ASSMNT LAKE HOLIDAY	CCD TOWNS	TOWNSHIP FIREFIGHTING	CIVIL DEFENSE	DARE SUPPLIES	AGGRESSIVE DRIVING
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3	\$ (2,390)
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	409	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	162,430	16,805	279,777	337,882	27,619	-	2,390
Total receipts	<u>162,430</u>	<u>16,805</u>	<u>279,777</u>	<u>337,882</u>	<u>27,619</u>	<u>409</u>	<u>2,390</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	408	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	162,430	16,805	279,777	337,882	27,619	-	-
Total disbursements	<u>162,430</u>	<u>16,805</u>	<u>279,777</u>	<u>337,882</u>	<u>27,619</u>	<u>408</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>2,390</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ -</u>

MONTGOMERY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	CO LAW ENFORC CONT ED	EMER PLANG & RIGHT TO KN	JUVENILE JUSTICE JJAC	FIRE DEBT EQUIP (TWNSPS)	CUM FIRE BLDG & EQUIP	COMMON SCHOOL FD	SCHOOL CAPITAL PROJ
Cash and investments - beginning	\$ 27,135	\$ (168)	\$ (166)	\$ -	\$ 937	\$ 7,565	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	9,585	168	166	22,305	390,526	-	4,942,088
Total receipts	9,585	168	166	22,305	390,526	-	4,942,088
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	22,305	390,526	-	4,942,088
Total disbursements	-	-	-	22,305	390,526	-	4,942,088
Excess (deficiency) of receipts over disbursements	9,585	168	166	-	-	-	-
Cash and investments - ending	\$ 36,720	\$ -	\$ -	\$ -	\$ 937	\$ 7,565	\$ -

MONTGOMERY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Statewide 911	JABIG GR (K 08)	PARKS & RECREATION	TOWNSHIP CEMETERY	TOWNSHIP RECREATION	FED MOTOR CARRIER CLK	CNTY DRUG FREE FD
Cash and investments - beginning	\$ -	\$ (193)	\$ -	\$ -	\$ -	\$ 116,593	\$ 54,573
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	255,505	193	671,040	2,988	6,136	3,943	42,310
Total receipts	<u>255,505</u>	<u>193</u>	<u>671,040</u>	<u>2,988</u>	<u>6,136</u>	<u>3,943</u>	<u>42,310</u>
Disbursements:							
Personal services	197,931	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	33,792
Other services and charges	93,194	-	-	-	-	-	13,643
Capital outlay	623,615	-	-	-	-	-	17,164
Other disbursements	-	-	671,040	2,988	6,136	-	-
Total disbursements	<u>914,740</u>	<u>-</u>	<u>671,040</u>	<u>2,988</u>	<u>6,136</u>	<u>-</u>	<u>64,599</u>
Excess (deficiency) of receipts over disbursements	<u>(659,235)</u>	<u>193</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,943</u>	<u>(22,289)</u>
Cash and investments - ending	<u>\$ (659,235)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,536</u>	<u>\$ 32,284</u>

MONTGOMERY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	CIR ADR FD	CORPORATION TAX	DRUG INVESTIGATION	BLOCK EQUIP GR (SHER CAM)	OPERATION PULLOVER	BULLETPROOF VEST GR	EQUIP GR (SHER LIGHTS)
Cash and investments - beginning	\$ (223)	\$ 3	\$ 5,185	\$ 2,550	\$ 705	\$ 277	\$ 1,705
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	223	5,072,455	-	-	670	2,836	-
Total receipts	223	5,072,455	-	-	670	2,836	-
Disbursements:							
Personal services	-	-	-	-	670	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	5,072,458	-	-	-	-	-
Total disbursements	-	5,072,458	-	-	670	-	-
Excess (deficiency) of receipts over disbursements	223	(3)	-	-	-	2,836	-
Cash and investments - ending	\$ -	\$ -	\$ 5,185	\$ 2,550	\$ 705	\$ 3,113	\$ 1,705

MONTGOMERY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	EQUIP GR (SHER RAD)	2012 RAIL CROSSING GR	REDEV COMMISSION TIF	TIF SETTL FD	SOCIAL SECURITY ADMINISTRATION	HAZD SUB & RESP (LEPC GR)	AFTER SETTLEMENT COLLECTIONS
Cash and investments - beginning	\$ 756	\$ -	\$ 39,903	\$ -	\$ -	\$ -	\$ 801,335
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	4,000	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	23,432	129,176	1,463,385	-	10,754	5,319,043
Total receipts	-	23,432	129,176	1,463,385	4,000	10,754	5,319,043
Disbursements:							
Personal services	-	-	-	-	-	71	-
Supplies	-	-	-	-	-	301	-
Other services and charges	-	-	-	-	-	11	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	23,432	140,523	1,463,385	-	-	5,116,828
Total disbursements	-	23,432	140,523	1,463,385	-	383	5,116,828
Excess (deficiency) of receipts over disbursements	-	-	(11,347)	-	4,000	10,371	202,215
Cash and investments - ending	\$ 756	\$ -	\$ 28,556	\$ -	\$ 4,000	\$ 10,371	\$ 1,003,550

MONTGOMERY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	SHERIFF'S INMATE TRUST	SHERIFF'S COMMISSARY	CLERK'S TRUST	CLERK'S ISETS TRUST	REDEVELOPMENT COMMISSION	Totals
Cash and investments - beginning	\$ 17,861	\$ 110,464	\$ 549,511	\$ 7,052	\$ -	\$ 14,632,039
Receipts:						
Taxes	-	-	-	-	-	11,191,222
Licenses and permits	-	-	-	-	-	15,425
Intergovernmental	-	-	-	-	9,027,357	12,149,481
Charges for services	-	-	-	-	-	1,365,634
Fines and forfeits	-	-	-	-	-	86,571
Other receipts	223,517	233,792	2,925,650	882,354	-	74,286,345
Total receipts	223,517	233,792	2,925,650	882,354	9,027,357	99,094,678
Disbursements:						
Personal services	-	-	-	-	-	9,359,827
Supplies	-	-	-	-	-	1,977,417
Other services and charges	-	-	-	-	-	8,296,433
Capital outlay	-	-	-	-	9,027,357	12,344,291
Other disbursements	221,218	208,580	2,907,208	885,695	-	63,982,626
Total disbursements	221,218	208,580	2,907,208	885,695	9,027,357	95,960,594
Excess (deficiency) of receipts over disbursements	2,299	25,212	18,442	(3,341)	-	3,134,084
Cash and investments - ending	\$ 20,160	\$ 135,676	\$ 567,953	\$ 3,711	\$ -	\$ 17,766,123

MONTGOMERY COUNTY  
SCHEDULE OF PAYABLES AND RECEIVABLES  
December 31, 2012

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 184,150</u>	<u>\$ 614,808</u>

MONTGOMERY COUNTY  
SCHEDULE OF LEASES AND DEBT  
December 31, 2012

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
JOHN DEERE CREDIT	GRADERS	\$ 93,562	03-12-12	04-12-15
PNC	HVAC	<u>93,891</u>	06-06-11	03-06-22
Total governmental activities		<u>187,453</u>		
Total of annual lease payments		<u>\$ 187,453</u>		

  

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	JAIL BOND	\$ 12,755,000	\$ 1,327,494
General obligation bonds	SEWER BOND	9,027,357	75,766
Notes and loans payable	E 911 EQUIPMENT	956,931	58,164
Notes and loans payable	DRAIN LOANS DITCHES	<u>2,053,375</u>	<u>295,003</u>
Total governmental activities		<u>24,792,663</u>	<u>1,756,427</u>
Totals		<u>\$ 24,792,663</u>	<u>\$ 1,756,427</u>

MONTGOMERY COUNTY  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2012

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance
Governmental activities:	
Land	\$ 524,654
Infrastructure	2,000,000
Buildings	25,719,797
Improvements other than buildings	875,000
Machinery, equipment, and vehicles	37,228,106
Total governmental activities	66,347,557
Total capital assets	\$ 66,347,557

MONTGOMERY COUNTY  
OTHER REPORTS

The annual report presented herein was prepared in addition to the other official reports prepared for the individual County offices listed below:

County Auditor  
County Drainage Board

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**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)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF MONTGOMERY COUNTY, INDIANA

***Report on Compliance for Each Major Federal Program***

We have audited Montgomery County's (County) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2012-6 and 2012-7. Our opinion on each major federal program is not modified with respect to these matters.

The County's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

This report replaces the previously issued Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance dated November 7, 2013. As discussed in Note 2 of the Notes to the Schedule of Expenditures of Federal Awards, the 2012 Schedule of Expenditures of Federal Awards has been restated to correct a misstatement. This correction required additional audit work to be performed on the Capitalization Grants for Clean Water State Revolving Funds.

***Report on Internal Control Over Compliance***

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2012-4 and 2012-5 to be material weaknesses.

The County's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Paul D. Joyce, CPA  
State Examiner

November 7, 2013, except for the Capitalization Grants for Clean Water State Revolving Funds, as to which the date is February 12, 2015

#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying note presented were approved by management of the County. The schedule and note are presented as intended by the County.

MONTGOMERY COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2012

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Commerce</u>				
ARRA - State Broadband Data and Development Grant Program	Indiana Office of Technology	11.558	067BROADBAND000	\$ 2,000
Total - Department of Commerce				<u>2,000</u>
<u>Department of Housing and Urban Development</u>				
CDBG - State-Administered CDBG Cluster Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii DISASTER GRANT	Indiana Office of Community and Rural Affairs	14.228	038-DRI-09-001X	195,085
Total - Department of Housing and Urban Development				<u>195,085</u>
<u>Department of Justice</u>				
Bulletproof Vest Partnership Program BULLETPROOF VEST	Direct Grant	16.607	FY 2011	2,836
Juvenile Accountability Block Grants MONTGOMERY COUNTY SKILL BUILDING PROGRAM MONTGOMERY COUNTY SKILL BUILDING PROGRAM	Indiana Criminal Justice Institute	16.523 16.523	09-JB-019 10-JB-016	11,710 19,638
Total - Juvenile Accountability Block Grants				<u>31,348</u>
Total - Department of Justice				<u>34,184</u>
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster Highway Planning and Construction	Indiana Department of Transportation	20.205 20.205 20.205	DES# 0902234 DES# 0500912 DES# 1173139	24,347 476 36,004
Total - Highway Planning and Construction Cluster				<u>60,827</u>
Highway Safety Cluster Safety Belt Performance Grants	Indiana Department of Transportation	20.609	OP-12-04-02-42	670
Total - Department of Transportation				<u>61,497</u>
<u>Environmental Protection Agency</u>				
Capitalization Grants for Clean Water State Revolving Funds	Indiana Finance Authority	66.458	Nucor Road Project	4,513,679
Total - Environmental Protection Agency				<u>4,513,679</u>
<u>Department of Health and Human Services</u>				
Centers for Disease Control and Prevention - Investigations and Technical Assistance	Indiana State Department of Health	93.283	BPRS 153-70	10,390
Child Support Enforcement	Indiana Department of Child Services	93.563 93.563 93.563 93.563	General Prosecutor Court Clerk	66,798 150,998 9,226 44,123
ARRA - Child Support Enforcement PROS IV-D ARRA	Indiana Department of Child Services	93.563	Prosecutor	35,887
Total - Child Support Enforcement				<u>307,032</u>
National Bioterrorism Hospital Preparedness Program	Indiana State Department of Health	93.889	BHP 153-1	4,233
Total - Department of Health and Human Services				<u>321,655</u>
<u>Department of Homeland Security</u>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Indiana Department of Homeland Security	97.036	CB# 6702	1,273
Emergency Management Performance Grants	Indiana Department of Homeland Security	97.042	C44P-3-002B	9,150
Total - Department of Homeland Security				<u>10,423</u>
Total federal awards expended				<u>\$ 5,138,523</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

MONTGOMERY COUNTY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of County and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

**Note 2. Restatement**

Subsequent to the issuance of the original audit report on November 7, 2013, it has been determined that the Capitalization Grants for Clean Water State Revolving Funds program, CFDA Number 66.458, was incorrectly identified as a direct grant. The Schedule of Expenditures of Federal Awards has been restated to properly identify the Capitalization Grants for Clean Water State Revolving Funds program as having passed-through the Indiana Finance Authority.

MONTGOMERY COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I – Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
93.563	Child Support Enforcement
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

**Section II – Financial Statement Findings**

**FINDING 2012-1 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING**

We noted several deficiencies in the internal control system of the County related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the County to reduce risks to the achievement of financial reporting objectives. The County has not separated incompatible activities related to receipts and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

MONTGOMERY COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2. **Preparing Financial Statements:** 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 then determining how those identified risks should be managed. The County has not identified risks to the preparation of a 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, including notes to the financial statement.
3. **Monitoring of Controls:** Effective internal control over financial reporting requires the County Council and County Commissioners to monitor and assess the quality of the County's system of internal control. The County Council and County Commissioners have not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the County at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the County has no process to identify or communicate corrective actions to improve controls.

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 Counties of Indiana, Chapter 1)

***FINDING 2012-2 - INTERNAL CONTROL AND COMPLIANCE OVER  
THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

The County did not have a proper system of internal control in place to prevent or detect and correct errors on the Schedule of Expenditures of Federal Awards (SEFA). The County should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA, we noted the following errors: the Juvenile Accountability Block Grants project years were not separated, one grant had the incorrect federal agency, four grants had the incorrect pass-through agency, four grants had the incorrect program name, one grant had the incorrect CFDA number, and four grants had the incorrect pass-through ID number. The following grants and/or expenditures were omitted from the schedule: Disaster Grants - Public Assistance (Presidentially Declared Disasters) \$1,273; Child Support Enforcement \$199,342; ARRA - Child Support Enforcement \$35,887; Emergency Management Performance Grants \$9,150; National Bioterrorism Hospital Preparedness Program \$4,233; Centers for Disease Control and Prevention \$10,390; Safety Belts Performance Grants \$670; Highway Planning and Construction \$60,827; ARRA - State Broadband Data and Development Grant Program \$2,000; and Capitalization Grants for Clean Water State Revolving Funds \$4,513,679. Audit adjustments were proposed, accepted by the County, and made to the SEFA presented in this report. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

MONTGOMERY COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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 Counties of Indiana, Chapter 1)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

MONTGOMERY COUNTY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 (Continued)

**FINDING 2012-3 - COMPLIANCE OVER FINANCIAL TRANSACTIONS AND REPORTING**

The financial statement was compiled from information entered by the County into the Gateway system, a financial reporting system established by the State to allow for government units to file annual financial reports. The financial statement presented for audit included the following errors and omissions:

The Treasurer's After Settlement Collections, Redevelopment Commission, Sheriff's Department, and the Clerk of the Circuit Court's financial activities were not included in the Gateway annual financial report. The Treasurer's Department, Redevelopment Commission, Sheriff's Department, and the Clerk of the Circuit Court are considered departments of the County and, as such, the financial activity should be included in the Gateway annual financial report. The prescribed form CAR-1 Supplemental report is used to assist the County Auditor in reporting the financial activity for departments that are not included in the County Auditor's ledger. The following funds were not included in the Gateway annual financial report:

Fund	Beginning Balance	Receipts	Disbursements	Ending Balance
Redevelopment Commission	\$ -	\$ 9,027,357	\$ 9,027,357	\$ -
After Settlement Collections	801,335	5,319,043	5,116,828	1,003,550
Sheriff's Inmate Trust	17,861	223,517	221,218	20,160
Sheriff's Commissary	110,464	223,792	208,580	135,676
Clerk's Trust	549,511	2,925,650	2,907,208	567,953
Clerk's ISETs Trust	7,052	882,354	885,695	3,711

Audit adjustments were recommended and accepted by the officials. The financial statement presented in this report reflects these adjustments and resulted in a presentation of the financial statement that is materially correct.

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."

**Section III – Federal Award Findings and Questioned Costs**

**FINDING 2012-4 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO CHILD SUPPORT ENFORCEMENT**

Federal Agency: Department of Health and Human Services  
 Federal Program: Child Support Enforcement  
 CFDA Number: 93.563  
 Federal Award Number and Year (or Other Identifying Number): Clerk and Court  
 Pass-Through Entity: Indiana Department of Child Services

Management of the County has not established an effective internal control system in the offices of the Clerk of the Circuit Court and Circuit and Superior Courts, which would include segregation of duties, related to the grant agreement and all of the compliance requirements that have a direct and material effect to

MONTGOMERY COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

the program. This includes the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Procurement; and Reporting. The failure to establish an effective internal control system places the County at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the County.

We recommended that the County's management establish controls, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect to the program.

***FINDING 2012-5 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO CAPITALIZATION GRANTS FOR CLEAN WATER STATE REVOLVING FUNDS***

Federal Agency: Environmental Protection Agency  
Federal Program: Capitalization Grants for Clean Water State Revolving Funds  
CFDA Number: 66.458  
Federal Award Number and Year (or Other Identifying Number): Nucor Road Project  
Pass-Through Entity: Indiana Finance Authority

Management of the County has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and all of the compliance requirements that have a direct and material effect to the program. This includes the following compliance requirements: Allowable Activities and Allowable Cost; Cash Management; Davis-Bacon Act; Period of Availability; Procurement and Suspension and Debarment; and Reporting. The failure to establish an effective internal control system places the County at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

MONTGOMERY COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the County.

We recommended that the County's management establish controls, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect to the program.

***FINDING 2012-6 - ACTIVITIES ALLOWED/ALLOWABLE COST - CAPITALIZATION GRANTS FOR CLEAN WATER STATE REVOLVING FUNDS***

Federal Agency: Environmental Protection Agency  
Federal Program: Capitalization Grants for Clean Water State Revolving Funds  
CFDA Number: 66.458  
Federal Award Number and Year (or Other Identifying Number): Nucor Road Project  
Pass-Through Entity: Indiana Finance Authority

The County received a reimbursement from the Capitalization Grant for Clean Water State Revolving Fund in the amount of \$11,300. This was for an invoice to Real Estate Valuations for \$300 and HJ Umbaugh & Associates for \$11,000. The County did not pay the vendors for these invoices. The HJ Umbaugh & Associates invoice was paid by Montgomery County Economic Development, Inc., who received a grant of \$11,000 from the Metro Indianapolis Board of Realtors for that purpose. It could not be determined if the invoice to Real Estate Valuations items was paid or by who.

Financial Assistance Agreement dated February 24, 2012, between the Indiana Finance Authority and Montgomery County states in part:

"'Eligible Cost' shall mean and include, whether incurred before or after the date of this Agreement, all costs which have been incurred and qualify for Financial Assistance, including engineering, financing and legal costs related thereto."

The grant expenditures noted above are questioned cost and totaled \$11,300. Expenditures need to be incurred for the project and if not, the funds should have been returned to the grantor.

MONTGOMERY COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The County should develop procedures to insure grant funds are only disbursed for obligations that are incurred for the grant project. All purchasing individuals should be made aware of each grant's definition of obligation.

**FINDING 2012-7 - DAVIS-BACON - CAPITALIZATION GRANTS  
FOR CLEAN WATER STATE REVOLVING FUNDS**

Federal Agency: Environmental Protection Agency  
Federal Program: Capitalization Grants for Clean Water State Revolving Funds  
CFDA Number: 66.458  
Federal Award Number and Year (or Other Identifying Number): Nucor Road Project  
Pass-Through Entity: Indiana Finance Authority

The Bowen Engineering and Construction Company did not submit a certified payroll for the week of August 5, 2012. The payroll submitted for the week of May 12, 2012, for Poling Trucking was not certified.

40 CFR 31.36(i)(5) states: "Compliance with the Davis-Bacon Act (40 u.s.c. 276a to 276a-7) as supplemented by Department of Labor regulations (29 CFR part 5). (Construction contracts in excess of \$2000 awarded by grantees and subgrantees when required by Federal grant program legislation)"

29 CFR 5.5(a)(3) states in part:

- "(ii) (A) The contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to the Environmental Protection Agency if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit the payrolls to the applicant, sponsor, or owner, as the case may be, for transmission to the Environmental Protection Agency. The payrolls submitted shall set out accurately and completely all of the information required to be maintained under § 5.5(a)(3)(i) of Regulations, 29 CFR part 5. This information may be submitted in any form desired. Optional Form WH-347 is available for this purpose and may be purchased from the Superintendent of Documents (Federal Stock Number 029-005-00014-1), U.S. Government Printing Office, Washington, DC 20402. The prime contractor is responsible for the submission of copies of payrolls by all subcontractors. . . .
- (B) Each payroll submitted shall be accompanied by a 'Statement of Compliance,' signed by the contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify the following: . . .
- (iii) The contractor or subcontractor shall make the records required under paragraph (a)(3)(i) of this section available for inspection, copying, or transcription by authorized representatives of the Environmental Protection Agency or the Department of Labor, and shall permit such representatives to interview employees during working hours on the job. If the contractor or subcontractor fails to submit the required records or to make them available, the Federal agency may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR 5.12."

MONTGOMERY COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The lack of monitoring of compliance with the Davis-Bacon Act could result in cancellation of contracts and/or the repayment of federal funds to the Environmental Protection Agency.

We recommended that the County establish procedures to ensure that all payrolls are submitted weekly by all contractors or subcontractors and are certified.



# **Michelle Cash**

## **Montgomery County Auditor**

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**100 E Main Street, Room 102 \* Crawfordsville, Indiana 47933**  
**Phone: 765-364-6400 Fax: 765-364-6404**

### Corrective Action Plan

Contact Person: Michelle Cash

Contact Information: Montgomery County Auditor  
100 East Main Street  
Crawfordsville, IN 47933  
(765) 364-6400

#### FINDING 2012-1 – INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Establish controls over receipting, disbursing, and recording over the financial activities and require the County Council and Commissioners to monitor and assess the quality of the financial reporting.

Completion date: Effective Immediately with completion date being daily.

Corrective Action Plan: The County will establish internal controls concerning receipting, disbursing and recording financial activities. These controls will be compliant with accepted practices for County Auditors and the requirements of the Indiana State Board of Accounts. Reports of daily financial activities will be certified and forwarded to the President of the Board of Commissioners and the President of the County Council. These officers will monitor and assess the quality of financial reporting and report to their respective government entities.

#### FINDING 2012-2 – IC AND COMPLIANCE OVER THE SEFA

The county went to a new financial software system for the 2012 fiscal year. Within the accounting system there has been an established grant module for the auditor's office to use that will require us to set up new funds with each grant that has a beginning and ending date within the same year. The grant module will include all necessary information regarding the grant. The auditor had put in the missing grant information but had to resubmit the annual report and did not have the knowledge that the information needed to be put in again after the resubmit. Some of the grants that were not listed the auditor was not aware that they were considered grants to the auditor they were considered reimbursements and had never been shown on prior audits. The auditor shall prepare appropriate financial statements, including the schedule of expenditures of Federal Awards and do all necessary reporting as required by the compliance of SEFA.

Completion date: Immediately

**Corrective Action Plan:** The Auditor will establish a separate grant fund for all grants. The Auditor will also input all necessary information into the grant module. The Auditor will prepare appropriate financial statements, including the schedule of expenditures of Federal Awards, and report all other information required for compliance with SEFA. In order to establish proper internal controls, the Auditor will provide to the responsible person for each grant, the County Council, and Board of Commissioners a certification that all appropriate financial statements and other required reports have been submitted in a timely manner.

#### FINDING 2012-3 – COMPLIANCE OVER FINANCIAL T & R

The auditor was not aware that there was another report due for Gateway that is not in Gateway but is actually under the State Board of Accounts Website. The auditor will do the report for 2013 annual report.

Completion date: When the 2013 Annual report is done.

**Corrective Action Plan:** The Auditor will prepare the required T&R report, provide it to the County Council and Board of Commissioners, and submit the report with the 2013 annual report.

FINDING 2012-4 – INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO CHILD SUPPORT ENFORCEMENT

Federal Agency: Department of Health and Human Services

Federal Program: Child Support Enforcement

CFDA Number: 93.563

Federal Award Number and Year (or Other Identifying Number): Clerk and Court; FY 2012

Pass-Through Entity: Indiana Department of Child Services

**Corrective Action Plan:** The Auditor will work with the Clerk of Courts and Child Support Enforcement Department in order to establish internal controls concerning compliance with the requirements of the Department of Health And Human Services that have a direct and material effect on child support enforcement. These controls will include all required procedures for recordkeeping and reporting. The Auditor, Clerk and Child Support Enforcement Department will also monitor and assess compliance of all third-party vendors performing reimbursement services for the County and ensure that contracts with these vendors require compliance with all applicable procedures.

*Completion Date: Effective Immediately.*

FINDING 2012-5 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO CAPITALIZATION GRANTS FOR CLEAN WATER STATE REVOLVING FUNDS

Federal Agency: US Environmental Protection Agency

Federal Program: Capitalization Grants for Clean Water State Revolving Funds

CFDA Number: 66.458

Federal Award Number and Year (or Other Identifying Number): 2012

**Corrective Action Plan:** The Board of Commissioners will adopt procedures and policies to ensure that internal controls are established for all compliance requirements that have a direct and material effect on capitalization grants for Clean Water State Revolving Funds (SRF). These policies and procedures will require strict compliance with all conditions of the SRF program and will be binding upon all County agencies, boards, commissions and departments. These policies and procedures will be communicates to all appropriate officers and employees, and they will include internal controls necessary to ensure compliance and required reporting. This policy will be reviewed annually in order to ensure compliance with new rules, regulations and orders concerning the SRF program.

*Completion Date: December 31, 2013*

FINDING 2012-6 - ACTIVITIES ALLOWED/ALLOWABLE COST - CAPITALIZATION GRANTS FOR CLEAN WATER STATE REVOLVING FUNDS

Federal Agency: US Environmental Protection Agency  
Federal Program: Capitalization Grants for Clean Water State Revolving Funds  
CFDA Number: 66.458  
Federal Award Number and Year (or Other Identifying Number): 2012

Corrective Action Plan: In addition to the policies and procedures mentioned in CAP 2012-5, the County will appoint a Financial Administrator and Project Manager for each SRF transaction. The financial administrator will establish some internal controls to verify reimbursements due or not due to the county, including amounts to be reimbursed as well as the timeline of when to receive them.

FINDING 2012-7 - DAVIS-BACON - CAPITALIZATION GRANTS FOR CLEAN WATER STATE REVOLVING FUNDS

Federal Agency: US Environmental Protection Agency  
Federal Program: Capitalization Grants for Clean Water State Revolving Funds  
CFDA Number: 66.458  
Federal Award Number and Year (or Other Identifying Number): 2012

Corrective Action Plan: In addition to the policies and procedures mentioned in CAP 2012-5, the County will appoint a Financial Administrator for each SRF transaction. The financial administrator will establish a check list for internal controls when certifying payroll vouchers for sub contractors and contractor and will also certify proper wages.

Signature  
Date

*Michelle R Cash, Montgomery County Auditor*  
*11-7-2013*

MONTGOMERY COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on November 7, 2013, with Michelle R. Cash, Auditor; Brian Keim, President of the County Council; Phillip Bane, President of the Board of County Commissioners; and Daniel L. Taylor, County Attorney. The officials concurred with our audit findings.