

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, 2013 to December 31, 2013



FILED
09/30/2014

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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	01-01-13 to 12-31-16
Sheriff	Mark A. Casteel	01-01-11 to 12-31-14
Recorder	Kathy Traugber	01-01-12 to 12-31-15
President of the Board of County Commissioners	Phillip Bane	01-01-13 to 12-31-14
President of the County Council	Brian Keim Aaron Morgan	01-01-13 to 12-31-13 01-01-14 to 12-31-14



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, 2013, 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, 2013.

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, 2013, 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 August 6, 2014, 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.


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, 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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, and Schedule of Leases and Debt, 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.


Paul D. Joyce, CPA
State Examiner

August 6, 2014



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

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, 2013, and the related notes to the financial statement, and have issued our report thereon dated August 6, 2014, 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.

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 2013-001 and 2013-003 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 2013-002 and 2013-003.

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

August 6, 2014

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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, 2013

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
FIRE DEPT EQUIPMENT TOWNSHIP	\$ -	\$ 8,062	\$ 8,062	\$ -
GENERAL	659,684	8,119,036	8,518,508	260,212
ACCIDENT REPORT	15,577	4,040	8,721	10,896
AVIATION	-	66,755	66,755	-
CITY AND TOWN COURT COSTS	7,250	11,684	12,832	6,102
CLERK'S RECORDS PERPETUATION	34,397	23,641	12,248	45,790
COIT COUNTY DISTRIBUTIVE SHARE	-	3,213,741	2,494,224	719,517
SALES DISCLOSURE-COUNTY SHARE	7,600	4,865	2,930	9,535
COVERED BRIDGE	1,850	1,850	-	3,700
CUMULATIVE BRIDGE	605,466	505,589	317,594	793,461
CUMULATIVE CAPITAL DEVELOPMENT	997,283	635,145	767,964	864,464
DRUG FREE COMMUNITY	32,283	47,119	35,718	43,684
EMERGENCY TELEPHONE SYSTEM	263,396	-	263,396	-
EXTRADITION	6,808	545	-	7,353
FIREARMS TRAINING	15,819	24,913	19,800	20,932
HEALTH	198,926	187,587	208,547	177,966
IDENTIFICATION SECURITY PROTEC	10,276	4,321	430	14,167
LEVY EXCESS	61,509	-	-	61,509
LOCAL HEALTH MAINTENANCE	81,542	52,805	52,393	81,954
LOCAL ROAD AND STREET	958,131	332,363	350,000	940,494
MISDEMEANANT	-	25,194	22,443	2,751
MOTOR VEHICLE HIGHWAY	570,627	2,491,320	1,839,674	1,222,273
PLAT BOOK	14,031	3,255	3,810	13,476
RAINY DAY	1,006,503	-	-	1,006,503
REASSESSMENT - 2009	63,837	-	63,837	-
REASSESSMENT - 2015	236,836	242,021	221,576	257,281
RECORDER'S RECORDS PERPETUATIO	198,087	72,572	48,482	222,177
RIVERBOAT	297,336	104,033	35,084	366,285
SEX AND VIOLENT OFFENDER ADMIN	5,107	3,450	302	8,255
SHERIFF'S PENSION TRUST	2,046	-	-	2,046
STORM WATER MANAGEMENT OPERATI	18,439	5,495	8,733	15,201
SURPLUS TAX	199,266	33,132	65,698	166,700
SURVEYOR'S CORNER PERPETUATION	3,454	21,286	22,427	2,313
TAX SALE FEES	13,900	4,346	1,829	16,417
TAX SALE REDEMPTION	-	154,961	54,087	100,874
TAX SALE SURPLUS	404,756	632,769	342,749	694,776
LOCAL HEALTH DEPARTMENT TRUST	44,284	11,115	12,141	43,258
WIRELESS EMERGENCY TELEPHONE S	889,337	-	889,337	-
GUARDIAN AD LITEM	5	19,683	19,688	-
AUDITORS INELIGIBLE DEDUCTIONS	41,407	23,483	46,868	18,022
COUNTY ELECTED OFFICIALS TRAIN	5,063	4,321	312	9,072
PARK AND RECREATION	-	433,794	433,794	-
STATEWIDE 911	(659,236)	1,622,067	381,200	581,631
ADULT PROBATION ADMINISTRATIVE	66,630	26,495	52,269	40,856
JUVENILE PROBATION ADMINISTRAT	18,068	2,371	2,295	18,144
SUPPLEMENTAL ADULT PROBATION S	249,439	191,940	189,529	251,850
SUPPLEMENTAL JUVENILE PROBATIO	50,135	7,641	6,625	51,151
ALTERNATIVE DISPUTE RESOLUTION	25,763	4,640	325	30,078
DRAIN CONSTRUCTION/RECONSTRUCT	933,575	1,591,711	1,810,496	714,790
DRAINAGE MAINTENANCE	900,541	367,946	409,679	858,808
WASTEWATER UTILITY OPERATING	23,987	-	9,002	14,985
NACCHO	-	165,618	165,618	-
REF DEBT POST 2009	-	635,834	635,834	-
PAYROLL CLEARING	476,553	4,318,065	4,396,867	397,751
SHERIFF PENSION HOLDING	247,408	93,276	200,549	140,135
SETTLEMENT	-	16,423,015	16,423,015	-
WHEEL TAX / SURTAX COMBINED	1,216,003	868,750	1,299,294	785,459
WHEEL TAX	560	160,153	159,943	770
SUR TAX	-	837,756	837,756	-
CVET AGENCY	-	209,938	209,938	-
SEWAGE COLLECTIONS	-	26,614	26,614	-
FINANCIAL INSTITUTION TAX	-	317,386	317,386	-
CEDIT HOMESTEAD CREDIT	154,925	667,272	799,890	22,307
HEA 1001 STATE HOMESTEAD CREDIT	(3,992)	7	-	(3,985)
LOIT HOMESTEAD CREDIT	1,225,546	5,084,561	5,603,073	707,034
LOIT PTRC	351,949	1,318,957	1,584,418	86,488
STATE FINES AND FORFEITURES	24,361	38,115	54,754	7,722

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, 2013
(Continued)

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
INFRACTION JUDGEMENTS	7,592	95,670	90,536	12,726
OVERWEIGHT VEHICLE FINES	-	66	66	-
SPECIAL DEATH BENEFIT	250	3,545	3,345	450
SALES DISCLOSURE - STATE SHARE	460	4,865	4,875	450
CORONERS TRAINING & CONT EDUC	340	2,854	3,016	178
INTERSTATE COMPACT-STATE SHARE	588	500	563	525
INHERITANCE TAX	832,806	887,610	1,710,998	9,418
EDUCATION PLATE FEES AGENCY	1,038	731	1,769	-
RIVERBOAT REVENUE SHARING	5,702	225,844	231,546	-
INNKEEPERS TAX COLLECTIONS	84,742	181,262	216,841	49,163
COIT DISTRIBUTION	690,369	6,355,700	7,046,069	-
CITY/TOWN ORDINANCE VIOLATIONS	19,157	1,180	-	20,337
93.563 ARRA COUNTY IV-D INCENT	18,293	-	-	18,293
93.563 ARRA PROSECUTOR IV-D IN	31,012	-	16,453	14,559
93.563 ARRA CLERK IV-D INCENTI	1,434	-	-	1,434
93.563 COUNTY IV-D INCENTIVE	60,126	15,868	-	75,994
93.563 PROSECUTOR IV-D INCENTI	89,829	23,870	18,776	94,923
93.563 CLERK IV-D INCENTIVE-PO	46,265	15,868	13,839	48,294
SOCIAL SECURITY ADMINISTRATION	-	800,745	800,745	-
BOND ADMIN FEE/DRUG COURT	306,340	32,790	51,002	288,128
COURT REFERRAL	143,344	106,705	103,732	146,317
ELECTION REIMBURSEMENT FD	41,860	-	-	41,860
PRE-TRIAL DIVERSION	18,369	71,118	71,170	18,317
DRUG COURT USER FEES	740	2,050	-	2,790
MAPP FEES FOR BLDG DEPT	3,271	2,623	1,500	4,394
ELECTRIC FEE CLRG FD	10,201	3,432	6,043	7,590
FLOOD FEE HOLDING FD	18,224	5,319	7,234	16,309
JAIL BOND FUND	445,199	1,449,495	1,326,594	568,100
TREASURER DOG TAX	6,383	1,304	193	7,494
COMMISSIONERS TAX SALE	11,616	-	12,001	(385)
COUNTY OPTION DOG TAX	511	1,679	2,189	1
COUNTY SHARE OPTION DOG TAX	7,317	6,478	5,255	8,540
TAX SALE SRI FEE	18,799	7,597	7,525	18,871
POOR RELIEF	-	165,094	165,094	-
17TC of E FUND	(561,646)	878,688	317,042	-
TMA FUND	7,343	178,495	6,400	179,438
CCB IV-D FUND	10,431	8,095	2,759	15,767
CNTY CORRECTIONS	(10,646)	10,646	-	-
SHERIFFS WORK RELEASE FUND	53,776	9,470	21,458	41,788
FAMILY VIOLENCY & VICTIM ASSIS	29,609	406	-	30,015
CCD TOWNS	-	150,954	150,954	-
DARE SUPPLIES	3	222	226	(1)
K-9 GIFT FD	701	-	656	45
CO LOW ENFORC CONT ED	36,720	10,742	357	47,105
FED MOTOR CARRIER CLK	120,536	1,180	-	121,716
DRUG INVESTIGATION	5,185	-	-	5,185
SOCIAL SECURITY - INMATES	4,000	8,613	-	12,613
REDEV COMMISSION TIF FD	28,555	830,436	818,623	40,368
SHERIFF DONATION SPECIAL FD	-	3,000	-	3,000
COURTHOUSE SECURITY	-	95,084	6,236	88,848
STREET TAX	-	624,660	624,660	-
AMBULANCE	-	15,634	15,634	-
CORPORATION TAX	-	2,852,616	2,852,616	-
COMMON SCHOOL FUND	7,565	-	-	7,565
TOWNSHIP FIREFIGHTING	-	197,800	197,800	-
TOWNSHIP RECREATION FD	-	3,456	3,456	-
SCHOOL CAPITAL PROJECTS FD	-	2,936,923	2,936,923	-
LITTLE RACoon CONS	-	14,726	14,726	-
LAKE HOLIDAY CONSERVANCY	-	97,680	97,680	-
EXTRA ASSMNT LAKE HOLIDAY	-	9,673	9,673	-
TOWNSHIP TAXES	-	62,627	62,627	-
LIBRARY TAXES	-	1,027,449	1,027,449	-
TRANSPORTATION TAX	-	2,690,817	2,690,817	-
SCHOOL DEBT SERVICE	-	4,753,633	4,753,633	-
SCHOOL BUS REPLACEMENT	-	367,177	367,177	-
SCHOOL PENSION	-	618,074	618,074	-
CLERKS USER FEE FUND	49,927	75,844	72,015	53,756

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, 2013
(Continued)

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
TIF SETTLEMENT FUND	-	2,353,434	2,353,434	-
CUM FIRE BLDG & EQUIP	937	222,403	223,339	1
BLOCK EQUIP GR (SHER CAM)	2,550	-	-	2,550
BULLETPROOF VEST GRANT	3,113	2,593	3,268	2,438
JUDGES IV-D INCENTIVE	9,226	14,513	3,600	20,139
HAZD SUB & RESP (LEPC GRANT)	10,371	-	2,016	8,355
PREPAREDNESS GRANT	705	36,873	37,579	(1)
MEDICAL RESERVE CORP (MRC)	12,006	18,708	18,414	12,300
DISASTER RESPONSE REIMB FEMA	(1,375)	1,273	-	(102)
SKILL BUILDING GRANT	(7,991)	30,275	30,193	(7,909)
OPERATION PULLOVER	705	-	-	705
AHEAD GRANT	11,329	4,500	13,601	2,228
DRUG COURT GRANT	6,885	-	5,596	1,289
EQUIP GR (SHER LIGHTS)	1,705	-	-	1,705
EQUIP GR (SHER RAD)	756	-	-	756
PREPAREDNESS GRANT 13/14	-	6,081	6,224	(143)
COURT INTERPRETER GRANT	5,867	8,250	5,860	8,257
CLERK ISETS TRUST	3,710	800,035	798,224	5,521
CLERK'S TRUST	567,953	2,944,249	2,894,781	617,421
AFTER SETTLEMENT COLLECTIONS	1,003,550	1,201,978	1,003,550	1,201,978
SHERIFF'S INMATE TRUST	20,160	256,350	254,034	22,476
SHERIFF'S COMMISSARY	135,676	248,707	234,324	150,059
REDEVELOPMENT COMMISSION	-	1,003,635	1,003,635	-
BONY SRF P & I ACCOUNT	-	296,269	123,438	172,831
BONY SRF 2012 RESERVE	105,099	285,602	-	390,701
Totals	<u>\$ 17,871,506</u>	<u>\$ 91,252,829</u>	<u>\$ 91,453,112</u>	<u>\$ 17,671,223</u>

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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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.

MONTGOMERY COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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, 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 Capitol 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. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. The Disaster Response Reimb FEMA, Preparedness Grant 13/14, and Skill Building Grant 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, 2013. The Commissioners Tax Sale and HEA 1001 State Homestead Credit are a result of expenditures exceeding revenues.

MONTGOMERY COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. Restatements

For the year ended December 31, 2013, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the County. The following schedule presents a summary of restated beginning balances:

Fund	Balance as of December 31, 2012	Prior Period Adjustment	Balance as of January 1, 2013
Supplemental Adult Probations	\$ 249,142	\$ 297	\$ 249,439
BONY SRF 2012 Reserve	-	105,099	105,099
Totals	<u>\$ 249,142</u>	<u>\$ 105,396</u>	<u>\$ 354,538</u>

Note 9. Holding Corporations

The County has entered into a capital lease with Montgomery County Jail Facility Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the County. The lessor has been determined to be a related party of the County. Lease payments during the year 2013 totaled \$1,326,594.

Note 10. Combined Funds

Funds related to Extradition were reported individually in the prior financial statement but were combined into one fund for the current financial statement.

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, 2013

	FIRE DEPT EQUIPMENT TOWNSHIP	GENERAL	ACCIDENT REPORT	AVIATION	CITY AND TOWN COURT COSTS	CLERK'S RECORDS PERPETUATION	COIT COUNTY DISTRIBUTIVE SHARE
Cash and investments - beginning	\$ -	\$ 659,684	\$ 15,577	\$ -	\$ 7,250	\$ 34,397	\$ -
Receipts:							
Taxes	8,062	6,110,403	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	406,278	-	-	-	-	-
Charges for services	-	915,041	4,040	-	-	-	-
Fines and forfeits	-	45,236	-	-	-	-	-
Other receipts	-	642,078	-	66,755	11,684	23,641	3,213,741
Total receipts	8,062	8,119,036	4,040	66,755	11,684	23,641	3,213,741
Disbursements:							
Personal services	-	5,201,493	-	-	-	-	1,314,756
Supplies	8,062	230,837	-	-	-	-	90,023
Other services and charges	-	1,838,906	-	-	-	-	1,089,445
Capital outlay	-	169,207	8,721	-	-	12,248	-
Other disbursements	-	1,078,065	-	66,755	12,832	-	-
Total disbursements	8,062	8,518,508	8,721	66,755	12,832	12,248	2,494,224
Excess (deficiency) of receipts over disbursements	-	(399,472)	(4,681)	-	(1,148)	11,393	719,517
Cash and investments - ending	\$ -	\$ 260,212	\$ 10,896	\$ -	\$ 6,102	\$ 45,790	\$ 719,517

MONTGOMERY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	SALES DISCLOSURE- COUNTY SHARE	COVERED BRIDGE	CUMULATIVE BRIDGE	CUMULATIVE CAPITAL DEVELOPMENT	DRUG FREE COMMUNITY	EMERGENCY TELEPHONE SYSTEM	EXTRADITION
Cash and investments - beginning	\$ 7,600	\$ 1,850	\$ 605,466	\$ 997,283	\$ 32,283	\$ 263,396	\$ 6,808
Receipts:							
Taxes	-	-	300,650	591,964	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	21,682	42,691	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	4,865	1,850	183,257	490	47,119	-	545
Total receipts	4,865	1,850	505,589	635,145	47,119	-	545
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	84,491	-	17,875	-	-
Other services and charges	2,930	-	122,749	512,055	13,643	-	-
Capital outlay	-	-	110,354	255,909	4,200	-	-
Other disbursements	-	-	-	-	-	263,396	-
Total disbursements	2,930	-	317,594	767,964	35,718	263,396	-
Excess (deficiency) of receipts over disbursements	1,935	1,850	187,995	(132,819)	11,401	(263,396)	545
Cash and investments - ending	\$ 9,535	\$ 3,700	\$ 793,461	\$ 864,464	\$ 43,684	\$ -	\$ 7,353

MONTGOMERY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	FIREARMS TRAINING	HEALTH	IDENTIFICATION SECURITY PROTEC	LEVY EXCESS	LOCAL HEALTH MAINTENANCE	LOCAL ROAD AND STREET	MISDEMEANANT
Cash and investments - beginning	\$ 15,819	\$ 198,926	\$ 10,276	\$ 61,509	\$ 81,542	\$ 958,131	\$ -
Receipts:							
Taxes	-	69,094	-	-	-	-	-
Licenses and permits	24,913	-	-	-	-	-	-
Intergovernmental	-	4,983	-	-	-	332,363	-
Charges for services	-	-	-	-	1,931	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	113,510	4,321	-	50,874	-	25,194
Total receipts	<u>24,913</u>	<u>187,587</u>	<u>4,321</u>	<u>-</u>	<u>52,805</u>	<u>332,363</u>	<u>25,194</u>
Disbursements:							
Personal services	-	204,362	-	-	38,223	-	-
Supplies	19,800	2,924	430	-	9,239	150,000	-
Other services and charges	-	381	-	-	4,931	-	460
Capital outlay	-	-	-	-	-	200,000	-
Other disbursements	-	880	-	-	-	-	21,983
Total disbursements	<u>19,800</u>	<u>208,547</u>	<u>430</u>	<u>-</u>	<u>52,393</u>	<u>350,000</u>	<u>22,443</u>
Excess (deficiency) of receipts over disbursements	<u>5,113</u>	<u>(20,960)</u>	<u>3,891</u>	<u>-</u>	<u>412</u>	<u>(17,637)</u>	<u>2,751</u>
Cash and investments - ending	<u>\$ 20,932</u>	<u>\$ 177,966</u>	<u>\$ 14,167</u>	<u>\$ 61,509</u>	<u>\$ 81,954</u>	<u>\$ 940,494</u>	<u>\$ 2,751</u>

MONTGOMERY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	MOTOR VEHICLE HIGHWAY	PLAT BOOK	RAINY DAY	REASSESSMENT - 2009	REASSESSMENT - 2015	RECORDER'S RECORDS PERPETUATIO	RIVERBOAT
Cash and investments - beginning	\$ 570,627	\$ 14,031	\$ 1,006,503	\$ 63,837	\$ 236,836	\$ 198,087	\$ 297,336
Receipts:							
Taxes	-	-	-	-	166,198	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	2,453,336	-	-	-	11,986	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	37,984	3,255	-	-	63,837	72,572	104,033
Total receipts	2,491,320	3,255	-	-	242,021	72,572	104,033
Disbursements:							
Personal services	1,428,370	-	-	-	127,149	24,420	-
Supplies	162,096	3,810	-	-	3,058	24,062	-
Other services and charges	158,567	-	-	-	62,019	-	35,084
Capital outlay	28,538	-	-	-	29,350	-	-
Other disbursements	62,103	-	-	63,837	-	-	-
Total disbursements	1,839,674	3,810	-	63,837	221,576	48,482	35,084
Excess (deficiency) of receipts over disbursements	651,646	(555)	-	(63,837)	20,445	24,090	68,949
Cash and investments - ending	\$ 1,222,273	\$ 13,476	\$ 1,006,503	\$ -	\$ 257,281	\$ 222,177	\$ 366,285

MONTGOMERY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	SEX AND VIOLENT OFFENDER ADMIN	SHERIFF'S PENSION TRUST	STORM WATER MANAGEMENT OPERATI	SURPLUS TAX	SURVEYOR'S CORNER PERPETUATION	TAX SALE FEES	TAX SALE REDEMPTION
Cash and investments - beginning	\$ 5,107	\$ 2,046	\$ 18,439	\$ 199,266	\$ 3,454	\$ 13,900	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	3,450	-	5,495	33,132	21,286	4,346	154,961
Total receipts	<u>3,450</u>	<u>-</u>	<u>5,495</u>	<u>33,132</u>	<u>21,286</u>	<u>4,346</u>	<u>154,961</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	1,159	-	-	-	-
Other services and charges	-	-	7,574	-	22,427	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	302	-	-	65,698	-	1,829	54,087
Total disbursements	<u>302</u>	<u>-</u>	<u>8,733</u>	<u>65,698</u>	<u>22,427</u>	<u>1,829</u>	<u>54,087</u>
Excess (deficiency) of receipts over disbursements	<u>3,148</u>	<u>-</u>	<u>(3,238)</u>	<u>(32,566)</u>	<u>(1,141)</u>	<u>2,517</u>	<u>100,874</u>
Cash and investments - ending	<u>\$ 8,255</u>	<u>\$ 2,046</u>	<u>\$ 15,201</u>	<u>\$ 166,700</u>	<u>\$ 2,313</u>	<u>\$ 16,417</u>	<u>\$ 100,874</u>

MONTGOMERY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	TAX SALE SURPLUS	LOCAL HEALTH DEPARTMENT TRUST	WIRELESS EMERGENCY TELEPHONE S	GUARDIAN AD LITEM	AUDITORS INELIGIBLE DEDUCTIONS	COUNTY ELECTED OFFICIALS TRAIN	PARK AND RECREATION
Cash and investments - beginning	\$ 404,756	\$ 44,284	\$ 889,337	\$ 5	\$ 41,407	\$ 5,063	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	632,769	11,115	-	19,683	23,483	4,321	433,794
Total receipts	632,769	11,115	-	19,683	23,483	4,321	433,794
Disbursements:							
Personal services	-	4,494	-	-	-	-	-
Supplies	-	6,652	-	-	2,298	-	-
Other services and charges	-	995	-	-	37,993	-	-
Capital outlay	-	-	-	-	765	-	-
Other disbursements	342,749	-	889,337	19,688	5,812	312	433,794
Total disbursements	342,749	12,141	889,337	19,688	46,868	312	433,794
Excess (deficiency) of receipts over disbursements	290,020	(1,026)	(889,337)	(5)	(23,385)	4,009	-
Cash and investments - ending	\$ 694,776	\$ 43,258	\$ -	\$ -	\$ 18,022	\$ 9,072	\$ -

MONTGOMERY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	STATEWIDE 911	ADULT PROBATION ADMINISTRATIVE	JUVENILE PROBATION ADMINISTRAT	SUPPLEMENTAL ADULT PROBATION S	SUPPLEMENTAL JUVENILE PROBATIO	ALTERNATIVE DISPUTE RESOLUTION	DRAIN CONSTRUCTION/ RECONSTRUCT
Cash and investments - beginning	\$ (659,236)	\$ 66,630	\$ 18,068	\$ 249,439	\$ 50,135	\$ 25,763	\$ 933,575
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	13,249	-	-	-	-	-
Other receipts	1,622,067	13,246	2,371	191,940	7,641	4,640	1,591,711
Total receipts	1,622,067	26,495	2,371	191,940	7,641	4,640	1,591,711
Disbursements:							
Personal services	22,565	52,269	-	135,699	4,912	-	-
Supplies	-	-	-	8,158	-	-	-
Other services and charges	283,533	-	2,295	43,105	1,713	325	-
Capital outlay	-	-	-	2,567	-	-	-
Other disbursements	75,102	-	-	-	-	-	1,810,496
Total disbursements	381,200	52,269	2,295	189,529	6,625	325	1,810,496
Excess (deficiency) of receipts over disbursements	1,240,867	(25,774)	76	2,411	1,016	4,315	(218,785)
Cash and investments - ending	\$ 581,631	\$ 40,856	\$ 18,144	\$ 251,850	\$ 51,151	\$ 30,078	\$ 714,790

MONTGOMERY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	DRAINAGE MAINTENANCE	WASTEWATER UTILITY OPERATING	NACCHO	REF DEBT POST 2009	PAYROLL CLEARING	SHERIFF PENSION HOLDING	SETTLEMENT
Cash and investments - beginning	\$ 900,541	\$ 23,987	\$ -	\$ -	\$ 476,553	\$ 247,408	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	165,618	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	4,318,065	93,276	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	367,946	-	-	635,834	-	-	16,423,015
Total receipts	<u>367,946</u>	<u>-</u>	<u>165,618</u>	<u>635,834</u>	<u>4,318,065</u>	<u>93,276</u>	<u>16,423,015</u>
Disbursements:							
Personal services	-	-	-	-	4,396,867	200,549	-
Supplies	-	-	165,618	-	-	-	-
Other services and charges	-	9,002	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	409,679	-	-	635,834	-	-	16,423,015
Total disbursements	<u>409,679</u>	<u>9,002</u>	<u>165,618</u>	<u>635,834</u>	<u>4,396,867</u>	<u>200,549</u>	<u>16,423,015</u>
Excess (deficiency) of receipts over disbursements	<u>(41,733)</u>	<u>(9,002)</u>	<u>-</u>	<u>-</u>	<u>(78,802)</u>	<u>(107,273)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 858,808</u>	<u>\$ 14,985</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 397,751</u>	<u>\$ 140,135</u>	<u>\$ -</u>

MONTGOMERY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	WHEEL TAX / SURTAX COMBINED	WHEEL TAX	SUR TAX	CVET AGENCY	SEWAGE COLLECTIONS	FINANCIAL INSTITUTION TAX	CEDIT HOMESTEAD CREDIT
Cash and investments - beginning	\$ 1,216,003	\$ 560	\$ -	\$ -	\$ -	\$ -	\$ 154,925
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	868,750	160,153	837,756	209,938	26,614	317,386	667,272
Total receipts	<u>868,750</u>	<u>160,153</u>	<u>837,756</u>	<u>209,938</u>	<u>26,614</u>	<u>317,386</u>	<u>667,272</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	1,049,186	-	-	-	-	-	-
Other services and charges	3,633	-	-	-	-	-	-
Capital outlay	246,475	-	-	-	-	-	-
Other disbursements	-	159,943	837,756	209,938	26,614	317,386	799,890
Total disbursements	<u>1,299,294</u>	<u>159,943</u>	<u>837,756</u>	<u>209,938</u>	<u>26,614</u>	<u>317,386</u>	<u>799,890</u>
Excess (deficiency) of receipts over disbursements	<u>(430,544)</u>	<u>210</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(132,618)</u>
Cash and investments - ending	<u>\$ 785,459</u>	<u>\$ 770</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,307</u>

MONTGOMERY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	HEA 1001 STATE HOMESTEAD CREDIT	LOIT HOMESTEAD CREDIT	LOIT PTRC	STATE FINES AND FORFEITURES	INFRACTION JUDGEMENTS	OVERWEIGHT VEHICLE FINES	SPECIAL DEATH BENEFIT
Cash and investments - beginning	\$ (3,992)	\$ 1,225,546	\$ 351,949	\$ 24,361	\$ 7,592	\$ -	\$ 250
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	7	5,084,561	1,318,957	38,115	95,670	66	3,545
Total receipts	7	5,084,561	1,318,957	38,115	95,670	66	3,545
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	5,603,073	1,584,418	54,754	90,536	66	3,345
Total disbursements	-	5,603,073	1,584,418	54,754	90,536	66	3,345
Excess (deficiency) of receipts over disbursements	7	(518,512)	(265,461)	(16,639)	5,134	-	200
Cash and investments - ending	\$ (3,985)	\$ 707,034	\$ 86,488	\$ 7,722	\$ 12,726	\$ -	\$ 450

MONTGOMERY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	SALES DISCLOSURE - STATE SHARE	CORONERS TRAINING & CON'T EDUC	INTERSTATE COMPACT-STATE SHARE	INHERITANCE TAX	EDUCATION PLATE FEES AGENCY	RIVERBOAT REVENUE SHARING	INNKEEPERS TAX COLLECTIONS
Cash and investments - beginning	\$ 460	\$ 340	\$ 588	\$ 832,806	\$ 1,038	\$ 5,702	\$ 84,742
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	4,865	2,854	500	887,610	731	225,844	181,262
Total receipts	4,865	2,854	500	887,610	731	225,844	181,262
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	4,875	3,016	563	1,710,998	1,769	231,546	216,841
Total disbursements	4,875	3,016	563	1,710,998	1,769	231,546	216,841
Excess (deficiency) of receipts over disbursements	(10)	(162)	(63)	(823,388)	(1,038)	(5,702)	(35,579)
Cash and investments - ending	\$ 450	\$ 178	\$ 525	\$ 9,418	\$ -	\$ -	\$ 49,163

MONTGOMERY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	COIT DISTRIBUTION	CITY/TOWN ORDINANCE VIOLATIONS	93.563 ARRA COUNTY IV-D INCENT	93.563 ARRA PROSECUTOR IV-D IN	93.563 ARRA CLERK IV-D INCENTI	93.563 COUNTY IV-D INCENTIVE	93.563 PROSECUTOR IV-D INCENTI
Cash and investments - beginning	\$ 690,369	\$ 19,157	\$ 18,293	\$ 31,012	\$ 1,434	\$ 60,126	\$ 89,829
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	6,355,700	1,180	-	-	-	15,868	23,870
Total receipts	6,355,700	1,180	-	-	-	15,868	23,870
Disbursements:							
Personal services	-	-	-	14,000	-	-	17,599
Supplies	-	-	-	-	-	-	78
Other services and charges	-	-	-	-	-	-	104
Capital outlay	-	-	-	2,453	-	-	-
Other disbursements	7,046,069	-	-	-	-	-	995
Total disbursements	7,046,069	-	-	16,453	-	-	18,776
Excess (deficiency) of receipts over disbursements	(690,369)	1,180	-	(16,453)	-	15,868	5,094
Cash and investments - ending	\$ -	\$ 20,337	\$ 18,293	\$ 14,559	\$ 1,434	\$ 75,994	\$ 94,923

MONTGOMERY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	93.563 CLERK IV-D INCENTIVE-PO	SOCIAL SECURITY ADMINISTRATION	BOND ADMIN FEE/DRUG COURT	COURT REFERRAL	ELECTION REIMBURSEMENT FD	PRE-TRIAL DIVERSION	DRUG COURT USER FEES
Cash and investments - beginning	\$ 46,265	\$ -	\$ 306,340	\$ 143,344	\$ 41,860	\$ 18,369	\$ 740
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	15,760	-	-	-
Fines and forfeits	-	-	32,790	-	-	-	-
Other receipts	15,868	800,745	-	90,945	-	71,118	2,050
Total receipts	<u>15,868</u>	<u>800,745</u>	<u>32,790</u>	<u>106,705</u>	<u>-</u>	<u>71,118</u>	<u>2,050</u>
Disbursements:							
Personal services	-	556,267	4,671	97,038	-	69,089	-
Supplies	-	15,851	1,142	4,692	-	117	-
Other services and charges	13,839	172,452	45,189	2,002	-	-	-
Capital outlay	-	7,175	-	-	-	1,964	-
Other disbursements	-	49,000	-	-	-	-	-
Total disbursements	<u>13,839</u>	<u>800,745</u>	<u>51,002</u>	<u>103,732</u>	<u>-</u>	<u>71,170</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>2,029</u>	<u>-</u>	<u>(18,212)</u>	<u>2,973</u>	<u>-</u>	<u>(52)</u>	<u>2,050</u>
Cash and investments - ending	<u>\$ 48,294</u>	<u>\$ -</u>	<u>\$ 288,128</u>	<u>\$ 146,317</u>	<u>\$ 41,860</u>	<u>\$ 18,317</u>	<u>\$ 2,790</u>

MONTGOMERY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	MAPP FEES FOR BLDG DEPT	ELECTRIC FEE CLRG FD	FLOOD FEE HOLDING FD	JAIL BOND FUND	TREASURER DOG TAX	COMMISSIONERS TAX SALE	COUNTY OPTION DOG TAX
Cash and investments - beginning	\$ 3,271	\$ 10,201	\$ 18,224	\$ 445,199	\$ 6,383	\$ 11,616	\$ 511
Receipts:							
Taxes	-	-	-	1,351,993	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	97,502	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	2,623	3,432	5,319	-	1,304	-	1,679
Total receipts	2,623	3,432	5,319	1,449,495	1,304	-	1,679
Disbursements:							
Personal services	-	-	-	-	193	-	-
Supplies	-	571	1,500	-	-	-	-
Other services and charges	-	5,472	-	-	-	-	-
Capital outlay	-	-	5,734	1,326,594	-	-	-
Other disbursements	1,500	-	-	-	-	12,001	2,189
Total disbursements	1,500	6,043	7,234	1,326,594	193	12,001	2,189
Excess (deficiency) of receipts over disbursements	1,123	(2,611)	(1,915)	122,901	1,111	(12,001)	(510)
Cash and investments - ending	\$ 4,394	\$ 7,590	\$ 16,309	\$ 568,100	\$ 7,494	\$ (385)	\$ 1

MONTGOMERY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	COUNTY SHARE OPTION DOG TAX	TAX SALE SRI FEE	POOR RELIEF	17TC of E FUND	TMA FUND	CCB IV-D FUND	CNTY CORRECTIONS
Cash and investments - beginning	\$ 7,317	\$ 18,799	\$ -	\$ (561,646)	\$ 7,343	\$ 10,431	\$ (10,646)
Receipts:							
Taxes	-	-	165,094	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	6,478	7,597	-	878,688	178,495	8,095	10,646
Total receipts	6,478	7,597	165,094	878,688	178,495	8,095	10,646
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	6,400	2,759	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	5,255	7,525	165,094	317,042	-	-	-
Total disbursements	5,255	7,525	165,094	317,042	6,400	2,759	-
Excess (deficiency) of receipts over disbursements	1,223	72	-	561,646	172,095	5,336	10,646
Cash and investments - ending	\$ 8,540	\$ 18,871	\$ -	\$ -	\$ 179,438	\$ 15,767	\$ -

MONTGOMERY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	SHERIFFS WORK RELEASE FUND	FAMILY VIOLENCY & VICTIM ASSIS	CCD TOWNS	DARE SUPPLIES	K-9 GIFT FD	CO LOW ENFORC CONT ED	FED MOTOR CARRIER CLK
Cash and investments - beginning	\$ 53,776	\$ 29,609	\$ -	\$ 3	\$ 701	\$ 36,720	\$ 120,536
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	222	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	9,470	406	150,954	-	-	10,742	1,180
Total receipts	9,470	406	150,954	222	-	10,742	1,180
Disbursements:							
Personal services	20,213	-	-	-	-	-	-
Supplies	509	-	-	226	-	-	-
Other services and charges	736	-	-	-	656	357	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	150,954	-	-	-	-
Total disbursements	21,458	-	150,954	226	656	357	-
Excess (deficiency) of receipts over disbursements	(11,988)	406	-	(4)	(656)	10,385	1,180
Cash and investments - ending	\$ 41,788	\$ 30,015	\$ -	\$ (1)	\$ 45	\$ 47,105	\$ 121,716

MONTGOMERY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	DRUG INVESTIGATION	SOCIAL SECURITY - INMATES	REDEV COMMISSION TIF FD	SHERIFF DONATION SPECIAL FD	COURTHOUSE SECURITY	STREET TAX	AMBULANCE
Cash and investments - beginning	\$ 5,185	\$ 4,000	\$ 28,555	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	8,613	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	830,436	3,000	95,084	624,660	15,634
Total receipts	-	8,613	830,436	3,000	95,084	624,660	15,634
Disbursements:							
Personal services	-	-	-	-	6,236	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	818,623	-	-	624,660	15,634
Total disbursements	-	-	818,623	-	6,236	624,660	15,634
Excess (deficiency) of receipts over disbursements	-	8,613	11,813	3,000	88,848	-	-
Cash and investments - ending	\$ 5,185	\$ 12,613	\$ 40,368	\$ 3,000	\$ 88,848	\$ -	\$ -

MONTGOMERY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	CORPORATION TAX	COMMON SCHOOL FUND	TOWNSHIP FIREFIGHTING	TOWNSHIP RECREATION FD	SCHOOL CAPITAL PROJECTS FD	LITTLE RACON CONS	LAKE HOLIDAY CONSERVANCY
Cash and investments - beginning	\$ -	\$ 7,565	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	2,852,616	-	197,800	3,456	2,936,923	14,726	97,680
Total receipts	2,852,616	-	197,800	3,456	2,936,923	14,726	97,680
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	2,852,616	-	197,800	3,456	2,936,923	14,726	97,680
Total disbursements	2,852,616	-	197,800	3,456	2,936,923	14,726	97,680
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-
Cash and investments - ending	\$ -	\$ 7,565	\$ -	\$ -	\$ -	\$ -	\$ -

MONTGOMERY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	EXTRA ASSMNT LAKE HOLIDAY	TOWNSHIP TAXES	LIBRARY TAXES	TRANSPORTATION TAX	SCHOOL DEBT SERVICE	SCHOOL BUS REPLACEMENT	SCHOOL PENSION
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	9,673	62,627	1,027,449	2,690,817	4,753,633	367,177	618,074
Total receipts	<u>9,673</u>	<u>62,627</u>	<u>1,027,449</u>	<u>2,690,817</u>	<u>4,753,633</u>	<u>367,177</u>	<u>618,074</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	9,673	62,627	1,027,449	2,690,817	4,753,633	367,177	618,074
Total disbursements	<u>9,673</u>	<u>62,627</u>	<u>1,027,449</u>	<u>2,690,817</u>	<u>4,753,633</u>	<u>367,177</u>	<u>618,074</u>
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2013
 (Continued)

	CLERKS USER FEE FUND	TIF SETTLEMENT FUND	CUM FIRE BLDG & EQUIP	BLOCK EQUIP GR (SHER CAM)	BULLETPROOF VEST GRANT	JUDGES IV-D INCENTIVE	HAZD SUB & RESP (LEPC GRANT)
Cash and investments - beginning	\$ 49,927	\$ -	\$ 937	\$ 2,550	\$ 3,113	\$ 9,226	\$ 10,371
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	75,844	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	2,353,434	222,403	-	2,593	14,513	-
Total receipts	75,844	2,353,434	222,403	-	2,593	14,513	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	591
Other services and charges	-	-	-	-	-	3,600	1,425
Capital outlay	-	-	-	-	3,268	-	-
Other disbursements	72,015	2,353,434	223,339	-	-	-	-
Total disbursements	72,015	2,353,434	223,339	-	3,268	3,600	2,016
Excess (deficiency) of receipts over disbursements	3,829	-	(936)	-	(675)	10,913	(2,016)
Cash and investments - ending	\$ 53,756	\$ -	\$ 1	\$ 2,550	\$ 2,438	\$ 20,139	\$ 8,355

MONTGOMERY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	PREPAREDNESS GRANT	MEDICAL RESERVE CORP (MRC)	DISASTER RESPONSE REIMB FEMA	SKILL BUILDING GRANT	OPERATION PULLOVER	AHEAD GRANT	DRUG COURT GRANT
Cash and investments - beginning	\$ 705	\$ 12,006	\$ (1,375)	\$ (7,991)	\$ 705	\$ 11,329	\$ 6,885
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	36,873	18,708	1,273	30,275	-	4,500	-
Total receipts	36,873	18,708	1,273	30,275	-	4,500	-
Disbursements:							
Personal services	14,279	-	-	21,888	-	-	3,803
Supplies	4,636	10,737	-	-	-	-	-
Other services and charges	11,864	5,751	-	8,305	-	13,601	1,793
Capital outlay	6,800	1,126	-	-	-	-	-
Other disbursements	-	800	-	-	-	-	-
Total disbursements	37,579	18,414	-	30,193	-	13,601	5,596
Excess (deficiency) of receipts over disbursements	(706)	294	1,273	82	-	(9,101)	(5,596)
Cash and investments - ending	\$ (1)	\$ 12,300	\$ (102)	\$ (7,909)	\$ 705	\$ 2,228	\$ 1,289

MONTGOMERY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	EQUIP GR (SHER LIGHTS)	EQUIP GR (SHER RAD)	PREPAREDNESS GRANT 13/14	COURT INTERPRETER GRANT	CLERK ISETS TRUST	CLERK'S TRUST	AFTER SETTLEMENT COLLECTIONS
Cash and investments - beginning	\$ 1,705	\$ 756	\$ -	\$ 5,867	\$ 3,710	\$ 567,953	\$ 1,003,550
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	6,081	8,250	800,035	2,944,249	1,201,978
Total receipts	-	-	6,081	8,250	800,035	2,944,249	1,201,978
Disbursements:							
Personal services	-	-	6,081	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	143	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	5,860	798,224	2,894,781	1,003,550
Total disbursements	-	-	6,224	5,860	798,224	2,894,781	1,003,550
Excess (deficiency) of receipts over disbursements	-	-	(143)	2,390	1,811	49,468	198,428
Cash and investments - ending	<u>\$ 1,705</u>	<u>\$ 756</u>	<u>\$ (143)</u>	<u>\$ 8,257</u>	<u>\$ 5,521</u>	<u>\$ 617,421</u>	<u>\$ 1,201,978</u>

MONTGOMERY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	SHERIFF'S INMATE TRUST	SHERIFF'S COMMISSARY	REDEVELOPMENT COMMISSION	BONY SRF P & I ACCT	BONY SRF 2012 RESERVE	Totals
Cash and investments - beginning	\$ 20,160	\$ 135,676	\$ -	\$ -	\$ 105,099	\$ 17,871,506
Receipts:						
Taxes	-	-	-	-	-	8,763,458
Licenses and permits	-	-	-	-	-	190,531
Intergovernmental	-	-	1,003,635	-	-	4,383,069
Charges for services	-	-	-	-	-	5,424,179
Fines and forfeits	-	-	-	-	-	91,275
Other receipts	256,350	248,707	-	296,269	285,602	72,400,317
Total receipts	<u>256,350</u>	<u>248,707</u>	<u>1,003,635</u>	<u>296,269</u>	<u>285,602</u>	<u>91,252,829</u>
Disbursements:						
Personal services	-	-	-	-	-	13,987,485
Supplies	-	-	-	-	-	2,080,428
Other services and charges	-	-	-	-	-	4,550,213
Capital outlay	-	-	1,003,635	-	-	3,427,083
Other disbursements	254,034	234,324	-	123,438	-	67,407,903
Total disbursements	<u>254,034</u>	<u>234,324</u>	<u>1,003,635</u>	<u>123,438</u>	<u>-</u>	<u>91,453,112</u>
Excess (deficiency) of receipts over disbursements	<u>2,316</u>	<u>14,383</u>	<u>-</u>	<u>172,831</u>	<u>285,602</u>	<u>(200,283)</u>
Cash and investments - ending	<u>\$ 22,476</u>	<u>\$ 150,059</u>	<u>\$ -</u>	<u>\$ 172,831</u>	<u>\$ 390,701</u>	<u>\$ 17,671,223</u>

MONTGOMERY COUNTY
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2013

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 271,233</u>	<u>\$ 11,643</u>

MONTGOMERY COUNTY
SCHEDULE OF LEASES AND DEBT
December 31, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Montgomery County Jail Facility Building Corporation	Jail Building	\$ 1,323,894	12/31/2006	12/31/2024
John Deere Credit	Graders	162,000	3/12/2012	4/12/2015
PNC	HVAC	<u>125,188</u>	6/6/2011	3/6/2022
Total of annual lease payments		<u>\$ 1,611,082</u>		

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose	
Governmental activities:		
General obligation bonds	Sewer Bond Series 2012 A	\$ 4,923,000
General obligation bonds	Sewer Bond Series 2012 B	\$ 374,904
General obligation bonds	PNC - Courthouse HVAC	5,953,000
Notes and loans payable	E911 Equipment	896,018
Notes and loans payable	Drain Loans Ditches	125,188
		868,785
		<u>2,247,055</u>
		<u>414,564</u>
Totals		<u>\$ 26,619,858</u>
		<u>\$ 2,705,328</u>

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

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, 2013. 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, 2013.

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 item 2013-005. 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.

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 2013-004 and 2013-006 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.

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

August 6, 2014

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTE

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, 2013

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 GIS Mapping	Indiana Office of Technology	11.558	067BROADBAND000	\$ 2,000
<u>Department of Justice</u>				
Juvenile Accountability Block Grants	Indiana Criminal Justice Institute	16.523		
Montgomery County Skill Building Program			10-JB-016	12,946
Montgomery County Skill Building Program			11-JB-1844	17,329
Total - Juvenile Accountability Block Grants				30,275
Bulletproof Vest Partnership Program	Direct Grant	16.607		
			FY 2011	528
			FY 2012	2,065
Total - Bulletproof Vest Partnership Program				2,593
Total - Department of Justice				32,868
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster Highway Planning and Construction	Indiana Department of Transportation	20.205		
			DES# 0902234	29,204
			DES# 1173139	77,332
			DES# 1173377	34,368
			DES# 1173376	32,336
Total - Highway Planning and Construction				173,240
Total - Department of Transportation				173,240
<u>Environmental Protection Agency</u>				
Capitalization Grants for Clean Water State Revolving Funds	Indiana Finance Authority	66.458	WW09755401	563,287
<u>Department of Health and Human Services</u>				
Public Health Emergency Preparedness Preparedness Grant	Indiana State Department of Health	93.069		
			A70-3-0532165	9,708
			A70-3-0532124	16,897
Total - Public Health Emergency Preparedness				26,605
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements CDC - Health	Indiana State Department of Health	93.074		
			A70-3-0532024	5,000
			A70-3-0531963	21,976
			A70-4-0532246	6,081
Total - Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements				33,057
Child Support Enforcement	Indiana Department of Child Services	93.563		
General Title IV-D Incentive			2013	74,265
Prosecutor Iv-D Incentive			2013	152,813
Clerk Gen IV-D Incentive			2013	72,494
Judges IV-D			2013	14,513
Sub-Total - Child Support Enforcement				314,085
ARRA - Child Support Enforcement Prosecutor IV-D ARRA	Indiana Department of Child Services	93.563		
			2013	16,453
Total - Child Support Enforcement				330,538
Total - Department of Health and Human Services				390,200
<u>Department of Homeland Security</u>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Indiana Department of Homeland Security	97.036		
			313-REQA-1078 #7715	1,736
			313-REQA-1017 #7621	649
Total - Disaster Grants - Public Assistance (Presidentially Declared Disasters)				2,385
Emergency Management Performance Grants	Indiana Department of Homeland Security	97.042		
			C44P-3-002B	1,017
			C44P-3-283B	12,816
Total - Emergency Management Performance Grants				13,833
Total - Department of Homeland Security				16,218
Total federal awards expended				\$ 1,177,813

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

MONTGOMERY COUNTY
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the 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.

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
66.458	Capitalization Grants for Clean Water State Revolving Funds
93.563	Child Support Enforcement

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 2013-001 - 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 County Treasurer's Office has one cash drawer, which is used by all employees in the office. The same person balances the drawer, prepares the deposit ticket,

MONTGOMERY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

and takes the deposit to the bank. A daily report is not printed at the end of the day and compared to the quietuses issued. The County Treasurer prepares a monthly reconciliation but doesn't compare the balance to the County Treasurer's Cash Book. The cancelled checks are not returned with the bank statements and are not reviewed through another source. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

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 and correct, material misstatements, including notes to the financial statement. The County Auditor uploaded the County's financial activity from the County's software directly into the Gateway system, a financial reporting system established by the State of Indiana to allow government units to file annual financial reports. There was no review or approval of the information prior to submission.
3. **Monitoring of Controls:** Effective internal control over financial reporting requires the Board of County Commissioners and County Council to monitor and assess the quality of the County's system of internal control. The Board of County Commissioners and County Council 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 and correct, 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) (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14) (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10)

FINDING 2013-002 - COMPLIANCE OVER FINANCIAL TRANSACTIONS AND REPORTING

During the audit of the financial statement, we noted that the following funds were not included: Clerk ISETS Trust, Clerk's Trust, After Settlement Collections, Sheriff's Inmate Trust, Sheriff's Commissary, Redevelopment Commission, BONY SRF P & I Account, and BONY SRF 2012 Reserve. The County Auditor entered the Clerk's Trust, Sheriff's Inmate Trust, and After Settlement Collections into Gateway, a financial reporting system established by the State of Indiana to allow governmental units to file annual financial reports. These amounts were entered prior to uploading financial information from the County's financial software; however, this information was overwritten during the upload process.

MONTGOMERY COUNTY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 (Continued)

Fund	January 1, 2013 Balance	Receipts	Disbursements	December 31, 2013 Balance
Clerk ISETS Trust	\$ 3,710	\$ 800,035	\$ 798,224	\$ 5,521
Clerk's Trust	567,953	2,944,249	2,894,781	617,421
After Settlement Collections	1,003,550	1,201,978	1,003,550	1,201,978
Sheriff's Inmate Trust	20,160	256,350	254,034	22,476
Sheriff's Commissary	135,676	248,707	234,324	150,059
Redevelopment Commission	-	1,003,635	1,003,635	-
BONY SRF P & I Account	-	296,269	123,438	172,831
BONY SRF 2012 Reserve	105,099	285,602	-	390,701

Audit adjustments were proposed and accepted by the County. 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."

**FINDING 2013-003 - 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 SEFA was prepared by the County Auditor without proper oversight, review, or approval. 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 ARRA - State Broadband Data and Development Program and the Capitalization Grants for Clean Water State Revolving fund were omitted from the schedule. The Child Support Enforcement amount reported did not include the reimbursement portion of the funding. There were some amounts included that were not from federal funding sources such as local match money, program income, a state grant, and an error correction from the prior period. The Department of Homeland Security Grants were commingled and some were shown with the wrong CFDA numbers. For several grants, program years and projects were combined into one line. 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.

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.

MONTGOMERY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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 in part:

"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 the total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available."

Section III - Federal Award Findings and Questioned Costs

FINDING 2013-004 - INTERNAL CONTROLS OVER CHILD SUPPORT ENFORCEMENT

Federal Agency: Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 93.563
Federal Award Year: 2013
Pass-Through Entity: Indiana Department of Child Services

Management of the County has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Activities Allowed, Allowable Costs, Cash Management, and Reporting compliance requirements that have a direct and material effect on the program. The County contracted with a third party to prepare the monthly expense claims for the Court. These monthly expense reports were provided to and submitted for reimbursement by the County without supporting documentation. Failure to obtain supporting documentation from the contractor prevents the County from

MONTGOMERY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

reviewing the amounts requested for reimbursement. They were unable to determine if the amounts requested were for allowable activities and costs, and if they were paid prior to the reimbursement request in compliance with Cash Management requirements. 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 program.

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. Non-compliance with the grant agreement or the compliance requirements that have a direct and material effect on 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 on the program.

FINDING 2013-005 - ACTIVITIES ALLOWED, ALLOWABLE COSTS, AND CASH MANAGEMENT

Federal Agency: Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 93.563
Federal Award Year: 2013
Pass-Through Entity: Indiana Department of Child Services

The County is required to submit monthly expense claims to receive reimbursement of their expenditures related to the Child Support Enforcement program (Title IV-D). No supporting documentation was provided with the 2013 Monthly Expense Claims for Title IV-D for the County Court expenses. Without the supporting documentation, we were unable to determine which expenditures were claimed for reimbursement or how the amounts requested were calculated. In addition, we could not determine whether the County Court expenditures claimed were for activities allowed, were in compliance with allowable cost principles, or were paid prior to the claim for reimbursement. This resulted in questioned costs of \$14,513.

MONTGOMERY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Monthly Expense Claims for Title IV-D (for the County Court) are prepared by Maximus, an independent contractor. Maximus submits the claim to the County with a breakdown by court, but does not include any supporting documentation, such as time studies, names of persons included in the personal services amounts, or other expenditures included. The County submitted the requests for reimbursement without receiving or compiling appropriate supporting documentation.

45 CFR 92.20 states in part:

"(a) A State must expand and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to—

- (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and
- (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

(b) The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant. . . .
- (5) *Allowable cost.* Applicable OMB cost principles, agency program regulations, and the terms of grant and subgrant agreements will be followed in determining the reasonableness, allowability, and allocability of costs.
- (6) *Source documentation.* Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc.
- (7) *Cash management.* Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

Without appropriate supporting documentation, it was not possible to verify the accuracy or allowability of expenditures claimed for reimbursement. This could cause all expenditures to be questioned costs or cause the County to be required to repay the amount of undocumented expenditures.

MONTGOMERY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

We recommended that the County Court comply with the applicable requirements by maintaining documentation to support the amounts claimed for reimbursement.

**FINDING 2013-006 - INTERNAL CONTROLS OVER 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: WW09755401
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 on the program. This includes the following compliance requirements: Activities Allowed; Allowable Costs; Cash Management; Davis-Bacon Act; Period of Availability; and Procurement, Suspension and Debarment. The failure to establish an effective internal control system places the County at risk of noncompliance with the grant agreement and the compliance requirements.

The County had no internal control or knowledge of the compliance requirements by anyone other than the grant administrator, a third-party contractor. A lack of segregation of duties within an internal control system could 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 program.

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 with the grant agreement or the compliance requirements that have a direct and material effect on 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 on the program.

AUDITEE PREPARED DOCUMENTS

The subsequent documents were provided by management of the County. The documents are presented as intended by the County.



MICHELLE R. CASH
Montgomery County Auditor

100 East Main Street Room 102 • Crawfordsville, IN 47933 • (765) 364-6400 Fax (765) 364-6404

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Contact Person: Michelle Cash

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

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: Since November the Auditor has been working with the Courts to correspond with Maximus 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, 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. Still working on procedures since November audit.

Completion Date: December 31 2014.

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: Since November the Board of Commissioners has been working to 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 communicated 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. Still working on procedure since November audit.

Completion Date: December 31, 2014

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: The Board of Commissioners has appointed their Administrative Assistant for the 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. Still working on establishing procedure since the November audit.

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: The County appointed 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. The Administrator will provide to the auditor the verification of expenditures when certifying payroll. Effective upon completion of each transaction. Still working on procedures since November Audit.

Signature

A handwritten signature in blue ink that reads "Michelle R. Cole". The signature is written in a cursive style with a long horizontal flourish at the end.

Date: July 3, 2014



MONTGOMERY COUNTY COMMISSIONERS

110 West South Boulevard

Crawfordsville, IN 47933

Office: (765) 361-2623

Fax: (765) 361-3238

Email: commissioners@montgomeryco.net

Website: www.montgomeryco.net

Commissioners

Phillip Bane, President

Terry Hockersmith, VP

Jim Fulwider, Member

August 29, 2014

CORRECTIVE ACTION PLAN

FINDING 2013-001 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Phil Bane, President – Montgomery County
Board of Commissioners

Contact Phone Number: 765-366-2141

Subpart 1. Lack of Segregation of Duties:

Description of Corrective Action Plan: Montgomery County will establish by policy control activities to reduce risks to the achievement of financial reporting objectives. Specifically, this policy will separate incompatible activities related to receipts, cash and investment balances. This policy will also require all employees, officers and agents to establish separate cash drawers and procedures for confirmation that each cash drawer balances with the daily transaction record and receipts. This policy will also include a policy for the completion of deposit records and other procedures to ensure the proper treatment of all cash transactions consistent with accounting and uniform compliance guidelines applicable to local government. This policy will also require the County Treasurer to promptly prepare monthly reconciliation reports, to compare the balance to the Treasurer's cash book, and to report her findings to the Auditor and County Commissioners. This policy will also require the Treasurer to ensure that cancelled checks are returned with bank statements, reviewed by the Treasurer and Auditor, and reported to the County Commissioners. The County Commissioners will monitor the implementation of these policies.

Anticipated Completion Date: Montgomery County anticipates that it will complete these corrective actions on or before September 30, 2014. For the last 12 months, the County has studied and developed draft policies to manage risk. Therefore, the County has been in the process of addressing some of these issues prior to receiving the audit findings.

Subpart 2. Preparing Financial Statements:

Description of Corrective Action Plan: Montgomery County will establish effective Control over financial reporting. This control will include identification and analysis of the risks of Material misstatement to the County's audited financial statements and the determination of how Those risks should be managed. This control will be established by policy. The policy will include controls relating to all reporting and notes to the financial statements. The policy will also require review of County financial records required to be submitted to the State of Indiana by the Auditor, Treasurer, County Council, Board of Commissioners and other required officers. The County Commissioners will monitor the implementation of these policies.

Anticipated Completion Date: Montgomery County anticipates that it will complete the adoption of policies requiring these controls on or before September 30, 2014.

Subpart 3. Monitoring of Controls:

Description of Corrective Action Plan: Montgomery County will establish effective internal control over financial reporting which involves proper oversight by the Board of Commissioners and County Council. This policy will require separate evaluation of the County's system of internal controls. This control policy will require a process to identify and communicate corrective actions necessary to improve these internal controls. The County Commissioners will monitor implementation of these policies.

Anticipated Completion Date: Montgomery County anticipates that it will complete the adoption of control policies on or before September 30, 2014.

Date: 8/29/2014



Phillip Bane, President
Montgomery County Commissioners

Attorneys
Kirtley, Taylor, Sims, Chadd & Minnette

Auditor
Michelle Cash



Montgomery County Council

100 East Main Street Room 102 • Crawfordsville, IN 47933 • (765) 364-6400 Fax (765) 364-6404

CORRECTIVE ACTION PLAN

FINDING 2013-001 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Aaron Morgan, President – Montgomery County Council

Contact Phone Number: 765-376-5100

Subpart 1. Lack of Segregation of Duties:

Description of Corrective Action Plan: Montgomery County will establish by policy control activities to reduce risks to the achievement of financial reporting objectives. Specifically, this policy will separate incompatible activities related to receipts, cash and investment balances. This policy will also require all employees, officers and agents to establish separate cash drawers and procedures for confirmation that each cash drawer balances with the daily transaction record and receipts. This policy will also include a policy for the completion of deposit records and other procedures to ensure the proper treatment of all cash transactions consistent with accounting and uniform compliance guidelines applicable to local government. This policy will also require the County Treasurer to promptly prepare monthly reconciliation reports, to compare the balance to the Treasurer's cash book, and to report her findings to the Auditor and County Commissioners. This policy will also require the Treasurer to ensure that cancelled checks are returned with bank statements, reviewed by the Treasurer and Auditor, and reported to the County Commissioners. The County Council will monitor the implementation of these policies.

Anticipated Completion Date: Montgomery County anticipates that it will complete these corrective actions on or before September 30, 2014. For the last 12 months, the County has studied and developed draft policies to manage risk. Therefore, the County has been in the process of addressing some of these issues prior to receiving the audit findings.

Subpart 2. Preparing Financial Statements:

Description of Corrective Action Plan: Montgomery County will establish effective Control over financial reporting. This control will include identification and analysis of the risks of Material misstatement to the County's audited financial statements and the determination of how Those risks should be managed. This control will be established by policy. The policy will include controls relating to all reporting and notes to the financial statements. The policy will also


require review of County financial records required to be submitted to the State of Indiana by the Auditor, Treasurer, County Council, Board of Commissioners and other required officers. The County Council will monitor the implementation of these policies.

Anticipated Completion Date: Montgomery County anticipates that it will complete the adoption of policies requiring these controls on or before September 30, 2014.

Subpart 3. Monitoring of Controls:

Description of Corrective Action Plan: Montgomery County will establish effective internal control over financial reporting which involves proper oversight by the Board of Commissioners and County Council. This policy will require separate evaluation of the County's system of internal controls. This control policy will require a process to identify and communicate corrective actions necessary to improve these internal controls. The County Council will monitor implementation of these policies.

Anticipated Completion Date: Montgomery County anticipates that it will complete the adoption of control policies on or before September 30, 2014.



(Signature)

County Council PRESIDENT

(Title)



Michelle Cash

Montgomery County Auditor

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 2013-001 – 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.

FINDING 2013-002 – COMPLIANCE OVER FINANCIAL TRANSACTIONS AND REPORTING

Established a corrected manual for Gateway Software that shows the order of which the annual report must be entered. Upload of receipt, disbursements must be done first in order to save data already in system and not create an override.

Completion date: Effective Immediately with completion date being 2014 Audit.

FINDING 2013-003 - 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 put in the missing grant information but had to resubmit the annual report and did not have the knowledge that the prior information would be deleted during the upload. Some of the grants not listed were considered

Reimbursements and were not shown as the auditor had not shown them before. 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: December 21, 2014

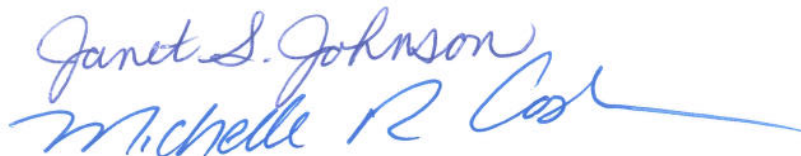
FINDING 2013-6 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO CAPITALIZATION GRANTS FOR CLEAN WATER STATE REVOLVING FUNDS

The county will appoint a Financial administrator to monitor the activity of the grant. The administrator will enforce the internal controls of the claims, recordings and balancing the bank statement.

The financial administrator will not only establish some internal controls to verify reimbursements due or not due to the county, including amounts to be reimbursed but will enter the annual report for the Clean Water State Revolving Funds as well.

Completion Date: December 31, 2014

Signature



Date - August 6, 2014

MONTGOMERY CIRCUIT COURT

22nd Judicial Circuit
Courthouse
Crawfordsville, IN 47933



Telephone (765) 364-6450
Fax (765) 364-7251

HARRY A. SIAMAS
Judge

JILL FROEDGE
Court Reporter

CHRISTIE WELIVER
Secretary / Bailiff

AMIE HODGES
Court Administrator

CORRECTIVE ACTION PLAN

FINDING 2013-004

FINDING 2013-005

Contact Person Responsible for Corrective Action: Harry A. Siamas, Judge Montgomery Circuit Court
Contact Phone Number: (765) 364-6450

Description of Corrective Action Plan:

Both findings will be addressed in the same way. The Montgomery County Courts were not aware that necessary "back-up" documentation was not made available to SBOA for the 2013 audit until recently. Maximus has provided "back-up" documentation to the Montgomery Circuit Court for January through May 2014. This documentation will be available to the SBOA for the next audit. The program ended June 2014 and the Montgomery County Courts will not be participating in the Title IV-D reimbursement program in the future.

Anticipated Completion Date:

The documentation for 2014 is available to the SBOA at any time.

A handwritten signature in black ink, appearing to read "Harry A. Siamas", written over a horizontal line.

(Signature)

Judge, Montgomery Circuit Court

(Title)

August 7, 2014

(Date)

OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the County. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.