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

AUDIT REPORT

OF

COUNTY AUDITOR

MONTGOMERY COUNTY, INDIANA

January 1, 2012 to December 31, 2012

FILED
01/03/2014

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COUNTY OFFICIALS

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

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF MONTGOMERY COUNTY

We have audited the records of the County Auditor for the period from January 1, 2012 to December 31, 2012, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Results and Comments. The financial transactions of this office are reflected in the Annual Report of Montgomery County for the year 2012.

STATE BOARD OF ACCOUNTS

November 7, 2013

OVERDRAWN CASH BALANCES

The financial statement presented in this report included the following funds with overdrawn cash balances as of December 31, 2012:

Fund	Amount Overdrawn
Cnty Corrections	$ 10,646
HEA 1001 St Hmstead	3,992
17T Correction COE	561,646
Statewide 911	659,235

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

911 ACTIVITY

The County established a new 911 Fund as of July 1, 2012. In following Indiana Code 36-8-16.7, the County transferred the balance from the old landline and wireless funds to the new fund. The County used the new 911 Fund for transactions starting July 1, 2012. On July 31, 2012, an inappropriate adjustment was made to reverse the original transfer. It is unknown as to why the original transfer was reversed; this resulted in the new 911 Fund to be in the negative $659,235.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

PUBLIC LAW 132 – SENATE ENROLLED ACT 345 – EFFECTIVE JULY 1, 2012 911 – Adds IC 36-8-16.7 – Repeals IC 36-8-16 and IC 36-8-16.5 – Counties may no longer establish a 911 fee for landlines. A statewide 911 fee has been established for both landline and wireless to be collected by the Statewide 911 Board, initially for ninety cents. The counties deposit the distributed fees into their county's local Statewide 911 Fund. The balances at June 30, 2012 in the funds required under IC 36-8-16 and - 16.5 are transferred to the new Statewide 911 Fund July 1, 2012. Establishes uses for the fees. Requires State Board of Accounts to audit the fees. (The County Bulletin, Vol. No. 383 - Page 7, June 2012)

PENALTIES, INTEREST, AND OTHER CHARGES

The County paid penalties, interest, and other charges to JP Morgan Chase Bank in the amount of $911.86 because the County did not remit their credit card payments on a timely basis.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

ANNUAL REPORT

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

Fund	Beginning Balance	Receipts	Disbursements	Ending Balance
After Settlement Collections	$ 801,335	$ 5,319,043	$ 5,116,828	$ 1,003,550
Sheriff's Inmate Trust	17,861	223,517	221,218	20,160
Sheriff's Commissary	110,464	233,792	208,580	135,676
Clerk's Trust	549,511	2,043,397	2,022,544	570,364
Clerk's ISETs Trust	7,052	882,354	885,695	3,711

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

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

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

COUNTY AUDITOR
MONTGOMERY COUNTY
EXIT CONFERENCE

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