

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

MONTGOMERY COUNTY, INDIANA

January 1, 2020 to December 31, 2020



FILED
09/03/2021

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
County Auditor:	
Audit Results and Comments:	
Redevelopment Commission Fund Reconciliation and Transactions Recording.....	6
Accounting of the IFA Administered CRF Money	6-7
Exit Conference	8

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Jennifer Andel	01-01-20 to 12-31-21
County Treasurer	Heather Laffoon	01-01-20 to 12-31-21
Clerk of the Circuit Court	Karyn D. Douglas	01-01-20 to 12-31-21
County Sheriff	Ryan Needham	01-01-20 to 12-31-21
County Recorder	Jennifer Bentley	01-01-20 to 12-31-21
President of the Board of County Commissioners	James D. Fulwider John E. Frey	01-01-20 to 12-31-20 01-01-21 to 12-31-21
President of the County Council	Terry Hockersmith (deceased) Tom Mellish (interim) Tom Mellish	01-01-20 to 08-06-20 08-07-20 to 09-07-20 09-08-20 to 12-31-21



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF MONTGOMERY COUNTY, INDIANA

This report is supplemental to our audit report of Montgomery County (County), for the period from January 1, 2020 to December 31, 2020. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the County. It should be read in conjunction with our Financial Statement Audit Report of the County, which provides our opinions on the County's financial statement. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

August 19, 2021

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COUNTY AUDITOR
MONTGOMERY COUNTY

COUNTY AUDITOR
MONTGOMERY COUNTY
AUDIT RESULTS AND COMMENTS

REDEVELOPMENT COMMISSION FUND RECONCILEMENT AND TRANSACTIONS RECORDING

Condition and Context

Receipts and disbursements were not always recorded in the County's financial records by the County Auditor in a timely manner. For the period of June to December 2020, the receipts and disbursements for the RDC 2017 Bond P & I Fund were not recorded in the County's financial records until February 12, 2021. As a result of not recording the transactions, the Annual Financial Report submitted in the Indiana Gateway for Government Units financial reporting system contained errors in receipts, disbursements, and cash balances. Additionally, the bank account at December 31, 2020, for this fund had not been reconciled until February 12, 2021, because it had not been included in the financial records.

Criteria

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1.

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

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

"The state examiner shall require from every audited entity 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](#)."

ACCOUNTING OF THE IFA ADMINISTERED CRF MONEY

Condition and Context

The County did not properly account for the Coronavirus Relief Fund in accordance with the options outlined in State Examiner Directive 2020-3 (the Directive). The Directive states the County must utilize one of two prescribed options to account for public health and safety payroll costs; however, neither of these options were followed. Instead, the County posted expenses directly to the COVID-19 CARES Act 21.019 fund, and then once reimbursement was received, they completed reversals for items not reimbursed by the Indiana Finance Authority (IFA).

COUNTY AUDITOR
MONTGOMERY COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

The County reported a negative cash balance in the COVID-19 CARES Act 21.019 grant fund as of December 31, 2020. Upon receipt of CARES funds from IFA, all unreimbursed vendor claims were reversed and posted to an appropriate fund; however, not all adjusting or reversing entries for unreimbursed payroll transactions were completed. A negative balance remained as of July 31, 2021.

Criteria

State Examiner Directive 2020-3 states in part:

"Transactions for public health and safety payroll costs must be accounted for through one of these two prescribed options.

Option One. Reimbursements received from IFA shall be receipted into the separate CARES grant fund. The reimbursed amount for public health and safety payroll costs originally incurred in the general fund (or other fund) will be moved to the separate CARES grant fund through a reversing entry. This action will reinstate the general fund (or other fund) cash balance and re-appropriate the general fund (or other fund) in a similar manner to IC 6-1.1-18-9(1) for those disbursements. This reversal must be done in the same budget year that the original transaction was posted.

Once the disbursement is reversed within the general fund (or other fund), it must be posted as a disbursement in the separate CARES grant fund. Documentation must be maintained so the audit trail can be followed. The accounting system must tie the original claim for the disbursement to the separate CARES grant fund by specific reference or notation in a comment section.

Once option one is completed, the cash balance of the separate CARES grant fund will be zero. No money shall remain in the separate CARES grant fund. . . .

Option Two. Reimbursements received from IFA shall be receipted into the separate CARES grant fund. A claim will be created against the separate CARES grant fund for the reimbursed amount in favor of the general fund. This claim must be supported by documentation of the public health and safety payroll costs that have been expensed from the general fund or other funds.

The amount of the claim will be receipted into the general fund cash balance. Normal appropriation procedures will apply to these funds.

Once option two is completed, the cash balance of the separate CARES grant fund will be zero. No money shall remain in the separate CARES grant fund. This option requires a resolution or ordinance as detailed in the memorandum CARES Reimbursement of Public Health and Safety Payroll Costs, September 30, 2020. . . ."

COUNTY AUDITOR
MONTGOMERY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 19, 2021, with Jennifer Andel, County Auditor; Tom Mellish, President of the County Council; Tom Klein, County Administrator; Don Mills, County Council member; Daniel L. Taylor, County Attorney; and Heather Laffoon, County Treasurer.