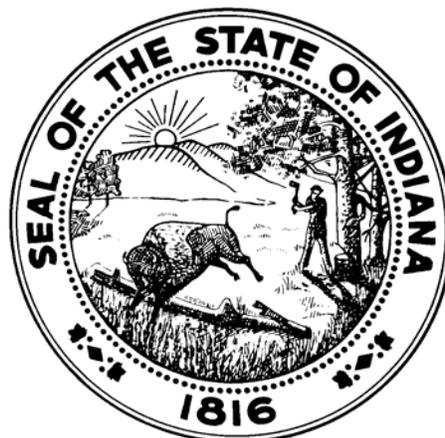


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

AUDIT REPORT  
OF

TOWN COURT  
TOWN OF BROWNSBURG  
HENDRICKS COUNTY, INDIANA

January 1, 2004 to December 31, 2005



**FILED**  
7/5/06



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TOWN OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Judge	Charles E. Hostetter	01-01-04 to 12-31-06
Court Administrator	Stephanie R. Shaw	01-01-04 to 12-31-06
Clerk-Treasurer	Jeanette M. Brickler	01-01-04 to 12-31-07
President of the Town Council	William Guarnery Jeanette Barker Charles E. Ratliff	01-01-04 to 12-31-04 01-01-05 to 12-31-05 01-01-06 to 12-31-06



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TO: THE OFFICIALS OF THE TOWN OF BROWNSBURG

We have audited the records of the Town Court for the period from January 1, 2004 to December 31, 2005, 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 the Town of Brownsburg, Hendricks County for the period January 1, 2004 to December 31, 2005.

STATE BOARD OF ACCOUNTS

June 12, 2006

TOWN COURT  
TOWN OF BROWNSBURG  
AUDIT RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for audit.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

CONDITION OF RECORDS

The Town Court purchased and installed the receipt portion of the Incode Accounting Software for court accounting. The computer generated forms which replace all or part of these prescribed forms: City/Town Court Cash (City Town Form 213CT ); City/Town Court Detailed Ledger of Local User Fees (City Town Form 213A); City/Town Court Receipt (City Town Form 214CT); Report to County Auditor of Fines and Fees Collected in City/Town Courts (City Town Form 217CT); City/Town Court Transmittal Report to Fiscal Officer (City Town Form 218CT); and Register of Trust Funds (General Form 102) have not been approved for the use of the Brownsburg Town Court.

The receipt portion of the Incode Accounting Software used by the Court to keep their accounting records did not keep track of disbursements or the cash balance. The Town Court personnel did not post disbursements to City/Town Court Cash (City Town Form 213CT ) nor did they use City/Town Court Daily/Monthly Balance Record (City Town Form 219CT) to record receipts, disbursements and balances.

The Court received and posted payment for a cash bond in the amount of \$2,4448.89, in the form of money orders. The money orders were made payable to the Plainfield Town Court. The bank refused to accept the deposit because the money orders were payable to the Plainfield Town Court and not the Brownsburg Town Court. The money orders were altered to say Brownsburg Town Court instead of Plainfield Town Court. The bank again refused the deposit. The money orders were returned to the person who posted the bond. There is currently an ongoing dispute between the recipient and Western Union regarding reissuance of the money orders. Consequently, as of May 10, 2006, the \$2,448.89 remains on the books although the money has yet to be actually received and deposited.

Each city and town court is required to use official records and forms that are designated by the legislature or prescribed or approved by the State Board of Accounts or the State Court Administration office of the Supreme Court. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 1)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 4)

TOWN COURT  
TOWN OF BROWNSBURG  
AUDIT RESULTS AND COMMENTS  
(Continued)

OMISSION OF RECEIPTS

Controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient. Some collections were not being receipted, deposited, nor posted to the Court cash management accounting software at the time they were received. Instead these collections, in the amount of \$4,152.50, were being kept in a cash box in the offices of the Court until the original copy of the ticket was received from law enforcement personnel, at which time the collections were receipted, deposited, and posted to the records. For these collections a locally designed unapproved receipt was given to the people who paid in person at the Court Office.

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. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 4)

Receipts shall be issued and recorded at the time of each receipt transaction. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 1)

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

DEPOSITS

In numerous instances, receipts were deposited later than the next business day.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

OLD OUTSTANDING CHECKS (WARRANTS)

Our review of the bank reconcilements as of December 31, 2005, revealed checks outstanding in excess of two years.

In order to eliminate old outstanding checks from the records, the court should perform the following:

1. Issue a formal stop payment order to the bank upon which each check is drawn.
2. Enter the amount of each check as a receipt in the cash book. Post the respective amounts to the trust column of the cash book and enter each amount in the name of the payee in the register of trust funds.

TOWN COURT  
TOWN OF BROWNSBURG  
AUDIT RESULTS AND COMMENTS  
(Continued)

3. Since the checks have never cleared the bank, the amount is still on deposit. Therefore, when all such checks are charged to the records and reinstated in the trust register, the original check number will be eliminated as outstanding in the next reconciliation with the bank.
4. If, at the time such checks are restored to the records, the original dates indicate the checks have been outstanding for five or more years, they should be paid over to the Attorney General immediately. The original date should be shown in the register of trust funds. If the checks are not five years old they should be held until the five year period has lapsed.

(Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 4)

TIMELY PAYMENT OF COLLECTIONS

We noted several instances where collections made by the Town Court were paid late to the state, the county and/or the town including interest earned on the Town Court's checking account.

Indiana Code 33-37-7 states that the Clerk of City or Town Court shall distribute semiannually to the auditor of state the state share of fees collected, shall distribute monthly to the county auditor the county share of fees collected, and shall distribute monthly to the city or town fiscal officer the town share of fees collected.

REIMBURSEMENT OF FEES

Based on the records provided, the Court failed to file claims in the amount of \$3,073.67 for credit card fees, bank charges, and supplies in order to receive reimbursement from the Town General fund as of December 31, 2005.

The court clerk shall forward credit card service fees collected to the city or town fiscal officer. These fees may be used without appropriation to pay transaction charges or discount fees charged by the bank or credit card vendor. [IC 33-37-6-3].

TOWN COURT  
TOWN OF BROWNSBURG  
EXIT CONFERENCE

The contents of this report were discussed on June 13, 2006, with Charles E. Hostetter, Judge; Stephanie R. Shaw, Court Administrator; Charles E. Ratliff, President of the Town Council; and Jeanette M. Brickler, Clerk-Treasurer. The officials concurred with our audit findings.