

B37436

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

EXAMINATION REPORT
OF

CITY COURT
CITY OF GAS CITY
GRANT COUNTY, INDIANA

January 1, 2009 to December 31, 2009



FILED
08/20/2010

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CITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
City Court Judge	Steven J. Barker	01-01-08 to 12-31-11
Mayor	H. Larry Leach	01-01-08 to 12-31-11
President of the Common Council	Larry J. Terwillegar	01-01-09 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF GAS CITY

We have examined the records of the City Court for the period from January 1, 2009 to December 31, 2009, 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 Examination Results and Comments. The financial transactions of this office are reflected in the Examination Report of the City of Gas City, Grant County for the year 2009.

STATE BOARD OF ACCOUNTS

July 19, 2010

CITY COURT
CITY OF GAS CITY
EXAMINATION RESULTS AND COMMENTS

UNCLAIMED FUNDS OVER FIVE YEARS OLD

At December 31, 2009, there were \$15,878 of bond funds, \$7,294 of trust funds, and \$166 of old outstanding checks that were unclaimed and over five years old. A similar comment appeared in prior Report B34828.

All items that can be legally disbursed should be paid immediately to the person or persons entitled thereto. All fees and funds five or more years old, including old outstanding checks, should be scheduled on forms provided by the Attorney General and paid over to the Attorney General as required by IC 32-34-1-20(c)(7). Items should not be allowed to accumulate beyond the five year anniversary date. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 4)

DISTRIBUTION OF COURT FEES

The Court did not comply with IC 33-37-7-8 which regulates distribution of court costs to the state, county and city. Proper percentages were not always applied to these costs. A similar comment appeared in prior Report B34828.

IC 33-37-7-8 states in part:

"(a) . . . shall distribute semiannually to the auditor of state . . . fifty-five percent (55%) of the amount."

"(b) . . . shall distribute monthly to the county auditor . . . twenty percent (20%) of the amount."

"(c) . . . shall retain twenty-five percent (25%) . . . of the fees collected."

SUPPORTING DOCUMENTATION

The Court used the cash change on hand of \$70 to make purchases of supplies and other office expenses. The purchases were not adequately supported by documentation, such as receipts, invoices, and other public records.

Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by statute, federal or state rule. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY COURT
CITY OF GAS CITY
EXAMINATION RESULTS AND COMMENTS
(Continued)

OLD OUTSTANDING CHECKS

An examination of the Court's bank reconciliation as of December 31, 2009, revealed checks outstanding in excess of two years. Some outstanding checks were up to five years old.

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.
3. Since the checks 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 elapsed.

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

CITY COURT
CITY OF GAS CITY
EXIT CONFERENCE

The contents of this report were discussed on July 19, 2010, with Steven J. Barker, City Court Judge. The official concurred with our examination findings.