

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

EXAMINATION REPORT  
OF

CITY COURT  
CITY OF ALEXANDRIA  
MADISON COUNTY, INDIANA

January 1, 2010 to December 31, 2010



**FILED**  
01/23/2012



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CITY OFFICIALS

| <u>Office</u>                      | <u>Official</u>             | <u>Term</u>          |
|------------------------------------|-----------------------------|----------------------|
| Clerk-Treasurer                    | Janet M. Lynch              | 01-01-08 to 12-31-11 |
| Judge                              | Honorable Brandy M. Goodman | 01-01-08 to 12-31-11 |
| Mayor                              | Honorable John D. Woods     | 01-01-08 to 12-31-11 |
| President of the<br>Common Council | Carol Walker                | 01-01-10 to 12-31-11 |



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF ALEXANDRIA, MADISON COUNTY

We have examined the records of the City Court for the period from January 1, 2010 to December 31, 2010, 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 financial report of the City of Alexandria for the year ended 2010.

STATE BOARD OF ACCOUNTS

September 22, 2011

CITY COURT  
CITY OF ALEXANDRIA  
EXAMINATION RESULTS AND COMMENTS

***INTERNAL CONTROLS OVER FINANCIAL ACCOUNTING AND REPORTING***

Controls over the receipting, disbursing, recording, and accounting for the financial activities of the City Court were insufficient.

In previous years, the Court maintained a manual cashbook to account for financial transactions of the Court. However, only receipt transactions were recorded in the manual cashbook. Disbursements were not recorded in the cashbook and cash balances were not calculated or recorded. The Court had not attempted to reconcile the manual cashbook to the bank account since April 2008. Additionally, trust items were recorded in the cashbook and posted to the "Trust" column, but a detailed trust register was not maintained. Therefore, amounts remaining in trust could not be determined without extensive investigation.

The City Court changed to a computerized accounting system in February 2010. A "new" bank account was established to account for transactions entered into the computer system. Monies in the "old" bank account were left in that account until they could be specifically identified in the "old" manual cashbook. When specific items were identified in the "old" manual cashbook, a check was written to the court, deposited into the "new" bank account, and receipted into the computer system. The computer system maintains a detailed trust register and provides detailed financial reports for receipts and disbursements as well as cash balances and summarized reports with year to date activity and balances. Bank reconciliations were performed monthly for the "new" bank account.

As of December 31, 2010, the Court had \$85,670 in the bank. The "new" bank account had a balance of \$66,147 which reconciled to the computer system balance of \$66,918 after reconciling items. The "old" bank account had a balance of \$19,523 which the court did not perform a reconciliation for. According to previous records, January 2010 activity, and procedures performed by the auditor, the old cashbook balance was estimated to be \$19,894 with outstanding items of \$567 leaving an unidentified shortage to the bank of \$936. However, the auditor discovered that the "old" bank account was charged for check orders and other bank debits which may not have been considered in the calculation of previous year's balances. The court clerk is still working to identify specific items from the "old" cashbook. As of July 31, 2011, the "old" bank account balance was \$6,460 of which \$1,907 was identified as due to the State and \$50 due to the City for amounts not remitted for January 2010, leaving a balance of \$4,503 from the "old" cashbook that still has not been identified.

Comments appeared in previous audit reports regarding the condition of the manual cashbook and reconciling.

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 Cities and Towns, Chapter 7)

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 Cities and Towns, Chapter 7)

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

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 Cities and Towns, Chapter 7)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***DEPOSITS***

The City Court changed from manual accounting records to computerized accounting records in February 2010. During the period of January 21, 2010 to February 17, 2010, monies were collected and manual receipts were issued. However, the monies were not deposited until they were receipted into the computerized system. In at least two instances, monies were collected on January 21, 2010, but were not deposited and receipted into computerized records until March 31, 2010. Additionally, some amounts receipted into the computerized system, for individuals with multiple payments during the time period, were combined and issued as one receipt. Therefore, some monies received during this period could not be verified to deposits or the court's financial records.

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."

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***STATE FINES AND FEES NOT REMITTED***

The State of Indiana requires that certain fines and fees collected through a city court be remitted to the State semiannually. Amounts remitted to the State for 2010 did not include fines and fees collected in January 2010 in the amount of \$1,907. As of August 29, 2011, these amounts had not been remitted to the State.

Indiana Code 33-37-7-8(d) states: "The clerk of a city or town court shall semiannually distribute to the auditor of state . . ."

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY COURT  
CITY OF ALEXANDRIA  
EXIT CONFERENCE

The contents of this report were discussed on September 22, 2011, with the Honorable Brandy M. Goodman, Judge. The official concurred with our findings.