

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

AUDIT REPORT
OF

CLERK OF THE CITY COURT
CITY OF LAKE STATION
LAKE COUNTY, INDIANA

January 1, 2012 to December 31, 2012



FILED

04/10/2015

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CITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk of the City Court	Christopher Anderson Kimberly Frizzell	01-01-12 to 01-26-15 01-27-15 to 12-31-15
Clerk-Treasurer	Brenda Samuels	01-01-12 to 12-31-15
Mayor	Keith Soderquist	01-01-12 to 12-31-15
President of the Board of Public Works and Safety	Keith Soderquist	01-01-12 to 12-31-15
President Pro Tempore of the Common Council	Garry Szostek Todd Lara Todd Rogers John McDaniel	01-01-12 to 12-31-12 01-01-13 to 12-31-13 01-01-14 to 12-31-14 01-01-15 to 12-31-15



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF LAKE STATION

We have audited the records of the Clerk of the City Court 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 the City of Lake Station for the year 2012.

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

January 6, 2015

CLERK OF THE CITY COURT
CITY OF LAKE STATION
AUDIT RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

As stated in prior reports, Court personnel have not reconciled the Court Cash Book to the depository balance since September 2007. Per a cursory review of bank statements and ledger balances for the past three years, the bank balance exceeded the ledger balance at December 31, 2011, by \$17,341, at December 31, 2012, by \$12,426, and at December 31, 2013, by \$19,727.

A cursory review essentially means that the bank balance was compared to the ledger balance only taking into account outstanding checks from a listing generated from the Court's computer system. The outstanding check list was not verified as accurate. No other adjustments, such as returned checks for insufficient funds, or posting errors and omissions were taken into account.

Indiana Code 5-13-6-1(e) states: "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."

At all times, the manual and 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 Town Courts, Chapter 4)

CRIMINAL BONDS OVER FIVE YEARS OLD

Our review of criminal bonds on hand determined that \$41,653 of bonds had been on hand for a period of five years or longer. The Court has not implemented policies and procedures for reporting unclaimed property and remitting that property to the Attorney General after the five year holding period.

CLERK OF THE CITY COURT
CITY OF LAKE STATION
AUDIT RESULTS AND COMMENTS
(Continued)

If a bond is forfeited and the court has entered a judgment, the clerk shall transfer to the state common school fund:

1. Any amount remaining on deposit with the court (less the fees retained by the clerk); and
2. Any amount collected in satisfaction of the judgment.

The amount transferred to the State Common School fund shall be sent to the county auditor on a monthly basis as Bond Forfeitures. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 3)

Indiana Code 32-34-1-20(c) states in part:

"Property that is held, issued, or owed in the ordinary course of a holder's business is presumed abandoned if the owner or apparent owner has not communicated in writing with the holder concerning the property or has not otherwise given an indication of interest in the property during the following times: . . .

- (6) For property or proceeds held by a court or a court clerk, five (5) years after the property or proceeds become distributable. The property or proceeds must be treated as unclaimed property under IC 32-34-3."

Indiana Code 32-34-1-26(a) states: "A holder of property that is presumed abandoned and that is subject to custody as unclaimed property under this chapter shall report in writing to the attorney general concerning the property. Items of value of less than fifty dollars (\$50) may be reported by the holder in the aggregate."

Indiana Code 32-34-1-27(a) states: "Except as provided in subsections (b) and (c), on the date a report is filed under section 26 of this chapter, the holder shall pay or deliver to the attorney general the property that is described in the report as unclaimed."

CLERK OF THE CITY COURT
CITY OF LAKE STATION
EXIT CONFERENCE

The contents of this report were discussed on January 6, 2015, with Christopher Anderson, Judge/former Clerk of the City Court, and Kimberly Frizzell, Clerk of the City Court.

LAKE STATION CITY COURT

1969 Central Avenue
Lake Station, IN 46405

Christopher Anderson, Judge

Phone: (219) 962-2145

Lake Station City Court, "Official Response" to 2012 Audit

BANK ACCOUNT RECONCILIATIONS – COURT – The city court is and has been aware that the court cash book has not been reconciled to the depository balance. The court began working in September 2012 to reconcile the court cash book with the depository balance until the middle of 2013. In the middle of 2013, the court cash book had to be turned over to a law enforcement agency and has not been in the court's possession since that time. Without the court cash book, the court is unable to continue working to reconcile the cash book to the depository balance. As soon as the court receives the cash book back, it will continue to work on bank account reconciliations.

CRIMINAL BONDS OVER FIVE YEARS OLD – COURT – The city court is aware of Indiana Code 32-41-1-20(c) relating to Bond Forfeitures. The court is further aware that bonds are to be treated as unclaimed property after holding them for a period of five years after they become distributable. Due to the court cash book not being in the court's possession, it is impossible at this time to accurately determine which bonds have become distributable and should be remitted to the Attorney General. Upon return of the court cash book to the city court the city court will continue to work towards identifying which bonds need to be forwarded to the Attorney General and will forward same upon identification.

Respectfully Submitted by:

Christopher Anderson
Judge, Lake Station City Court