

**CHARLES V. MASON
GENERAL RECEIVER OF THE CIRCUIT COURT
FOR THE
COUNTY OF KING GEORGE**

**REPORT ON AUDIT
FOR THE YEAR ENDED
JUNE 30, 2009**

APA

**Auditor of
Public Accounts**

COMMONWEALTH OF VIRGINIA

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Commonwealth of Virginia

Walter J. Kucharski, Auditor

Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218

December 30, 2009

The Honorable J. Martin Bass
Chief Judge of the Circuit Court
County of King George

INDEPENDENT AUDITOR'S REPORT

We have examined the accompanying schedule of fiduciary net assets arising from cash transactions of

CHARLES V. MASON
GENERAL RECEIVER OF THE CIRCUIT COURT
of the
COUNTY OF KING GEORGE

as of June 30, 2009, and the related schedule of changes in fiduciary net assets for the period July 1, 2008 through June 30, 2009. All records supporting these financial schedules are the responsibility of the General Receiver. Our responsibility is to express an opinion on these financial schedules based on our examination.

Our primary objective was to confirm the accuracy of transactions recorded on the General Receiver's financial records. Our examination was more limited than would be necessary to provide assurance on the internal controls or on overall compliance with applicable laws, regulations, and policies.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards include examining evidence supporting the asset amounts in the General Receiver's financial records and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As described in Note 1, these financial schedules have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, except for those issues discussed in the section titled Comments To Management, at the end of this report, the financial schedules referred to above present fairly, in all material respects, the fiduciary net assets arising from cash transactions of the General Receiver of the Circuit Court of the County of King George as of June 30, 2009, and the changes in fiduciary net assets for the period July 1, 2008 through June 30, 2009, on the basis of accounting described in Note 1.

AUDITOR OF PUBLIC ACCOUNTS

WJK: alh

cc: Paul F. DeLosh, Director of Judicial Services
Supreme Court of Virginia

KING GEORGE COUNTY
GENERAL RECEIVER OF THE CIRCUIT COURT
STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2009

Exhibit A

A S S E T S

Cash	\$ 148,700
Investments	640,156
Interest receivable	-
Other	-
	<hr/>
Total Assets	<u>788,856</u>

L I A B I L I T I E S

Interest payable	-
General receiver fees	-
Bond costs payable	-
	<hr/>
Total Liabilities	<hr/> -

Net Assets Held in Trust for Designees	<u>\$ 788,856</u>
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The accompanying notes to financial statements are an integral part of this statement.

KING GEORGE COUNTY
GENERAL RECEIVER OF CIRCUIT COURT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE PERIOD ENDING JUNE 30, 2009

Exhibit B

Additions:

Trust Funds	\$ 189,769
Interest	3,018
Other	<u>10,157</u>
Total additions	<u>202,944</u>

Deductions:

Bond Costs	1,791
General receiver fees	384
Trust Funds	47,346
Other	<u>3,133</u>
Total deductions	<u>52,653</u>

Net Change 150,290

Net Assets Held in Trust for Designees

July 1, 2008	<u>638,566</u>
June 30, 2009	<u>\$ 788,856</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF KING GEORGE
GENERAL RECEIVER OF THE CIRCUIT COURT
NOTES TO FINANCIAL SCHEDULES
AS OF JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial schedules of the General Receiver of the Circuit Court of the County of King George have been prepared using the cash basis of accounting. Under the cash basis of accounting, revenues are recorded when received in cash and disbursements are recorded when made.

2. SURETY BOND

The General Receiver was bonded under a Trust Fund Administrators Bond with the Firemen's Insurance Company of Newark, New Jersey, as surety.

COMMENTS TO MANAGEMENT

COUNTY OF KING GEORGE

GENERAL RECEIVER OF THE CIRCUIT COURT

AS OF JUNE 30, 2009

Properly Manage Trust Funds Under Control of General Receiver

The General Receiver does not properly account for funds under his control. The General Receiver co-mingled funds to be held with the General Receiver, Code of Virginia Section 8.01-582 with King George Circuit Court funds. The General Receiver does not have a designated accounting system for the General Receiver funds. He instead uses the Court's designated accounting system (Financial Management System) to track General Receiver Funds. The use of this system overstated the court's liability account by \$148,700. The General Receiver should immediately discontinue use of the Court's financial system or seek an order from the Judge to have funds placed under Control of the Court per Code of Virginia, Section 8.01-600.

In addition, the General Receiver did not properly manage all Trust Funds under his control. We determined the following:

- Three receipts totaling \$148,700 in Trust Funds that were not included in the 2009 Annual Report to the Court. An accurate Annual Report is required by Section 8.01-585 of the Code of Virginia. These funds were not properly classified in the General Receivers records as required by Section 8.01-582 of the Code of Virginia.
- One Trust Fund totaling \$2,500 was not invested within sixty days of the receipt as required by Section 8.01-587, Code of Virginia. The General Receiver owes interest on this account in the amount of \$2.14.
- The General Receiver failed to post interest for May and June 2009 totaling \$384.50. Further, disbursements for May and June 2009 totaling \$114.76 were not properly recorded. Failure to properly account for these transactions resulted in an inaccurate Annual Report to the court and non-compliance with Section 8.01-585, Code of Virginia.

The General Receiver should take immediate corrective action to ensure compliance with Code of Virginia requirements.