

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

AUDIT REPORT

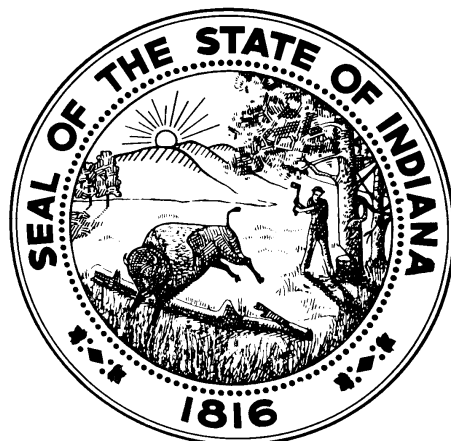
OF

DEPARTMENT OF PARKS AND RECREATION

CITY OF JEFFERSONVILLE

CLARK COUNTY, INDIANA

January 1, 2005 to December 31, 2007



FILED
08/21/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Superintendent	Rob Poff Robert Manor	01-01-05 to 12-31-07 01-01-08 to 12-31-08
President of the Parks Board	Kevin Lagrange (Board Abolished 01-01-08)	01-01-05 to 12-31-07
Mayor	Robert Waiz, Jr. Thomas Galligan	01-01-04 to 12-31-07 01-01-08 to 12-31-11
Clerk-Treasurer	Peggy Wilder	01-01-04 to 12-31-11
President of the City Council	Ron Grooms Barbara Wilson Keith Fetz Ed Zastawny	01-01-05 to 12-31-05 01-01-06 to 12-31-06 01-01-07 to 12-31-07 01-01-08 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF JEFFERSONVILLE

We have audited the records of the Department of Parks and Recreation for the period from January 1, 2005 to December 31, 2007, 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 Jeffersonville.

STATE BOARD OF ACCOUNTS

July 2, 2008

DEPARTMENT OF PARKS AND RECREATION
CITY OF JEFFERSONVILLE
AUDIT RESULTS AND COMMENTS

REPORT OF COLLECTION DISCREPANCIES – AQUATIC CENTER ADMISSIONS

PLU reports (cash register tapes) were used to record admission fees collected at the Aquatic Center. The amounts collected for admissions were then reported on a Report of Collections. We compared the amounts recorded on cash register tapes to admissions reported on Reports of Collections for the year 2006. Our comparison showed a total of \$2,891 was not deposited for the following dates:

<u>Date</u>	<u>Cash Register Totals</u>	<u>Report of Collections</u>	<u>Less Pool Rental</u>	<u>Amount Not Deposited</u>	<u>Notes</u>
06-16-06	\$ 4,220	\$ 3,688	\$ -	\$ 532	A
06-17-06	7,335	4,382	(2,250)	703	B,F
06-26-06	2,572	2,032	-	540	C
07-19-06	2,657	2,269	-	388	D
07-23-06	<u>2,491</u>	<u>1,763</u>	<u>-</u>	<u>728</u>	E
Totals	<u>\$ 19,275</u>	<u>\$ 14,134</u>	<u>\$ (2,250)</u>	<u>\$ 2,891</u>	

Notes:

A. A cash shortage was reported on the Report of Collections. The explanation for the cash shortage stated: "Cash register did not clear from the day before." We compared the June 16, 2006, cash register tape totals by sales category with the June 15, 2006, cash register tape by sales category. Our comparison showed instances of sales reported on the June 16, 2006, cash register tape being less than sales reported on the June 15, 2006, cash register tape, demonstrating that the cash register totals on June 15, 2006, had cleared out.

B. A cash shortage was reported on the Report of Collections. The explanation for the cash shortage stated: "Something is wrong with register. They are not clearing out." We compared the June 17, 2006, cash register tape totals by sales category with the June 16, 2006, cash register tape by sales category. Our comparison showed instances of sales reported on the June 17, 2006, cash register tape being less than sales reported on the June 16, 2006, cash register tape, demonstrating the cash register totals on June 16, 2006, had cleared out.

C. No cash shortage was reported on the Report of Collections. The Report of Collections stated there was no cash register tape for register two. However, we located a cash register tape for register two. The following is a schedule of the cash register totals for June 26, 2006:

Cash Register 1 Tape Total	\$ 1,140
Cash Register 2 Tape Total	<u>1,432</u>
Cash Register Tape Totals	<u>\$ 2,572</u>

DEPARTMENT OF PARKS AND RECREATION
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(Continued)

D. No cash shortage was reported on the Report of Collections and no explanation for the shortage amount was documented.

E. The Report of Collections for July 23, 2006, reported that there were no cash register tapes available. However, we located cash register tapes for July 23, 2006. The following is a schedule of the cash register totals for July 23, 2006:

Cash Register 1 Tape Total	\$ 2,392
Cash Register 2 Tape Total	<u>99</u>
Cash Register Tape Totals	<u>\$ 2,491</u>

F. The cash register tape for this day showed pool rental fees were collected (See Audit Result and Comment titled "Pool Rentals Fees").

The following is additional information regarding the above amounts not deposited:

1. The Aquatic Center has cashiers who are responsible for collecting admission fees from patrons. Sara Kraft, Aquatic Center Director, stated she was responsible for closing out the cash registers, which included running cash register tapes, counting and removing cash from the registers, and reconciling cash collections with the cash register tapes.
2. Sara Kraft, Aquatic Center Director, was responsible for depositing collections to a City bank account and preparing a Report of Collections.
3. Collections reported on the Report of Collections agreed with bank deposits.
4. Sara Kraft, Aquatic Center Director, stated the following in an interview on April 9, 2008:
 - a. For the dates of June 16th and June 17th in 2006: "I must have felt there was something wrong with the cash registers and that is why I put that statement on there."
 - b. For the date of June 17th in 2006: "From my memory, I don't recall ever receiving that amount of money for rentals in one day."
5. No detail cash register tapes were presented for audit showing original entries.

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)

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AUDIT RESULTS AND COMMENTS
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Indiana Code 5-13-14-3 states in part: "A public officer who knowingly fails to deposit public funds, or knowingly deposits . . . except in the manner prescribed in this article, commits a Class B felony. The public officer also is liable upon the officer's official bond for any loss or damage that may accrue."

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Sara Kraft, Aquatic Center Director, was responsible for overseeing the collection, reporting, reconciling and depositing of funds. Sara Kraft, Aquatic Center Director, was requested to refund \$2,891 to the Parks and Recreation Department on July 2, 2008. (See Summary, page 24)

COLLECTIONS NOT DEPOSITED – AQUATIC CENTER

It was the practice at the Aquatic Center to write receipts to persons purchasing season passes, paying for swimming lessons, water aerobic classes, swim team, etc. The receipts were then reported on a Report of Collections. The amount reported on the Report of Collections agrees with amounts deposited.

We compared receipts written to receipts reported on the Report of Collections for the year 2006; including collections for which no receipts were issued (unrecorded collections). Our comparison of receipts and unrecorded collections to amounts reported on the Report of Collections showed receipts not deposited totaling \$2,706.99 as shown below:

<u>Date</u>	<u>Receipts</u>	<u>Unrecorded Collections</u>	<u>Total Receipts</u>	<u>Report of Collections</u>	<u>Collections Not Deposited</u>
05-27-06	\$ 4,504.94	\$ 672.79	\$ 5,177.73	\$ 4,579.94	\$ (597.79)
05-28-06	2,474.50	35.00	2,509.50	-	(2,509.50)
05-30-06	5,376.80	-	5,376.80	-	(5,376.80)
05-31-06	2,468.50	-	2,468.50	2,352.50	(116.00)
06-01-06	878.00	-	878.00	898.00	20.00
06-03-06	2,417.50	210.00	2,627.50	1,022.50	(1,605.00)
06-05-06	1,750.00	-	1,750.00	1,650.00	(100.00)
06-07-06	67.50	-	67.50	-	(67.50)
06-08-06	135.00	11.50	146.50	-	(146.50)
06-09-06	60.00	-	60.00	-	(60.00)
06-10-06	55.00	-	55.00	-	(55.00)
06-11-06	15.00	-	15.00	-	(15.00)
06-12-06	100.00	-	100.00	-	(100.00)
06-17-06	275.00	-	275.00	-	(275.00)
06-27-06	-	45.00	45.00	-	(45.00)
07-07-06	195.00	-	195.00	-	(195.00)
07-27-06	100.00	-	100.00	-	(100.00)
09-06-06	-	-	-	8,637.10	8,637.10
Totals	<u>\$ 20,872.74</u>	<u>\$ 974.29</u>	<u>\$ 21,847.03</u>	<u>\$ 19,140.04</u>	<u>\$ (2,706.99)</u>

DEPARTMENT OF PARKS AND RECREATION
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AUDIT RESULTS AND COMMENTS
(Continued)

The following is additional information regarding receipts not reported on the Report of Collections:

1. During the first two weeks of the season, tables were set up in front of the pool entrance to collect monies for season passes, swim team, swim lessons, etc. Three employees were assigned receipt books to collect the monies. All monies were placed in one bag as it was collected. At the end of each day, the monies, along with the receipt books, would be remitted to Sara Kraft, Aquatic Center Director. These employees were not required to reconcile collections to the receipts written. There was no documentation of the transfer of monies from the employees to the Director. After the two week period was over, all sales would typically be run through the admission registers with an occasional receipt being written.
2. The Director was responsible for: (a) counting collections remitted by the various employees; (b) reconciling receipts to collections; (c) depositing collections to a City bank account; and (d) preparing a Report of Collections.
3. The collections reported on the Report of Collections agree with bank deposits.
4. There were no receipts written on September 5, 2006, to support the \$8,637.10 reported on the Report of Collections dated September 5, 2006. A detail of the deposit information obtained from the bank showed there were 47 checks with May 2006 dates and 16 checks with June 2006 dates. Included in the September 5, 2006, bank deposit were 10 checks totaling \$974.29 for which no receipts were written. This amount is reported in the above schedule as "Unrecorded Collections."
5. Sara Kraft, Aquatic Center Director, stated that no written receipt was run through the cash registers.
6. Sara Kraft, Aquatic Center Director, stated the late deposit of monies was due to her being unable to reconcile collections remitted by the employees with the receipt book they submitted. She stated that she placed the monies in a safe and then forgot about the money.

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)

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Indiana Code 5-13-14-3 states in part: "A public officer who knowingly fails to deposit public funds, or knowingly deposits . . . except in the manner prescribed in this article, commits a Class B felony. The public officer also is liable upon the officer's official bond for any loss or damage that may accrue."

DEPARTMENT OF PARKS AND RECREATION
CITY OF JEFFERSONVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Sara Kraft, Aquatic Center Director, was responsible for overseeing the collection, reporting, reconciling and depositing of monies. Sara Kraft, Aquatic Center Director, was requested to refund \$2,706.99 to the Parks and Recreation Department on July 2, 2008. (See Summary, page 24)

UNREPORTED 2005 AQUATIC CENTER SEASON PASS SALES

The Aquatic Center maintains a season pass log that lists all season pass numbers issued during the year 2005. The season pass log was also supported by season pass applications that were on file. We compared season pass log entries to receipts written for season passes. Our comparison identified 22 season passes listed on the season pass log for which no corresponding receipt was written. The 22 unreported season pass sales totaled \$1,870.

We also reviewed cash register tapes for the year 2005 and did not identify any entries for the sale of season passes. Sara Kraft, Aquatic Center Director, stated that sales of season passes were not recorded through cash register entries during the year 2005.

Sara Kraft, Aquatic Center Director, stated that she did not reconcile season pass applications or entries on the season pass log to receipts written for season passes.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Sara Kraft, Aquatic Center Director, was responsible for overseeing the collection, reporting, reconciling and depositing of monies. Sara Kraft, Aquatic Center Director, was requested to refund \$1,870 to the Parks and Recreation Department on July 2, 2008. (See Summary, page 24)

POOL RENTAL FEES

The cash register tape of June 17, 2006, showed five pool rentals totaling \$2,250. Sara Kraft, Aquatic Center Director reports pool rental fees as part of admissions revenue on the Report of Collections.

Our comparison of the June 17, 2006, cash register tape and the Report of Collections showed a variance of \$2,953. The explanation for the cash shortage reported on the Report of Collections stated: "Something is wrong with register. They are not clearing out." (See Audit Result and Comment titled "Report of Collections Discrepancies – Aquatic Center Admissions")

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(Continued)

We showed Sara Kraft, Aquatic Center Director, the discrepancy between the June 17, 2006, cash register tape and the Report of Collections. Sara Kraft, Aquatic Center Director, stated that it was not possible that five rental fees were collected on the same date since they only rent the pool out to one party after the pool closes at 6:00 pm.

The following is additional information regarding the June 17, 2006, pool rental fees:

- a. There were no pool rental applications for 2006 presented for audit. The applications would show the name of the person or party renting the pool, the date of the rental and the amount to be paid. Sara Kraft stated she was not aware that she was required to retain pool rental applications for audit.
- b. There were no June 17, 2006, time cards presented for audit that would show the date and specific hours worked by lifeguards to show whether lifeguards worked hours after the pool was closed to the public. Sara Kraft, Aquatic Center Director, stated she did not retain the 2006 time cards.
- c. No pool rental schedules were presented for audit.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

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)

The accountability of pool rental fees reported on the June 17, 2006, cash register tape in the amount of \$2,250 could not be established based on the information presented for audit. (See Schedule of Unexplained Variances, page 25)

OTHER UNDOCUMENTED VARIANCES AT AQUATIC CENTER

PLU reports (cash register tapes) were used to record admission fees collected at the Aquatic Center. The amounts collected for admissions were then reported on a Report of Collections. We compared the amounts recorded on cash register tapes to admissions reported on Reports of Collections for the years 2005 and 2006. Our comparison showed undocumented variances totaling \$6,967.90 for the following dates:

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AUDIT RESULTS AND COMMENTS
(Continued)

Date	Cash Register Totals	Report of Collections	Variance	Notes
06-06-05	\$ 5,883.00	\$ 2,309.00	\$ (3,574.00)	A
06-09-05	2,584.00	2,356.10	(227.90)	B
06-09-06	3,957.00	3,894.00	(63.00)	C
06-20-06	2,515.00	2,421.00	(94.00)	D
07-16-06	5,246.00	3,491.00	(1,755.00)	E
07-25-06	3,493.00	2,543.00	(950.00)	F
07-27-06	821.00	756.00	(65.00)	G
08-06-06	2,939.00	2,739.00	(200.00)	H
08-20-06	680.00	641.00	(39.00)	I
Totals	<u>\$ 28,118.00</u>	<u>\$ 21,150.10</u>	<u>\$ (6,967.90)</u>	

Notes:

A. The Report of Collections for admissions states: "There is something very wrong with the cash system. This would mean we had 1,957 people @ the pool today. We weren't near that many people." No detail cash register tapes showing original entries were presented for audit to support how the Aquatic Center Director arrived at this conclusion.

B. The Report of Collections for admissions showed a "shortage" of \$227.90. No explanation was provided on the Report of Collections. No detail cash register tapes showing original entries were presented for audit to determine the reason for the variance.

C. The Report of Collections for admissions showed a "shortage" of \$58, but when comparing the cash register tape total to the Report of Collections, a shortage of \$63 was determined. No explanation was provided on the Report of Collections. No detail cash register tapes showing original entries were presented for audit to determine the reason for the variance.

D. The Report of Collections for admissions showed a "shortage" of \$94. No explanation was provided on the Report of Collections. No detail cash register tapes showing original entries were presented for audit to determine the reason for the variance.

E. The Report of Collections for admissions showed a "shortage" of \$1,755. The Report of Collections states: "I punched in \$1,755 instead of \$175. Need voided from amount." No detail cash register tapes showing original entries were presented for audit to support this adjustment.

F. The Report of Collections for admissions showed a "shortage" of \$950. The Report of Collections states: "Somehow \$950 was rang up for water aerobics. This was not voided out correctly. It doesn't belong on this report." No detail cash register tapes showing original entries were presented for audit to support this adjustment.

DEPARTMENT OF PARKS AND RECREATION
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AUDIT RESULTS AND COMMENTS
(Continued)

G. The Report of Collections for admissions states: "Swim team was rang up and should have been voided out. The total is \$65." No detail cash register tapes showing original entries were presented for audit to support this adjustment.

H. The Report of Collections for admissions states: "An extra \$200 was punched into the register for the rental. \$200 needs to be subtracted from the total amount." No detail cash register tapes showing original entries were presented for audit to support this adjustment.

I. The Report of Collections for admissions showed a "shortage" of \$39. No explanation was provided on the Report of Collections. No detail cash register tapes showing original entries were presented for audit to determine the reason for the shortage.

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)

The accountability variance of fees recorded on cash register tapes and fees reported on the Report of Collections in the amount of \$6,967.90 could not be established based on information presented for audit. (See Schedule of Unexplained Variances, page 25)

VOID RECEIPTS – AQUATIC CENTER

The following receipts were marked "Void"; however, the original receipts were not presented for audit to support the voided transaction:

Receipt Number	Date	Amount
13244	05-28-06	\$ 110
13277	06-14-06	<u>210</u>
		<u>\$ 320</u>

A notation on the receipt dated June 14, 2006, stated "void in register." The Report of Collections shows there were two cash registers used that day. However, only one cash register tape for June 14, 2006, was presented for audit. Our review of the cash register did not show a void transaction in the amount of \$210.

Officials or employees authorizing, directing or executing write-offs or adjustments to records which are not documented or warranted may be held personally responsible. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

The accountability of the receipts marked "Void" could not be established based on the information presented for audit. (See Schedule of Unexplained Variances, page 25)

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JUNE 2006 AQUATIC CENTER FINANCIAL REPORT TO PARK BOARD

The June 2006 monthly financial report submitted to the Parks and Recreation Board reported admission and concession sales totaling \$3,299 on June 2, 2006, and also reported attendance figures for daily pass admissions and season pass admissions. The Report of Collections did not report any collections from admissions and concessions at the Aquatic Center and there were also no cash register tapes for June 2, 2006, presented for audit.

We discussed the above discrepancy with Sara Kraft, Aquatic Center Director. Sara Kraft, Aquatic Center Director, was unable to explain where she obtained the sales and attendance figures reported on the monthly financial report for June 2, 2006. Our review of the monthly financial reports showed pool closings due to weather were reported on other days.

We obtained weather information for June 2, 2006, that showed rain for that day. We also obtained confirmation from two area pools that their pools were closed for that day.

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)

CONCESSION SALES – AQUATIC CENTER

Our comparison of concession sales showed a decrease in the year 2006 from the year 2005 even though daily admission sales and season pass sales increased. Concession sales increased in the year 2007 even though daily admission sales and season pass sales declined. The following schedule compares receipts from daily admissions, season pass sales, and concessions:

	<u>2005</u>		<u>2006</u>	<u>% Change</u>		<u>2007</u>	<u>% Change</u>
Daily admissions	\$ 132,276	\$	142,030	7.37	\$	128,405	(9.59)
Season pass	26,605		32,483	22.09		24,012	(26.08)
Concession	79,658		73,144	(8.18)		76,598	4.72

An explanation for the decrease in the year 2006 concession receipts could not be obtained due to the following reasons:

1. The Aquatic Center was open 79 days between May 27, 2006, and September 6, 2006. Only 7 cash register tapes were presented for audit.

Sara Kraft, Aquatic Center Director, stated the following:

- a. In 2006, a lighting strike damaged the Aquatic Center's cash registers at the beginning of the season. There was one cash register for concessions that still worked but the register did not clear out.

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b. Another cash register was purchased to replace the damaged one; however, the old cash register in concessions was retained and used most of the time for transactions because it was easier to use due to sale prices were preprogrammed in the old cash register but not in the new cash register.

c. No cash register tapes were printed out from the old cash register because it did not clear out the prior day's sales. The new cash register placed in concessions was only used in addition to the old cash register during peak times.

2. The Parks and Recreation Department and the Aquatic Center do not calculate gross profit (concession sales divided by cost of concession products sold). Concession products are sold at the Aquatic Center and the Fieldhouse. There is no separate accounting between products purchased for the Aquatic Center and the Fieldhouse. As a result, we could not determine whether gross profit for concessions sales at the Aquatic Center were reasonable or not.

The accountability of 2006 concession receipts could not be established without cash register tapes.

The increase in concession sales for the year 2007 could be attributed to better internal controls. See Audit Result and Comment titled "Internal Accounting Controls – Aquatic Center for 2007"

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)

MISSING SOURCE DOCUMENTATION FOR 2006 – AQUATIC CENTER

The following source documentation for the year 2006 was not presented for audit:

1. There were 7 admission's cash register tapes out of 158 missing for the 2006 season. In most instances, the Report of Collections did document the reason as to why these tapes were missing.

Sara Kraft, Aquatic Center Director, stated that in some instances she could not run a report for admissions due to the cash registers malfunctioning.

2. Report of Collections prepared by the Aquatic Center Director shows monies are collected for swim lessons, swim team, water aerobics, triathlon, and pool rentals. Applications were completed by the person wanting to participate in these programs or rent the pool. However, the applications were not presented for audit.

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Sara Kraft, Aquatic Center Director, stated that she kept applications during the period when the pool was open. Sara Kraft, Aquatic Center Director, stated she disposed of them after the pool season because she was unaware that she was required to retain them.

3. The Aquatic Center was open 79 days between May 27, 2006, and September 6, 2006. There were two registers located in the concession stand. Accordingly, 158 cash register tapes should be available to document concession receipts reported on the report of collections. However, 151 cash register tapes were not presented for audit.

Sara Kraft, Aquatic Center Director, stated that at the beginning of the season a lightning strike damaged their registers. The one in concessions still worked, but it could not clear out the prior day's sales. Three new registers were purchased with two placed in admissions and one in concessions. The new register in concessions was primarily used during peak times. The employees used the old register because it was easier to use due to the concession items entered into it.

4. Sara Kraft, Aquatic Center Director, retains the time cards and time sheets for the employees at the Aquatic Center. Time cards and time sheets are required to document the time worked by an individual employee and must be retained for audit. The time cards and time sheets were not presented for audit.

Sara Kraft, Aquatic Center Director, stated that she keeps the time cards and time sheets until the next year's pool opening and then discards them. She advised that she was never told to keep them.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

COLLECTIONS NOT DEPOSITED TIMELY – AQUATIC CENTER

Monies collected at the Aquatic Center were not deposited timely during 2006 and 2007 as shown in the following schedule:

	2006	2007
Deposits made within 3 days	30	80
Deposits made between 4 and 6 days	20	10
Deposits made between 7 and 9 days	13	1
Deposits made 10 or more days	16	-
Totals	79	91

DEPARTMENT OF PARKS AND RECREATION
CITY OF JEFFERSONVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

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."

INTERNAL CONTROLS – AQUATIC CENTER FOR 2007

Previous Audit Results and Comments reported that Aquatic Center collections were not always reported and deposited during the years 2005 and 2006. The Parks and Recreation Department implemented a computerized collection system in the year 2007 that required all monies collected by the various cashiers to be entered into a computerized cash register system. The writing of individual receipts for collections was discontinued. The Parks Department also implemented an additional internal control at the Aquatic Center on July 26, 2007, by requiring cashiers to reconcile monies they collected to the cash register tape total. The following is a schedule of average daily cash shortages/longs for the year 2007:

<u>Period</u>	<u>Average Daily Cash Long/(Shortage)</u>
05-24-07 to 07-25-07	\$ (18.27)
07-26-07 to 09-04-07	3.94

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)

CASH WITHHELD TO PAY FIELD TRIP EXPENSES – NACHAND FIELDHOUSE

Written receipts and cash register tapes were used to record the receipt of fees for various programs offered at the Fieldhouse. The fees collected at the Fieldhouse are then reported on a Report of Collections. We compared amounts recorded on cash register tapes to fees reported on Reports of Collection for the months of May, June, and July of 2006. Our comparison showed there was a cash shortage (variance) totaling \$1,185.05 as presented in the following schedule:

<u>Month</u>	<u>(Shortage) Long Amount</u>
May 2006	(578.01)
June 2006	(2,024.80)
July 2006	<u>1,421.76</u>
Net variance	<u><u>(1,181.05)</u></u>

DEPARTMENT OF PARKS AND RECREATION
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AUDIT RESULTS AND COMMENTS
(Continued)

The Parks and Recreation Department operates a summer program that includes taking children on field trips and providing snacks. Justin Campbell, Outreach Director at the Fieldhouse, provided the following information:

1. There was a sign up period for the field trips. Tickets were purchased in advance to take the children to various events and places. The number of advance tickets purchased was based on the number of children who have signed up. Supplies (snacks, etc.) were also purchased in advance based on the number of children who have signed up.
2. There were always children that showed up for the field trip who had not previously signed up. It was the practice of the Parks Department not to deny any children from participating in the field trip just because they had not signed up. Due to this practice, additional tickets were purchased and additional supplies were purchased.
3. The Park Superintendent authorized the Outreach Director to withhold monies from daily collections to pay for additional tickets, supplies and parking. The following is summary of the Park Department's procedures:
 - a. The Outreach Director withheld monies from current collections but did not keep a record on how much he withheld.
 - b. The Outreach Director submitted receipts for purchases he made to the Park Office. The Outreach Director did not keep a copy or record of the receipts he submitted to the Park Office.
 - c. The Outreach Director remitted \$2,413 of unused cash that he had previously withheld which caused a cash long for July, 2006, in the amount of \$1,421.76. The following schedule shows the dates and the amounts that were remitted in July, 2006:

<u>Date</u>	<u>Amount</u>
07-20-06	\$ 1,187
07-24-06	1,129
07-26-06	<u>97</u>
Total	<u>\$ 2,413</u>

Jackie Langdon, former Office Manager, stated that the Outreach Director did turn in receipts to the Park Office. However, Parks Department officials stated they were unable to locate the file that had the Outreach Director's receipts.

The accountability for cash withheld for field trip expenses in the amount of \$1,181.05 could not be established without receipts supporting purchases made. (See Schedule of Unexplained Variances, page 25)

The Outreach Director stated the practice of withholding cash from current collections to pay for field trip expenses was discontinued in the year 2007.

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AUDIT RESULTS AND COMMENTS
(Continued)

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)

Disbursements, other than proper 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)

Public funds shall be deposited in the same form in which they were received." (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

MISSING CASH REGISTER TAPES FOR 2006 – NACHAND FIELDHOUSE

Daily collections for admissions and concessions operated at the Fieldhouse during 2006 were documented by cash register entries. These collections were then remitted and reported to the Park Office on a Report of Collections. A comparison of amounts reported on the Report of Collections to supporting cash register tapes showed that 23% of cash register tapes were not presented for audit as shown in the following schedule:

	Number	Dollar Amount	Percentage
Missing cash register tapes	58	\$ 6,079.35	23%
Cash register tapes on hand	196	26,047.24	77%
 Totals	254	\$ 32,126.59	100%

Justin Campbell, Outreach Director at the Fieldhouse, stated the following: He would not be able to print a cash register tape because the system was knocked out by a storm or the dial-up didn't work properly. He would contact someone in the Parks Office and she would have some way of printing a report. He would obtain the totals over the phone and submit his paperwork. He assumed the person from the Parks Office would attach the report that was run to his paperwork.

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)

MISSING APPLICATIONS, ROSTERS, AND GAME SCHEDULES AT NACHAND FIELDHOUSE

The Parks and Recreation Department operates various programs at the Fieldhouse. The following is a summary of the procedures for participating and paying for programs:

DEPARTMENT OF PARKS AND RECREATION
 CITY OF JEFFERSONVILLE
 AUDIT RESULTS AND COMMENTS
 (Continued)

1. Potential applicants are required to fill out an application. A receipt is issued to the applicant upon payment.
2. Rosters and/or game schedules are made up from applications marked paid.

We compared applications, rosters, and game schedules with receipts written for the year 2006 and found the following:

1. We found instances of receipts written to program participants with no application on file.
 - A. Volleyball: Four applications
 - B. Summer Program: Forty-three applications

We were unable to determine if applications were not filled out by the participants or if the applications were missing.

2. No rosters and/or game schedules were presented for audit for the following programs:
 - A. Summer Program
 - B. Spring Break Program

Rosters and game schedules provide additional supporting documentation for reported receipts and should be retained for audit.

3. We found the following teams listed on the volleyball game schedule, however, no corresponding applications and receipts for these teams were presented for audit:

<u>Team</u>	<u>Fee</u>
Ebony Fire	\$ 240
Jeff Parks	<u>120</u>
Total	<u>\$ 360</u>

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

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)

DEPARTMENT OF PARKS AND RECREATION
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AUDIT RESULTS AND COMMENTS
(Continued)

AUDIT COSTS - MISSING FUNDS

Additional audit costs were incurred by the State of Indiana in the investigation of missing funds.

Audit costs incurred because of theft or shortage may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

GRANT CHECK NOT DEPOSITED

In June, 2007, Beverly Coutts, Assistant Superintendent, received a grant check from Our Place, Inc., in the amount of \$4,050 that she applied directly to the Park and Recreation Department's credit card balance. Beverly Coutts stated she applied the check directly to the credit card balance because the credit card had reached its maximum limit and she needed to use the credit card for a scheduled field trip.

Applying the check directly to the credit card balance resulted in a receipt not being written, the funds not being deposited, the payment being made without going through the City's claim approval and check writing process, and the financial activity not being recorded on the City's financial records.

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

Public funds shall be deposited in the same form in which they were received." (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Indiana Code 5-11-10-2(a) states: "Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid. If the claim is against a governmental entity (as defined in section 1.6 of this chapter), the claim must be certified by the fiscal officer."

Disbursements, other than proper 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)

FINANCE CHARGES

The Parks Department incurred finance charges on their credit card balance in the amount of \$484.98 between the period of July, 2006 to October, 2007.

DEPARTMENT OF PARKS AND RECREATION
CITY OF JEFFERSONVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CRIME INSURANCE COVERAGE

The City of Jeffersonville has crime insurance policies as follows:

Surety: Arch Insurance Company
Term: 08-06-04 to 08-06-05
Amount: \$50,000
Deductible: \$250

Surety: St. Paul Travelers
Term: 08-06-05 to 08-06-06
Amount: \$50,000
Deductible: \$1,000

DEPARTMENT OF PARKS AND RECREATION
CITY OF JEFFERSONVILLE
EXIT CONFERENCE

The contents of this report were discussed on July 2, 2008, with Sara Kraft, Aquatic Center Director. The official response has been made a part of this report and may be found on pages 22 to 23.

Portions of this report were discussed on July 3, 2008, with Justin Campbell, Outreach Director. The official concurred with our findings.

The contents of this report were discussed on July 3, 2008, with Rob Poff, former Superintendent.

The contents of this report were discussed on July 7, 2008, with Thomas Galligan, Mayor; Robert Manor, Superintendent; Suzy Bass, Chief Deputy Clerk-Treasurer; William Mattingly, Finance Director Wastewater Department; and Larry Thomas, Communications Director.

The contents of this report were discussed on July 17, 2008, with Robert Waiz, Jr., former Mayor; and Les Merkley, former City Attorney.

LAW OFFICES OF RICHARD R. FOX, LLC

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Steven A. Gustafson new albany, in 47150 Fax (812) 944-7707

July 9, 2008

State Board of Accounts
302 West Washington Street
Room E418
Indianapolis, IN 46204-2765

RE: State Board of Accounts Audit of the Aquatic Center of the City of Jeffersonville-
Department of Parks and Recreation
Period Examined: January 1, 2005, to December 31, 2007

Dear Sirs,

I have been retained by Sara Kraft regarding the State Board of Accounts report prepared on the dates described above. After having an opportunity to review the report and discuss this matter with my client, a couple of issues appear as primary reasons for the proper accounting as described in the report. First, the equipment being used by the Parks Department to record and properly transmit the activities of the department was ineffective. It is my understanding that the equipment was hit by lightening and that the Department purchased certain stand alone pieces of equipment from Sams for use by the employees. In conjunction with the equipment deficiencies, the employees were not adequately trained to comply with cash management and auditing standards. The training issues apply not only to the aquatics director but also to the employees who were hired by the Parks Department. In addition, the cash register tapes, report of collections, and deposit tickets were given to the Parks Office for review and subsequent transfer to the City Treasurer. No problems or issues were raised by the Parks Superintendent, Assistant Superintendent, or any other administrative personnel within the Parks Department nor did the City Treasurer raise any problems or issues with the accounting that took place over this period of time.

The Parks Department purchased a new system for the fiscal year 2007 and it is my understanding that employees had approximately 18-20 hours of training on this system. This is the first time that employees had been trained to use a cash based system as well as training on accounting procedures. As one can see, no discrepancies were noted in the fiscal year 2007 after the Parks Department upgraded the equipment and provided training with respect to the issues noted herein.

In conclusion, the issues presented in the report are due to an institutional problem produced by the Parks Department itself and not as a result of any wrongdoing by employees of

the Parks Department. If anyone should be responsible for the problems associated with the ineffective equipment and inadequate training provided to employees of the Parks Department, it is the Parks Department who should assume the responsibility as they had all of the information, reports, and documentation in their hands on a daily basis and never attempted to resolve the problems associated with the equipment or documentation of problems associated with accounting for the cash taken in by the Parks Department. In my opinion, the Superintendent of the Parks Department is the individual responsible for the deficiencies noted in the report. I stand ready to discuss this matter on behalf of my client at any time in the future.

Please do not hesitate to call if you have any questions or concerns regarding this matter.

Very Truly Yours,

Richard R. Fox
Attorney At Law

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DEPARTMENT OF PARKS AND RECREATION
CITY OF JEFFERSONVILLE
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Sara Kraft, Aquatic Center Director:			
Report of Collections Discrepancies - Aquatic Center			
Admissions, pages 4 through 6	\$ 2,891.00	\$ -	\$ 2,891.00
Collections Not Deposited - Aquatic Center,			
pages 6 through 8	2,706.99	-	2,706.99
Unreported 2005 Aquatic Center Season Pass Sales,			
page 8	<u>1,870.00</u>	<u>-</u>	<u>1,870.00</u>
Totals	<u>\$ 7,467.99</u>	<u>\$ -</u>	<u>\$ 7,467.99</u>

DEPARTMENT OF PARKS AND RECREATION
CITY OF JEFFERSONVILLE
SCHEDULE OF UNEXPLAINED VARIANCES

Description	Amount
Pool Rental Fees, pages 8 and 9	\$ 2,250.00
Other Undocumented Variances at Aquatic Center, pages 9 through 11	6,967.90
Void Receipts - Acquatic Center, page 11	320.00
Cash Withheld To Pay Field Trip Expenses - Nachand Fieldhouse, pages 15 through 17	<u>1,181.05</u>
Total	<u><u>\$ 10,718.95</u></u>

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AFFIDAVIT

STATE OF INDIANA)
)
CLARK COUNTY)

We, Christopher G. Sedam and Sara A. Sparks, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of the Department of Parks and Recreation, City of Jeffersonville, Clark County, Indiana, for the period from January 1, 2005 to December 31, 2007, is true and correct to the best of our knowledge and belief.

Christopher G. Sedam

Sara A. Sparks
Field Examiners

Subscribed and sworn to before me this 7 day of August, 2008.

Barbara Bateman Hoss
Clerk of the Circuit Court