

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

AUDIT REPORT  
OF  
DEPARTMENT OF PARKS AND RECREATION  
WARRICK COUNTY, INDIANA  
December 1, 2009 to May 15, 2011



**FILED**

12/02/2011



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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Park Superintendent	Ben Labhart	01-01-09 to 12-31-11
Park Bookkeeper	Kristi Gates	01-01-09 to 12-31-11
President of the Parks Board	Gene Weisheit	01-01-09 to 12-31-11
President of the County Council	Gary R. Meier	01-01-09 to 12-31-11
President of the Board of County Commissioners	Don Williams	01-01-09 to 12-31-11



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF WARRICK COUNTY

We have audited the records of the Department of Parks and Recreation for the period from December 1, 2009 to May 15, 2011, 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 for the period of January 1, 2010 to December 31, 2010, are reflected in the Annual Report of Warrick County for the year 2010.

STATE BOARD OF ACCOUNTS

October 17, 2011

DEPARTMENT OF PARKS AND RECREATION  
WARRICK COUNTY  
AUDIT RESULTS AND COMMENTS

**MISFEASANCE AND NONFEASANCE**

Kristi L. Gates, Bookkeeper for the Department of Parks and Recreation, failed to deposit all monies collected. She issued unsubstantiated refunds to her and her husband's personal debit and credit cards using the Park's credit card processing system. She failed to file Indiana sales tax returns timely, resulting in the County incurring and paying penalties and interest. She failed to remit sales taxes collected to the Indiana Department of Revenue for receipts that were not properly posted and for which cash was not deposited. Furthermore, Ms. Gates charged personal and unallowable purchases to a Parks Department credit card.

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 Counties of Indiana, Chapter 1)

**CASH SHORTAGE**

The following items were noted with the keeping of records by the Department of Parks and Recreation for the period of December 1, 2009 through May 15, 2011:

1. Valid receipts were often posted as voided receipts. Receipts were often posted at amounts lower than the actual receipts. Gate receipts for cars entering the park or other miscellaneous sales were often not posted at all, or were posted at an amount lower than the actual amount. Cash in the amount of the various receipts that were not posted properly was then not deposited in the depository. As a result, there was a net cash shortage of \$18,025.75 in the depository at May 15, 2011.
2. On five separate occasions, various receipts were not posted accurately and other improper postings were made, with the effect being to make unsubstantiated refunds to the personal debit and credit cards of Kristi L. Gates and her husband appear to be legitimate Park transactions. As a result, there was a net cash shortage of \$2,252.00 in the depository at May 15, 2011.

As a result of the above, there was a total net cash shortage of \$20,277.75 in the depository at May 15, 2011.

We are requesting repayment of the cash shortage in the amount of \$20,277.75 from Kristi L. Gates, Bookkeeper for the Department of Parks and Recreation. (See Summary, page 12)

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 Counties of Indiana, Chapter 1)

Indiana Code 5-13-6-1(c) states in part: ". . . all local officers . . . who collect public funds . . . shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance. . . ."

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

***PENALTIES AND INTEREST***

Penalties and interest totaling \$769.58 were paid to the Indiana Department of Revenue for the delinquent filing of Indiana sales tax returns for the months of November 2009, and January, March, May, June, July, and November 2010.

We are requesting repayment for the penalties and interest in the amount of \$769.58 from Kristi L. Gates, Bookkeeper for the Department of Parks and Recreation. (See Summary, page 12)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

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 Counties of Indiana, Chapter 1)

***FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS***

Kristi L. Gates, Bookkeeper for the Department of Parks and Recreation, did not comply with directives of the Indiana Department of Revenue by failing to remit sales taxes collected on camping fees and cabin and shelter rentals in the instances where those receipts were not accurately posted to the Park Department's ledger, and the cash was not deposited.

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

***UNDOCUMENTED AND UNALLOWED PURCHASES***

Kristi L. Gates, Bookkeeper for the Department of Parks and Recreation, was an authorized user of a Sam's Club credit card issued to the Parks Department. Numerous purchases with the credit card between November 13, 2010 and May 3, 2011, were not supported by a receipt or invoice. The purchases were personal in nature and consisted of purchases from Sam's Club on East Virginia Street in Evansville, Indiana and Wal-Mart on West Main Street in Boonville, Indiana.

Effective with the December 2010 statement (showing account activity taking place in November 2010), the billing statements for the Sam's Club credit card were changed from the paper statements which were mailed to the Parks Department office to electronic billing, sent to an email address accessed by Kristi L. Gates.

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

Collection activity against Warrick County is being vigorously pursued by GE Capital Retail Bank, formerly GE Money Bank, DBA Sam's Club Credit.

The following is a list of the undocumented and unallowed purchases made on the credit card:

Transaction Dates	Description	Charges by Kristi L. Gates	Interest and Fees Charged	Payments Made by Kristi L. Gates	Interest and Fees Refunded	Balance
11-13-10	Miscellaneous household supplies	\$ 19.90	\$ -	\$ -	\$ -	\$ 19.90
	Clothing	29.31	-	-	-	49.21
11-14-10	Fuel	50.00	-	-	-	99.21
11-22-10	Twin mattress and box spring	213.84	-	-	-	313.05
11-22-10	Fuel	39.00	-	-	-	352.05
12-03-10	Fuel	40.00	-	-	-	392.05
12-03-10	Universal bed frame	37.82	-	-	-	429.87
	Diapers	38.98	-	-	-	468.85
	Miscellaneous food items and household supplies	92.92	-	-	-	561.77
12-26-10	Fuel	50.00	-	-	-	611.77
01-02-11	Late fee	-	39.99	-	-	651.76
01-03-11	Payment	-	-	(50.00)	-	601.76
01-08-11	Interest	-	12.27	-	-	614.03
01-05-11	Fuel	61.00	-	-	-	675.03
01-08-11	Fuel	50.01	-	-	-	725.04
01-17-11	Fuel	60.00	-	-	-	785.04
01-17-11	Baby wipes	11.98	-	-	-	797.02
	Diapers	25.00	-	-	-	822.02
	Miscellaneous food items and household supplies	157.92	-	-	-	979.94
01-20-11	Miscellaneous food items and household supplies	84.29	-	-	-	1,064.23
01-23-11	Fuel	52.00	-	-	-	1,116.23
01-23-10	Birthday card and gift wrap	8.03	-	-	-	1,124.26
01-24-11	Miscellaneous food items and household supplies	47.98	-	-	-	1,172.24
01-25-11	Foam mattress pad	11.00	-	-	-	1,183.24
	Clothing	35.00	-	-	-	1,218.24
	Miscellaneous food items and household supplies	54.07	-	-	-	1,272.31
01-27-11	Miscellaneous food items	22.34	-	-	-	1,294.65
01-28-11	Fuel	54.00	-	-	-	1,348.65
01-30-11	Clothing	9.97	-	-	-	1,358.62
	Miscellaneous food items and household supplies	132.49	-	-	-	1,491.11
01-31-11	Propane cylinder 2 pk (Qty 2 @ 5.36 each)	10.72	-	-	-	1,501.83
	Large canvas bin	8.22	-	-	-	1,510.05
	Clothing	9.00	-	-	-	1,519.05
	Miscellaneous food items and household supplies	69.46	-	-	-	1,588.51
02-01-11	Payment	-	-	(50.00)	-	1,538.51
02-02-11	Diapers	35.00	-	-	-	1,573.51
	Miscellaneous food items and household supplies	65.57	-	-	-	1,639.08
02-08-11	Interest	-	23.59	-	-	1,662.67
03-04-11	Payment	-	-	(100.00)	-	1,562.67
03-08-11	Interest	-	29.05	-	-	1,591.72
04-01-11	Payment	-	-	(200.00)	-	1,391.72
04-08-11	Interest	-	30.23	-	-	1,421.95
04-16-11	Miscellaneous food items and household supplies	59.88	-	-	-	1,481.83
04-18-11	Miscellaneous children's Easter items	50.46	-	-	-	1,532.29
	Miscellaneous food items and household supplies	49.42	-	-	-	1,581.71
04-22-11	Miscellaneous food items and household supplies	22.49	-	-	-	1,604.20
04-22-11	Miscellaneous food items	5.48	-	-	-	1,609.68
	Miscellaneous children's toys and candy	73.76	-	-	-	1,683.44
	Clothing	24.42	-	-	-	1,707.86
05-03-11	Fuel	60.01	-	-	-	1,767.87
05-03-11	Payment	-	-	(70.00)	-	1,697.87
05-08-11	Interest	-	30.44	-	-	1,728.31
06-02-11	Late fee	-	39.99	-	-	1,768.30
06-08-11	Interest	-	46.46	-	-	1,814.76
06-15-11	Refund of interest and fees	-	-	-	(252.02)	1,562.74
07-08-11	Interest	-	46.93	-	-	1,609.67
08-02-11	Late fee	-	39.99	-	-	1,649.66
08-08-11	Interest	-	43.41	-	-	1,693.07
09-02-11	Late fee	-	39.99	-	-	1,733.06
09-08-11	Interest	-	45.56	-	-	1,778.62
	Totals	\$ 2,032.74	\$ 467.90	\$ (470.00)	\$ (252.02)	\$ 1,778.62

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

We are requesting repayment of the undocumented and unallowed purchases in the amount of \$1,778.62 from Kristi L. Gates, Bookkeeper for the Department of Parks and Recreation. (See Summary, page 12)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

***PUBLIC RECORDS RETENTION***

The ledger for January 31, 2010, and for the months of February and March of 2011, were not presented for audit. Additionally, Receipt 41313 from September 2010, and all the receipts and cash register tapes for February 2 and February 3, 2011, were not 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."

Supporting documentation such as receipts, canceled checks, 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 Counties of Indiana, Chapter 1)

***DEPOSITS NOT MADE INTACT***

Some receipts were incomplete. They do not have the required designation of whether the funds received were in the form of cash, check, or charge card. Numerous receipts have one method of tender on the physical receipt, and a different form of tender on the cash register receipt. Receipts for December 2010 cannot be traced directly to individual deposits. Several small deposits were made throughout the month of December, and then several more were made on January 7, 2011.

Some receipts were written for amounts which could not be verified to bank deposits. Further examination disclosed that these were the result of employee personal checks being cashed from collections.

Indiana Code 5-13-6-1(c) states in part: "Public funds deposited . . . shall be deposited in the same form in which they were received."

***DEPOSITS NOT MADE TIMELY***

In numerous instances, receipts were deposited later than the next business day. Deposits for several days were routinely held and deposited together as much as a week later. Receipts for December 2010 cannot be traced directly to individual deposits. Several small deposits were made throughout the month of December, and then several more were made on January 7, 2011.

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

Indiana Code 5-13-6-1(c) states in part: ". . . all local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance. . . ."

**CREDIT CARDS**

The Department of Parks and Recreation is using credit cards to purchase items without a credit card policy.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- (6) Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
- (7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
- (8) If properly authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

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

***VENDING MACHINE AND CONCESSION CONTROLS***

Information was not presented for audit to indicate that inventories and reconcilements to purchases and sales concerning the vending machines and beach concession stands were performed.

Internal controls over vending operations, concessions or other sales should include, at a minimum, a regular reconcilment of the beginning inventory, purchases, distributions, items sold and ending inventory to the amount received. Any discrepancies noted should be immediately documented in writing to proper officials. The reconcilment should provide an accurate accounting.

Persons with access to vending should be properly designated and access should be limited to those designated. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

***FEES CHARGED PER FEE SCHEDULE***

The Warrick County Parks Board has established a schedule of fees to be charged and collected by the Warrick County Department of Parks and Recreation. However, the fees charged are routinely rounded up or down a few cents to make the receipts come out to whole dollar amounts. This results in the Park receipts showing one total amount, and the amount rung in the cash register and charged to the customer's charge card (if applicable), showing a different amount.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

***PAYROLL***

Our testing of the service records, time cards, and payroll vouchers revealed the following deficiencies:

1. There were numerous errors in the posting of the Employee Service Records (General Form 99A). Vacation and sick leave used were not always in agreement between the daily postings and the totals for the pay periods. There were also several errors in the calculation of vacation and sick leave balances.
2. Service records were not always in agreement with time cards and time cards were not always complete. Several time cards had the time in and/or time out written in by hand, or did not show both the time clocked in and the time clocked out. It could not be determined whether the service records were accurate, the time cards were accurate, or if neither were accurate. Therefore, it could not be determined if employees were being paid for the correct amount of time actually worked.
3. There were numerous discrepancies between the time posted on the Employee Service Records (General Form 99A) and the Payroll Voucher (General Form 99)

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

Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

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 Counties of Indiana, Chapter 1)

**AUDIT COSTS - MISSING FUNDS**

The State of Indiana incurred additional audit fees in the investigation of the missing funds. The State of Indiana is requesting reimbursement of audit fees incurred in the amount of \$11,567.19 from Kristi L. Gates, Bookkeeper for the Department of Parks and Recreation. (See Summary, page 12)

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 Counties of Indiana, Chapter 1)

**GOVERNMENT CRIME INSURANCE POLICY INFORMATION**

Kristi L. Gates, Bookkeeper for the Department of Parks and Recreation, is covered by government crime insurance policies held by The Fidelity and Deposit Companies in the amount of \$10,000 for the period of January 1, 2009 to January 1, 2010, in the amount of \$10,000 for the period of January 1, 2010 to January 1, 2011, and in the amount of \$15,000 for the period of January 1, 2011 to January 1, 2012.

**CHARGES FILED AGAINST KRISTI L. GATES, BOOKKEEPER  
FOR THE DEPARTMENT OF PARKS AND RECREATION**

Charges were filed on October 13, 2011, in the Warrick County Circuit Court, Boonville, Indiana, against Kristi L. Gates, Bookkeeper for the Department of Parks and Recreation. Counts 1 and Counts 4 through 7 are theft, a class D felony. Counts 2 and 3 are fraud, a class D felony. (Cause Number: 87C01-1110-FD-000407)

DEPARTMENT OF PARKS AND RECREATION  
WARRICK COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on November 1, 2011, with Ben Labhart, Park Superintendent; Gene Weisheit, President of the Parks Board; Don Williams, President of the Board of County Commissioners; and Joe Schitter, County Councilman.

Kristi L. Gates, Bookkeeper for the Department of Parks and Recreation was invited to attend the Exit Conference. She did not attend.

DEPARTMENT OF PARKS AND RECREATION  
WARRICK COUNTY  
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Kristi L. Gates, Bookkeeper for the Department of Parks and Recreation:			
Penalties and Interest, page 5:			
Indiana Department of Revenue:			
2010	\$ 739.79	\$ -	\$ 739.79
2011	29.79	-	29.79
	<u>769.58</u>	<u>-</u>	<u>769.58</u>
Totals	<u>769.58</u>	<u>-</u>	<u>769.58</u>
Undocumented and Unallowed Purchases, pages 5 through 7:			
2010	611.77	-	611.77
2011	1,166.85	-	1,166.85
	<u>1,778.62</u>	<u>-</u>	<u>1,778.62</u>
Totals	<u>1,778.62</u>	<u>-</u>	<u>1,778.62</u>
Cash Shortage, page 4:			
Cash not deposited:			
2009	380.75	-	380.75
2010	13,392.91	-	13,392.91
2011	4,252.09	-	4,252.09
Refunds to personal cards:			
2009	350.00	-	350.00
2010	1,902.00	-	1,902.00
	<u>20,277.75</u>	<u>-</u>	<u>20,277.75</u>
Totals	<u>20,277.75</u>	<u>-</u>	<u>20,277.75</u>
Audit Costs - Missing Funds, page 10	<u>11,567.19</u>	<u>-</u>	<u>11,567.19</u>
Totals	<u>\$ 34,393.14</u>	<u>\$ -</u>	<u>\$ 34,393.14</u>

AFFIDAVIT

STATE OF INDIANA )  
Vanderburgh COUNTY )

I, Barbara Montgomery, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Department of Parks and Recreation, Warrick County, Indiana, for the period from December 1, 2009 to May 15, 2011, is true and correct to the best of my knowledge and belief.

Barbara Montgomery  
Field Examiner

Subscribed and sworn to before me this 22 day of November, 2011.

[Signature]  
Notary Public

My Commission Expires: \_\_\_\_\_

County of Residence: \_\_\_\_\_

 LISA A. FLUTY  
Notary Public, State of Indiana  
Residing in Vanderburgh County  
My Commission Expires: March 17, 2017