

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

AUDIT REPORT
OF

PARK AND RECREATION DEPARTMENT
CITY OF ELWOOD

MADISON COUNTY, INDIANA

January 1, 2011 to December 31, 2011



FILED
08/15/2012

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CITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Park Superintendent	Dan Nance Tom Doan (Interim)	01-01-11 to 04-02-12 04-03-12 to 12-31-12
President of the Park and Recreation Board	Fred Mort, Jr. Shannon Huffman	01-01-11 to 04-22-12 04-23-12 to 12-31-12
Clerk-Treasurer	Sandra R. Brewer Allison M. Atwood	01-01-08 to 12-31-11 01-01-12 to 12-31-15
Mayor	Honorable W. Merrill Taylor Honorable Ronald E. Arnold	01-01-08 to 12-31-11 01-01-12 to 12-31-15
President of the Common Council	David J. Savage Tim Roby	01-01-11 to 12-31-11 01-01-12 to 12-31-12



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TO: THE OFFICIALS OF MADISON COUNTY

We have audited the records of the Park and Recreation Department for the period from January 1, 2011 to December 31, 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 Result and Comment. The financial transactions of this office are reflected in the Annual Report of the City of Elwood for the year 2011.

STATE BOARD OF ACCOUNTS

July 26, 2012

PARK AND RECREATION DEPARTMENT
CITY OF ELWOOD
AUDIT RESULT AND COMMENT

UNDOCUMENTED RECEIPTS AND DISBURSEMENTS

The Elwood Chamber of Commerce is the sponsor of the Elwood Glass festival that takes place each fall in Calloway Park in Elwood, Indiana. As part of the request to use Calloway Park, the Chamber provides a flat donation of \$2,000 for custodial and supply cost incurred as a result of the Glass Festival. The use of Calloway Park for the Glass Festival has been approved each year by the Park Board.

Copies of checks from the Elwood Chamber of Commerce were provided for the years of 2007 through 2011. The checks were made payable to Dan Nance, former Park Superintendent, and were endorsed by him. No record of the donation was recorded by the City of Elwood's Clerk-Treasurer's office during those years. On June 15, 2012, Dan Nance provided \$484.79 to the City of Elwood to be placed in the Parks department Restricted Donation Fund. In a memo provided to the Clerk-Treasurer, Dan Nance indicated this was the money remaining from the Chamber of Commerce donation. The money was receipted by the City on June 15, 2012.

Additional investigation indicated that three vendors had been paid directly by Dan Nance and not recorded on the City of Elwood financial records. We were able to verify that \$1,952 was paid for expenditures that would have been related to the Glass Festival for the five year period. Mr. Nance did indicate that he paid cash to individuals for cleaning up the park each night of the festival and for supplies used; however, we were not able to verify any additional expenditures made by Dan Nance with funds from the Elwood Chamber of Commerce as no records were maintained.

Based on the information presented for audit, the City should have also receipted two checks from Anderson Amusements, one in 2009 and the second in 2011. Anderson Amusements holds a carnival at Elwood City Park and donates to the Elwood Parks 10 percent of total collections. Based on documentation received from Anderson Amusements, \$260 was paid in May 2009 and \$210 in 2011. The records did not indicate these receipts had been posted to the City's records or deposited into the City's bank accounts. The documentation presented for audit from Anderson Amusements indicated that the checks were provided to Dan Nance. The Elwood Park and Recreation Board authorized the use of park property for Anderson Amusements but no mention of any payment agreements was observed in the minutes.

Additionally, in 2010, Dan Nance received, at his own admission, a \$500 check from the Elwood Optimists Club to be used to pay for painting in the park. The records did not indicate this donation had been posted to the City's records or deposited into the City's accounts for 2010 or 2011. No mention of receiving the donation from the Elwood Optimist Club was observed in the Elwood Park and Recreation Board minutes. On June 20, 2012, Mr. Nance provided receipts to the Clerk-Treasurer's office in the amount of \$348.10 for items purchased to paint areas in the park. The remainder of the donation, \$151.90, was receipted by the Clerk-Treasurer on June 20, 2012, into the Parks Department Donation Fund.

PARK AND RECREATION DEPARTMENT
CITY OF ELWOOD
AUDIT RESULT AND COMMENT
(Continued)

A summary of the receipts and disbursements activity included in the comment is noted below:

	Receipt Amount	Verified Expenses	Received By Clerk Treasurer	Remaining Receipts
Chamber of Commerce Checks	\$ 10,000	\$ 1,952	\$ 485	\$ 7,563
Anderson Amusement Checks	470	-	-	470
Elwood Optimists Club Check	500	348	152	-
Totals	<u>\$ 10,970</u>	<u>\$ 2,300</u>	<u>\$ 637</u>	<u>\$ 8,033</u>

As there are known receipts and disbursements for the Park Department that were not recorded in the financial records of the City of Elwood, the activity reported for the Park's Restricted Donation Fund on the City of Elwood's Annual Report are misstated. The amount of the misstatement would be material to the fund but not to the City's financial statements taken as a whole.

Indiana Code 36-10-3-18(b) states:

"A gift or grant of money shall be deposited in a special nonreverting fund to be available for expenditure by the board for Purposes specified by the grantor. The disbursing officer of the unit may draw warrants against the fund only upon vouchers signed by the president and secretary of the board."

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)

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)

PARK AND RECREATION DEPARTMENT
CITY OF ELWOOD
EXIT CONFERENCE

The contents of this report were discussed on June 20, 2012, with Dan Nance, former Park Superintendent, and Scott L. Barnhart, Attorney.

The contents of this report were discussed on June 25, 2012, with Shannon Huffman, President of the Park and Recreation Board; Honorable Ronald E. Arnold, Mayor; and Allison M. Atwood, Clerk-Treasurer.

The contents of this report were discussed on July 26, 2012, with Sandra R. Brewer, former Clerk-Treasurer.