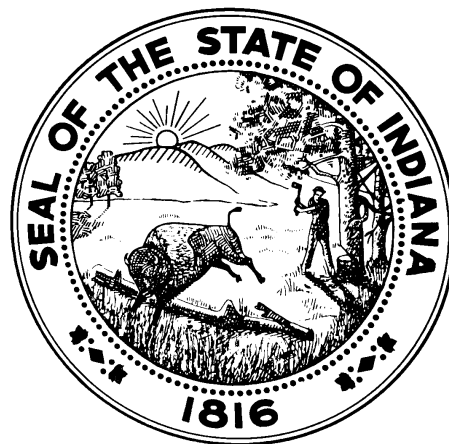


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF

PARK AND RECREATION DEPARTMENT
CITY OF GARY
LAKE COUNTY, INDIANA

January 1, 2007 to December 2, 2008



FILED
02/09/2009

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
City Officials	2
Transmittal Letter	3
Audit Results and Comments:	
Receipts Not Deposited	4
Employee Blanket Bond	4
Untimely Deposits.....	4
Lack of Contract.....	4
Collection of Amounts Due	5
Park Department Fees	5
Exit Conference.....	6
Official Response	7-13
Summary	14

CITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	M. Celita Green	01-01-07 to 12-31-08
Mayor	Rudolph Clay, Sr.	04-08-06 to 12-31-11
President of the Park Board	Keith C. Rogers Tommy Berry	01-01-07 to 12-31-07 01-01-08 to 12-31-08
President of the Board of Public Works and Safety	Geraldine B. Tousant	01-01-07 to 12-31-08
President of the Common Council	Jerome Prince Ronier Scott	01-01-07 to 12-31-07 01-01-08 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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TO: THE OFFICIALS OF THE CITY OF GARY

We have audited the records of the Park and Recreation Department for the period from January 1, 2007 to December 2, 2008, 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 Gary for the year 2007.

STATE BOARD OF ACCOUNTS

December 2, 2008

PARK AND RECREATION DEPARTMENT
CITY OF GARY
AUDIT RESULTS AND COMMENTS

RECEIPTS NOT DEPOSITED

A comparison of Marquette Park Pavilion rental receipts issued to the amounts deposited and recorded for those rentals revealed that not all receipts were deposited or recorded. There were four receipts totaling \$1,348.50 issued in 2007 that were not deposited or recorded. One receipt for 2008 was issued for \$200; however, only \$100 was deposited and recorded. We requested that Blondie Smith, Assistant Supervisor, and Chellette Thaxton, Marquette Sales, reimburse the City of Gary Park and Recreation Department \$1,448.50 for the receipts not deposited. (See Summary, page 14)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance 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)

EMPLOYEE BLANKET BOND

The City of Gary has an employee blanket bond with the CNA Surety/Western Surety Company. The bond is a continuous bond which provides \$15,000 of coverage for public employee dishonesty per year. The policy periods are from November 18, 2006 to November 18, 2007 and November 18, 2007 to November 18, 2008.

UNTIMELY DEPOSITS

Park and Recreation Department collections were not always deposited daily as required. Gleason Golf Course collections for green fees and driving range fees were deposited between 4 and 17 days after the receipt date. Marquette Park Pavilion receipts were deposited up to 21 days after the receipt date. In addition, deposit information from Marquette Park receipts was not remitted to the City Controller for up to 50 days.

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 . . ."

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

LACK OF CONTRACT

The South Gleason Golf Course Pro Shop is operated by the golf course manager, a City employee. The manager purchases and sells all of the supplies, pays the taxes, and keeps all of the profits from the Pro Shop. No financial records for Pro Shop transactions were available for audit. There is no contract between the Gary Park and Recreation Department and the course manager regarding operation of the Pro Shop.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PARK AND RECREATION DEPARTMENT
CITY OF GARY
AUDIT RESULTS AND COMMENTS
(Continued)

COLLECTION OF AMOUNTS DUE

The Park and Recreation Department (Department) had contracts with Sue's Family Bakery & Catering Inc., and Lakeshore Foods to provide catering services to the patrons who rent the Marquette Park Pavilion. According to the contracts, the caterers were to pay the Department a percentage of their earnings. The caterers were provided forms to prepare and submit for each catered event. The forms would indicate how much was owed to the Department. Catering payments and the accompanying documentation were not received for sixty-five percent (65%) of the catered events at the Marquette Park Pavilion.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PARK DEPARTMENT FEES

Security fees are collected for rental of park pavilions. Contracts for rental of the Marquette Park Pavilion include the security fee. Our review of rental contracts and fees at Marquette Park revealed that one high school was under-charged \$756 in security fees for their prom. The Park and Recreation Department also charged security fees at their other pavilions; however, the security fee has not been approved by the Park and Recreation Board.

Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PARK AND RECREATION DEPARTMENT
CITY OF GARY
EXIT CONFERENCE

The contents of this report were discussed on December 8, 2008, with M. Celita Green, City Controller; and Rudolph Clay, Sr., Mayor.

The contents of this report were discussed on December 10, 2008, with Caren Jones, Parks Director; Tommy Berry, President of the Park Board; and Cornell Collins, Park Board Attorney

The contents of this report were also discussed on December 15, 2008, Blondie Smith, Marquette Manager; and Chellette Thaxton, Marquette Co-Manager. The official response has been made a part of this report and may be found on pages 7 through 13.

State Board of Accounts
302 West Washington Street
Room E 418
Indianapolis, Indiana 46204-2765

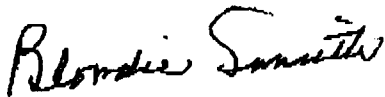
We chose to file an official response to the results and comments in the form of a letter.

After research of the audit results and comments of the following receipts;

Event #	Receipt #
594	69448
619	81602
645	81642
2532	81727
689	81838 (2008)

Internal control will be developed. Cash payments will no longer be accepted. Money Order or Cashier Checks will be the form of payments. Revenue reports will become a part of our records along with the Finance Manager for Park Department and use a safe to secure the monies.

At the exit meeting we were told, that because we both handled monies, we would be responsible for the restitution of these funds. I want to resolve this matter as soon as possible.



Blondie Smith, Mgr.
Marquette Pavilion

State Board of Accounts
302 West Washington Street
Room E 418
Indianapolis, Indiana 46204-2765

January 7, 2009

In response to your request, for an explanation of missing funds for receipts:

69448

81602

81642

81727

Our procedure for receipting a client here at the Pavilion is, after receiving money for deposit/payment for an event, from the client, it is placed in the drawer waiting deposit. We have here, a red check/red mark system for the receipt book. What that means is, each time a deposit is being done; a red mark will be put on the next book receipt being deposited at that time, and matched with the funds in the drawer. This also meant that the red marks before it was deposited also.

There has never been a problem with this system. There was never a need to recheck the receipts prior to the current ones being deposited. I was given the duty to write up the event deposit forms and prepare most of the deposits.

A great number of contracts are done by me because I for the most part did the walk through and would be there for their signing. For the past (3 ½) years, I have written receipts to clients and have assisted Mrs. Smith with the paper work for the Pavilion.

I was always able to match the receipts not marked, with the money in the drawer, and never was there a time when I had more receipts than money. I than completed the deposit for that day. There have been times when daily deposits were not done, but a deposit was made within a week.

We do not have a lock box for monies collected. I cannot explain what has happened to the funds for these receipts, other than stating that there was great negligence and I do understand that one has to be held accountable for their mistakes.

Chellette Thaxton
Marquette Park Pavilion

FORM PRESCRIBED BY STATE BOARD OF ACCOUNTS

EVENT # 594
NO PAPERWORK

GENERAL FORM NO. 552

RECEIPT

CITY OF GARY DEPARTMENT OF PUBLIC PARKS
NAME OF UNIT, AGENCY, BOARD OR DEPARTMENT

NO. 69448

FUND

GARY, IN., JAN 16, 20 07

RECEIVED FROM Jeff Slupczynski \$ 749.00

THE SUM OF Seven Hundred Forty-Nine and 00/100 DOLLARS

ON ACCOUNT OF # 594 Sept 8, 2007

FINAL Payment on 5 year

Payment Type Cash Check NO. AUTHORIZED SIGNATURE

JAN 16 2007

RECEIPT

City Of Gary Department Of Public Parks
NAME OF UNIT, AGENCY, BOARD OR DEPARTMENT

81601

FUND

Jan 23, 2007

Mrs. C. Holiday

\$ 282.00

Three Hundred Eighty Two 100 DOLLARS

1018 Jan. 27, 2007

paid in full

Chetete Phasto

Check MO

AUTHORIZED SIGNATURE

GENERAL FORM No. 352

RECEIPT

City Of Gary Department Of Public Parks
NAME OF UNIT, AGENCY, BOARD OR DEPARTMENT

EVENT 619

FUND

Jan 24, 2007

Diana Sumner/Brad Smith

81602
81602

\$ 200.00

Two Hundred Dollars 100 DOLLARS

1019 Sept. 28, 2007

paid on event

Chetete Phasto

Check MO

AUTHORIZED SIGNATURE

NO PAPER WORK

FORM PRESCRIBED BY STATE BOARD OF ACCOUNTS

GENERAL FORM No. 352

RECEIPT

City Of Gary Department Of Public Parks
NAME OF UNIT, AGENCY, BOARD OR DEPARTMENT

No 81603

FUND

IN Jan 26, 2007

RECEIVED FROM Cash Donations/Person Education 200.00
THE SUM OF 100 Hundred + 00/100 DOLLARS

ON ACCOUNT OF # 1011 Feb. 22, 2007

paid on event

Chetete Phasto

Payment Type

Cash Check MO

AUTHORIZED SIGNATURE

FUND _____

RECEIVED FROM Gary, IN. 4-11-2007
Karen Lerner \$ 300.00

THE SUM OF Two Hundred 00/100 DOLLARS

ON ACCOUNT OF Deposit Event # 547

Payment Type Cash Check MO

AUTHORIZED SIGNATURE B. Smith

PRESCRIBED BY STATE BOARD OF ACCOUNTS GENERAL FORM No. 352

RECEIPT

City Of Gary Department Of Public Parks
NAME OF UNIT, AGENCY, BOARD OR DEPARTMENT

NO 81641

FUND _____

RECEIVED FROM Gary, IN. April 12, 2007
Legion Home Rho Soc. \$ 462.00

THE SUM OF Four Hundred Sixty Two 00/100 DOLLARS

ON ACCOUNT OF Payment In Full
Event # 547 April 29 2007

Payment Type Cash Check MO

AUTHORIZED SIGNATURE B. Smith

PRESCRIBED BY STATE BOARD OF ACCOUNTS GENERAL FORM No. 352

RECEIPT

City Of Gary Department Of Public Parks
NAME OF UNIT, AGENCY, BOARD OR DEPARTMENT

NO 81642

FUND _____

RECEIVED FROM Gary, IN. April 16, 2007
Clubs Park \$ 200.00

THE SUM OF Two Hundred 00/100 DOLLARS

ON ACCOUNT OF Deposit August 24, 2007
Event # 545

Payment Type Cash Check MO

AUTHORIZED SIGNATURE Bonnie Smith

RECEIPT

City Of Gary Department Of Public Parks
NAME OF UNIT, AGENCY, BOARD OR DEPARTMENT

NO PAPERWORK

NO 81727

FUND

IN, Nov. 19, 2007

FROM Wanille Kuddler \$ 200⁰⁰
two hundred & 00/100 DOLLARS

OF #2532 Jan. 19, 2008
Dept on Event

[Signature]
AUTHORIZED SIGNATURE

Check MO

GENERAL FORM No. 352

RECEIPT

City Of Gary Department Of Public Parks
NAME OF UNIT, AGENCY, BOARD OR DEPARTMENT

NO 81728

FUND

Nov. 27, 2007

Charlotte Hawkins \$ 144⁰⁰
one hundred forty four & 00/100 DOLLARS

#2527 - December 1, 2007
Tinal payment off Event

[Signature]
AUTHORIZED SIGNATURE

Check MO

GENERAL FORM No. 352

RECEIPT

City Of Gary Department Of Public Parks
NAME OF UNIT, AGENCY, BOARD OR DEPARTMENT

NO 81729

FUND

Nov. 29, 2007

Kenna MacLendon \$ 200⁰⁰
two hundred & 00/100 DOLLARS

#2533 - August 30/08
Dept on Event

[Signature]
AUTHORIZED SIGNATURE

Check MO

RECEIPT

City Of Gary Department Of Public Parks

NAME OF UNIT, AGENCY, BOARD OR DEPARTMENT

NO PAPEET W...

NO 81838

FUND

May 20
Ramona Bretz
100/100
Reports sent #689
August 8, 2009
B Smith

\$ *200.00*

DOLLARS

Check MO

AUTHORIZED SIGNATURE

GENERAL FORM No. 352

OF ACCOUNTS

RECEIPT

City Of Gary Department Of Public Parks

NAME OF UNIT, AGENCY, BOARD OR DEPARTMENT

NO 81839

FUND

Sept 9/08
Save The Sun
100/100
Paid for Fee
Event #682 Sept 14, 2008
B Smith

\$ *17.00*

DOLLARS

Check MO

AUTHORIZED SIGNATURE

GENERAL FORM No. 352

OF ACCOUNTS

RECEIPT

City Of Gary Department Of Public Parks

NAME OF UNIT, AGENCY, BOARD OR DEPARTMENT

NO 81840

FUND

Sept. 18 2008
Ramona Hegambottam
100/100
Payments for Fee
Event # 2513 Sept. 17, 2008
B Smith

\$ *100.00*

DOLLARS

Check MO

AUTHORIZED SIGNATURE

PARK AND RECREATION DEPARTMENT
CITY OF GARY
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Blondie Smith, Marquette Manager and Chellette Thaxton, Marquette Co-Manager: Receipts Not Deposited, page 4	\$ 1,448.50	\$	\$
Paid by Blondie Smith, Marquette Manager, January 15, 2009, Receipt No. 91980		1,348.50	
February 6, 2009, Receipt No. 91995		100.00	-
	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 1,448.50</u>	<u>\$ 1,448.50</u>	<u>\$ -</u>