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PUBLIC RELEASE OF AMENDED INVESTIGATIVE REPORT CITY OF GLENWOOD LAKESIDE BALLROOM SEPTEMBER 12, 2003

I. INTRODUCTION

The Lakeside Ballroom is owned by the City of Glenwood ("City"). It was destroyed by fire on June 7, 2003. Prior to the fire, the City operated the Lakeside Ballroom, although it was planning to turn over management of the Lakeside Ballroom to a private vendor in July 2003.¹ Following the fire, the City requested that the State Auditor's Office examine the financial records of the Lakeside Ballroom.

During the course of its examination, the State Auditor's Office reviewed money, checks, register tapes, and various other documents that were found after the fire in a file cabinet, a safe and a desk located in the office area of the Lakeside Ballroom. The State Auditor's Office also obtained and reviewed information and documentation from the City, the City's financial institution, a vendor and private individuals.²

Based upon our review covering the time period August 2002 through June 2003, it appears that at least \$13,484.57 is missing or was not deposited in the City's account

¹ The City held a special City Commission meeting on March 17, 2003 to open proposals for leasing the Lakeside Ballroom. According to the City Commission's meeting minutes and information obtained from the City, the State Auditor's Office understands that the City entered a lease agreement with a private vendor, effective July 2, 2003.

² The State Auditor's Office obtained documentation from the City regarding deposits made for the Lakeside Ballroom for 2001 through June 2003. The deposit documentation was provided to the City after deposits were made into the City's account at Glenwood State Bank from sales at, or rentals of, the Lakeside Ballroom. The deposit documentation included: 1) deposit slips prepared prior to each deposit, reflecting the amount of cash and the individual checks contained in the deposit; 2) deposit receipts issued by Glenwood State Bank for each deposit made, reflecting the date of the deposit and the total amount of the deposit; 3) summary register tapes (an X1 and/or a Z1 Report) from cash registers at the Lakeside Ballroom reflecting the daily sales completed on a register and included in the deposits; and 4) recapitulation sheets summarizing the source of the receipts for the deposits. In 2002 and 2003, almost all of the recapitulation sheets were signed by Mr. Robert Mattson, the manager of the Lakeside Ballroom.

The State Auditor's Office reviewed deposit detail from the Glenwood State Bank for Lakeside Ballroom deposits from August 2002 through June 2003, and for specific dates in July 2002.

from Lakeside Ballroom receipts.³ Specifically, based upon our investigation, it appears that:

- \$3,830.00 was missing from daily sales that had not been deposited in the City's account;
- \$2,898.46 in sales from a second register at the Lakeside Ballroom was missing;
- \$5,251.17 in additional Lakeside Ballroom checks were not deposited in the City's account; and
- \$1,504.94 of funds from the Lakeside Ballroom's cash reserves are missing.

II. THEFT OF PUBLIC FUNDS AND/OR FAILURE TO PAY OVER PUBLIC FUNDS

Under Minnesota law, a theft occurs when a person "intentionally and without claim of right takes, uses, transfers, conceals or retains possession of movable property of another without the other's consent and with intent to deprive the owner permanently of possession of the property."⁴ Theft also occurs when a person acts with intent to exercise only temporary control of another's property and "the control exercised manifests an indifference to the right of the owner or the restoration of the property to the owner."⁵ A person who engages in activity that constitutes theft may be subject to a fine and/or imprisonment.⁶

Under Minnesota law, a person may also be subject to a fine and/or imprisonment if the person receives money on behalf of a political subdivision or for one of its accounts, and intentionally refuses or omits to pay the money to the political subdivision.⁷

A. Daily Sales Not Deposited

The State Auditor's Office was informed by the City that deposits from the Lakeside Ballroom were supposed to have been made on a daily basis. However, the City's deposit documentation shows that, at the time of the fire on June 7, 2003, deposits had

³ This Report was amended after the State Auditor's Office learned that the Lakeside Ballroom maintained a cash reserve of \$3,000.00.

⁴ Minn. Stat. § 609.52, subd. 2(1) (2002).

⁵ Minn. Stat. § 609.52, subd. 2 (5)(i) (2002).

⁶ Minn. Stat. § 609.52, subd. 3(3)(a) and (d)(iv) (2002) provide that if the value of the property involved in the theft is more than \$500 but not more than \$2,500, or public funds of not more than \$500, a person may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both. Minn. Stat. § 609.52, subd. 3(2) (2002) provides that if the value of the property is more than \$2,500, the person may be sentenced to imprisonment for not more than ten years or to a payment of a fine of not more than \$20,000, or both.

⁷ Minn. Stat. § 609.445 (2002). The person may be sentenced to imprisonment for not more than five years or to payment of fine of not more than \$10,000, or both.

been made from daily sales at the Lakeside Ballroom for only seventeen days in April 2003, five days in May 2003, and zero days in June 2003.⁸

1. Daily Sales Were Short

Sales of beer, liquor, food (miscellaneous), wine, cigarettes and pop were rung into the registers at the Lakeside Ballroom. After the fire, the City's Finance Officer obtained the contents of a file cabinet that had been retrieved from the office area of the Lakeside Ballroom fire scene. The file cabinet contained certain checks, cash, and summary register tapes, clipped together by day of sale. In addition, the safe recovered from the fire scene contained checks, cash, and summary register tapes, clipped together by day of sale. Each of the clipped bundles found in the safe also contained an adding machine tape showing the difference between the sales recorded on the summary register tape and the clipped checks and/or cash.

The State Auditor's Office reviewed the clipped bundles found in the file cabinet and the safe. As reflected in the following chart, fifteen of the daily sales bundles were short.⁹

Date of Sales	Amount of Sales ¹⁰	Amount Located ¹¹	Location Found	Difference
11/25/02	\$ 373.00	\$ 89.50	file cabinet	(\$ 283.50)
12/06/02	\$ 913.00	\$ 358.00	file cabinet	(\$ 555.00)
04/02/03	\$ 247.00	\$ 67.00	safe	(\$ 180.00)
04/03/03	\$ 289.25	\$ 127.00	safe	(\$ 162.25)
04/04/03	\$1,175.50	\$ 619.00	safe	(\$ 556.50) ¹²
04/05/03	\$1,029.75	\$ 614.00	safe	(\$ 415.75)
04/08/03	\$ 326.50	\$ 125.00	safe	(\$ 201.50)
04/10/03	\$ 429.00	\$ 48.00	safe	(\$ 381.00)
04/11/03	\$ 825.75	\$ 526.50	safe	(\$ 299.25)
04/12/03	\$1,021.75	\$ 425.00	safe	(\$ 596.75)

⁸ The seventeen April 2003 deposits were not made until May and June 2003; four of the five May 2003 deposits were made on May 29, 2003, and the fifth May 2003 deposit was made on June 5, 2003.

⁹ The City's Finance Officer obtained from the file cabinet and deposited \$5,223.20 on June 11, 2003 from daily sales for May 28, 2003 through June 6, 2003. (Daily sales for those days were \$5,225.25, making the total deposit short by \$3.05.) The Pope County Sheriff's Office has possession of an additional \$13,662.55 from daily sales for April 1, 2003, and the remaining days in May 2003. (Daily sales for those days were \$13,503.15. As a result, when the funds are deposited, the amount of the deposit will be over the amount of daily sales by \$159.40.)

¹⁰ The amount of sales is the total sales amount reflected on the summary register tape.

¹¹ These funds are also in the possession of the Pope County Sheriff's Office.

¹² The adding machine tape is badly deteriorated, and the shortage reflected on the tape cannot be determined.

Chart continued:

Date of Sales	Amount of Sales	Amount Located	Location Found	Difference
04/13/03	\$ 319.50	\$ 268.00	safe	(\$ 51.50)
04/14/03	\$ 224.25	\$ 144.00	safe	(\$ 80.25)
04/23/03	\$ 207.50	\$ 203.00	safe	(\$ 4.50) ¹³
04/26/03	\$ 466.50	\$ 443.00	safe	(\$ 23.50)
04/27/03	\$ 796.25	\$ 758.50	safe	(\$ 37.75)
04/30/03	\$ 227.00	\$ 226.00	safe	(\$ 1.00)
Totals:	\$8,871.50	\$5,041.50		(\$ 3,830.00)

Due to the presence of the adding machine tape in each clipped bundle found in the safe, it appears that the daily sales receipt bundles were short for deposit prior to the fire.

2. Daily Sales From Second Register Were Not Deposited

The Lakeside Ballroom primarily used one register, but on occasion used a second register with a distinctive register tape.¹⁴ From mid-July 2002 through June 2003, each summary register tape (an X1 and/or a Z1 Report) turned into the City with each deposit contained a sequential number. The summary register tape reflects a new number on the tape if the register's daily sales are set to zero (when a Z1 Report is run).

From a review of the deposit documentation, bank records, and the sequential summary register tape numbers, the State Auditor's Office found that certain sales from the second register appear not to have been deposited in the City's account. However, in the items obtained from the Lakeside Ballroom fire scene, the State Auditor's Office located either the summary register tape or the complete register tape for all but one of the days when the second registers' sales were not deposited.

¹³ The adding machine tape for the bundle of checks and cash found in the safe for April 23, 2003 showed that the daily sales would be \$220.50 short. However, the complete register tapes for April 22 and 23, 2003 were found at the fire scene. The complete register tapes show each individual sale made on the register. From our review of the tapes, it appears that the register was not set to zero after the sales on April 22, 2003. As a result, the summary register tapes for April 22 and 23, 2003 both have the same tape number (X1 Report No. 0279). The summary register tape for April 22, 2003 reflects \$216.00 in sales. The summary register tape for April 23, 2003 reports \$423.50 in total sales. However, a review of the complete register tape shows that the actual sales for April 23, 2003 were only \$207.50 (\$207.50 + \$216.00 = \$423.50). If the actual sales reflected on the complete register tape from April 23, 2003 were used, the deposit would have been only \$4.50 short.

¹⁴ In addition, on a limited number of occasions, the Lakeside Ballroom appears to have used more than two registers.

The file cabinet retrieved from the office area of the Lakeside Ballroom fire scene contained numerous complete register tapes itemizing each individual sale made on a particular register during a particular day. Based upon a review of the complete register tapes found in the file cabinet, the sequential numbers on the summary register tapes, and the City's deposit documentation, it appears that deposits were not made in the City's account for the following sales made on the second register at the Lakeside Ballroom:

Date of Sales	X1 Register Tape No.	Amount of Sales
July 2002	0005	unknown – tape not yet located
08/03/02	0009	\$ 535.76 ¹⁵
09/08/02	0013	\$ 20.75
09/20/02	0014	\$ 909.20 ¹⁶
09/21/02	0015	\$ 369.00 ¹⁷
01/11/03	0028	\$ 490.00 ¹⁸
03/29/03	0031	\$ 573.75

Total amount not deposited from second register: **\$ 2,898.46**

No cash or checks were clipped with the register tapes containing the missing register sequence numbers. As a result, it appears that at least \$2,898.46 in deposits from the second register used at the Lakeside Ballroom were never made in the City's account.

The State Auditor's Office has reviewed copies of the checks deposited in the City's account from the Lakeside Ballroom. In particular, we observed that a deposit for \$781.00 for the March 7, 2003 daily sales was deposited on April 2, 2003. The deposit was comprised of cash and 18 checks. Nine of the checks were dated March 7, 2003. However, the remaining nine checks in the deposit for daily sales on March 7, 2003 were

¹⁵ The State Auditor's Office learned that a wedding reception was held at the Lakeside Ballroom on August 3, 2002. Two different individuals informed the State Auditor's Office that two registers were operating at the Lakeside Ballroom that evening. Only one deposit from one register was made into the City's account for sales on August 3, 2002.

¹⁶ The State Auditor's Office learned that a wedding reception was held at the Lakeside Ballroom on Friday, September 20, 2002. Two different individuals informed the State Auditor's Office that two registers were operating at the Lakeside Ballroom that evening. Only one deposit from one register was made into the City's account for sales on September 20, 2002.

¹⁷ The State Auditor's Office learned that a wedding reception was held at the Lakeside Ballroom on September 21, 2002. Only one deposit from one register was made into the City's account for sales on September 21, 2002.

¹⁸ The State Auditor's Office learned that a wedding reception was held at the Lakeside Ballroom on January 11, 2003. Two different individuals informed the State Auditor's Office that two registers were operating at the Lakeside Ballroom that evening. Only one deposit from one register was made into the City's account for sales on January 11, 2003.

dated March 29 or March 30, 2003. Furthermore, at least seven of the checks dated March 29 or 30, 2003, had initials of a particular Lakeside Ballroom employee in the corner of the check.¹⁹ The State Auditor's Office reviewed timesheet records for Lakeside Ballroom employees. The only Lakeside Ballroom employees with those initials worked on March 29, 2003, and not on March 7, 2003. As a result, it appears that checks from the second register used on March 29, 2003, may have been used to replace cash received on March 7, 2003, and then deposited as part of the March 7, 2003 daily sales.

In addition, the State Auditor's Office was informed that two cash registers were in operation at the Lakeside Ballroom during a wedding reception held on August 24, 2002. However, based upon City's deposit documentation, daily sales from only one of the registers were deposited in the City's account.

Additional checks were found in the file cabinet in amounts indicating that the checks were part of daily sales at the Lakeside Ballroom. These checks are as follows:

Date of Check	Amount	Payee
Undated	\$ 25.00	Blank
08/03/02	\$ 50.00	Lake Side
08/03/02	\$ 40.00	Lakeside
08/10/02	\$ 20.00	Lakeside
08/10/02	\$ 50.00	Lakeside
08/11/02	\$ 25.00	Lakeside Ballroom
08/14/02	\$ 15.00	Glen Wood Ballroom
08/15/02	\$ 25.00	Lake Side
08/24/02	\$ 13.00	Lake Side Ballroom
08/24/02	\$ 20.00	Lake Side Ballroom
08/24/02	\$ 24.00	Lakeside
09/14/02	\$ 30.00	Lakeside Ballroom
09/20/02	\$ 30.00	Blank
09/20/02	\$ 20.00	Lakeside
09/20/02	\$ 25.00	Lakeside
09/21/02	\$ 20.00	Lakeside
09/21/02	\$ 20.00	Lakeside
09/21/02	\$ 20.00	Lakeside

¹⁹ From a review of the checks deposited in the City's account, it appears that employees did not begin to initial checks received at the Lakeside Ballroom until March 2003.

Date of Check	Amount	Payee
01/11/03	\$ 30.00	Lakeside
01/11/03 ²⁰	\$ 25.00	Cash
Total:	\$527.00	

The checks were not deposited in the City's account. The dates of at least thirteen of these undeposited daily sales checks coincide with dates when the sales from a second register at the Lakeside Ballroom appear to have not been deposited.

B. Additional Checks Not Deposited

In addition to the daily sales rung into the registers, the Lakeside Ballroom received payments for such things as the rental of the Lakeside Ballroom for special events, and kegs of beer or bottles of wine or champagne purchased for the special events. The Lakeside Ballroom also received payments from Midwest Coin Concepts Inc. reflecting the City's percentage of proceeds from games located at the Lakeside Ballroom. Those payments were not rung into the cash registers maintained at the Lakeside Ballroom. Instead, the payments should have been separately itemized on a recapitulation sheet and deposited in the City's account.

1. Rental and Other Receipts Not Deposited

In addition to the daily sales receipt bundles, undeposited checks made out to the Lakeside Ballroom were found in the file cabinet, desk and safe in the Lakeside Ballroom office area. While some of the checks appear to have been part of the Lakeside Ballroom's daily register sales,²¹ many of the checks were for the rental of the Lakeside Ballroom or the payment of beer, wine or champagne for special events. Two of the checks were from Midwest Coin Concepts Inc.²² These payments should have been separately itemized on a recapitulation sheet and deposited in the City's account.

Specifically, the following checks of the type not rung into the registers at the Lakeside Ballroom were found in the file cabinet, desk and safe:

²⁰ The check is dated 1/11/02, but based upon other checks found in the file cabinet, it appears the check date should have been 1/11/03.

²¹ The checks that appear to have been part of daily sales receipts are listed previously in this Investigative Report.

²² Midwest Coin Concept has reissued a check to the City for the amount of the two checks (\$330.05).

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Date of Check	Amount	Payee
08/03/02	\$611.90	Lakeside ²³
08/03/02	\$250.00	Lakeside ²⁴
08/10/02	\$610.00	illegible
08/24/02	\$250.00	Lakeside Ballroom ²⁵
09/19/02	\$125.00	Lakeside Ballroom ²⁶
09/19/02	\$360.00	Lakeside Ballroom ²⁷
09/21/02	\$650.50	Lakeside Ballroom ²⁸
12/11/02	\$350.00	Lakeside Ballroom ²⁹
01/11/03	\$440.00	Lake Side ³⁰
01/11/03	\$164.00	Lakeside Ballroom ³¹
04/09/03	\$250.00	Lakeside Ballroom ³²
04/18/03	\$250.00	Lakeside Ballroom
burned	\$250.00	Lakeside Ballroom
burned	\$259.77	[illegible] Ballroom ³³
Total:	\$4,821.17 ³⁴	

²³ The payor informed the State Auditor's Office that the check was for an open bar, keg(s) of beer, and a champagne fountain for a wedding reception held on August 3, 2002. According to the payor, after a set amount for the open bar was reached, the open bar was closed and replaced with a cash bar.

²⁴ The payor informed the State Auditor's Office that the check was the balance of the rental fee for a wedding reception held on August 3, 2002 at the Lakeside Ballroom.

²⁵ The payor informed the State Auditor's Office that the check was for the balance of the rental fee for a wedding reception held on August 24, 2002 at the Lakeside Ballroom.

²⁶ The payor informed the State Auditor's Office that the check was for the balance of the rental fee for a wedding reception held on September 14, 2002 at the Lakeside Ballroom.

²⁷ The payor informed the State Auditor's Office that the check was for wine served at a wedding reception held on September 14, 2002 at the Lakeside Ballroom.

²⁸ The payor informed the State Auditor's Office that the check was for three kegs of beer plus \$200.00 for an open bar at a wedding reception held on September 20, 2002. The State Auditor's Office was also informed that once the \$200 open bar limit was reached, a cash bar was available to guests.

²⁹ The payor was Dairyland Healthcare Solutions. They informed the State Auditor's Office that the check paid for the rental of the Lakeside Ballroom for a December 13, 2002 holiday party. They informed the State Auditor's Office that the check had never been cashed.

³⁰ The spouse of the payor informed the State Auditor's Office that the check paid for the rental of the Lakeside Ballroom and one keg of beer. The State Auditor's Office was also informed that the bank had been asked to stop payment on the check because it had not been cashed by the Lakeside Ballroom.

³¹ The payor informed the State Auditor's Office that the check was for wine served at a wedding reception held on January 11, 2003 at the Lakeside Ballroom.

³² The check was found in the safe, with the daily sales for April 12, 2003.

³³ The check is signed by "Kari A.M. Nelson, Treas." The State Auditor's Office was informed that the check was payment for the Glenwood State Bank's holiday party.

³⁴ In addition, a check from the Glenwood Rotary Club was located in the desk but the amount is blank. The memo section of the Glenwood Rotary Club check indicates that the check is for "Balance of Teen Dance."

The checks were not deposited in the City's account. A bank is not obligated to honor a check that is presented more than six months after the date of the check.³⁵

2. Ballroom Manager Checks Not Deposited

Based upon a review of the Lakeside Ballroom deposits into the City's account, it appears that Lakeside Ballroom employees cashed personal checks at the Lakeside Ballroom. Included among the employees cashing personal checks at the Lakeside Ballroom was Mr. Robert Mattson, the manager of the Lakeside Ballroom.

Five checks from Mr. Robert Mattson's personal checking account that had never been deposited in the City's account were found in the file cabinet located at the fire scene.³⁶ Specifically, the following undeposited checks written on Mr. Mattson's account were found in the file cabinet:

Date of Check	Amount	Payee	Payor
10/04/02	\$100.00	Lakeside Ballroom	Robert E. Mattson
11/07/02	\$ 80.00	Lakeside Ballroom	Robert E. Mattson
12/31/02	\$100.00	Lakeside	Robert E. Mattson
01/04/03	\$ 50.00	Lakeside	Robert E. Mattson
01/18/03	\$100.00	Blank	Robert E. Mattson
Total:	\$430.00		

III. QUESTIONABLE TRANSACTIONS

Our review revealed additional questionable transactions at the Lakeside Ballroom.

A. Deposits for Amounts Greater than Daily Sales

On two occasions, summary register tapes with the same X1 Report number were turned in with deposits for two separate daily sales dates.³⁷ A review of the complete register

³⁵ Minn. Stat. § 336.4-404 (2002).

³⁶ Two additional checks from Mr. Mattson's personal account were included in the April 1, 2003 (check dated 3/22/03 for \$60.00) and May 11, 2003 (check dated 5/11/03 for \$40.00) daily sales bundles found in the file cabinet.

³⁷ A third instance where summary register tapes contained the same X1 Report number was April 22 and 23, 2003. As discussed in footnote 13 of this Investigative Report, the tape and corresponding clipped bundle of cash and checks for April 23, 2003 was found in the safe after the fire, and was not deposited in the City's account.

tapes for those dates shows that the cash register was not set to zero following the end of the first day's sales. As a result, deposits for the second day were equal to the sales from both days, and \$371.75 more than the amount collected in daily sales was deposited into the City's account.³⁸ The State Auditor's Office has been unable to determine where the excess funds included in the two deposits were obtained.

Specifically, for sales on October 6, 2002, a deposit of \$185.00 was made on October 31, 2002. For sales on October 7, 2002, a deposit of \$382.00 was made on October 31, 2002. For both of the deposits, the City was provided with a summary register tape as part of the deposit documentation. Both of the summary tapes have the same tape number (X1 Report No. 0089). The complete tapes reflecting each of the transactions rung into the register on October 6 and 7, 2002 were found in the file cabinet obtained from the fire scene. From a review of the transactions recorded on the complete tapes, it appears the register was not set to zero following the sales on October 6, 2002. Specifically, the complete tape for October 6, 2002 reflects 72 sales and 8 no-sales transactions, for total sales of \$184.75 (with the deposit of \$185.00 being \$0.25 over). The complete tape for October 7, 2002 reflects 63 sales and 4 no-sales transactions, for total sales of \$197.25. Because the register was not set to zero, the summary tape for October 7, 2002 reflects sales from both October 6 and 7, recording 135 sales (72 sales + 63 sales = 135 sales) and 12 no-sales (8 no-sales + 4 no-sales = 12 no-sales). While the actual sales on October 7, 2002 were only \$197.25, the summary tape reflects sales of \$382.00 (\$184.75 + \$197.25 = \$382.00). The deposit of \$382.00 for alleged sales on October 7, 2002 was \$197.25 more than the sales actually made on that day.³⁹

Similarly, for sales on January 16 and 17, 2003, it appears that the register was not set to zero after the sales on January 16, 2003. As a result, the summary cash register tapes for January 16 and 17, 2003 both have the same tape number (X1 Report No. 0184). The summary tape for January 16, 2003 reflects \$174.50 in sales. The summary tape for January 17, 2003 reports \$906.00 in total sales. However, a review of the complete tapes found at the fire site shows that the actual sales for January 17, 2003 were only \$731.50 (\$174.50 + \$731.50 = \$906.00). A deposit of \$174.50 for sales on January 16, 2003 was made on January 17, 2003. A deposit of \$906.00 for sales erroneously reported for January 17, 2003, was made on January 30, 2003, along with 17 other Lakeside Ballroom deposits. The deposit for January 17, 2003 was \$174.50 more than the sales actually made on that date.

³⁸ \$197.25 (excess for October 7, 2002 daily sales) + \$174.50 (excess for January 17, 2003 daily sales) = \$371.75.

³⁹ The deposit made on October 31, 2002 for sales on October 7, 2002, includes a City check for \$275.00 dated October 4, 2002, payable to an entertainer. In addition, \$100.00 was returned as cash during the deposit transaction.

B. City Check for Band Included in Register Deposit

Nineteen separate deposits for the Lakeside Ballroom were made on December 31, 2002. A City check for \$600.00 was included in a deposit made on December 31, 2002, as part of \$1,541.75 in daily sales for December 14, 2002. The check was dated December 20, 2002, in the amount of \$600.00, made payable to "Tempted." The State Auditor's Office was informed by the City that the check was payment for a live band called "Tempted." While it appears that the check may have been cashed at the register, it does not appear that the check should have been included in a deposit for a date six days prior to the date of the check.

IV. FUNDS MISSING FROM CASH RESERVE

In addition to the funds described in Section II of this Report, approximately \$1,495.06 in cash was found in the file cabinet, safe and desk retrieved from the office area of the Lakeside Ballroom fire scene.⁴⁰ The State Auditor's Office has learned that the Lakeside Ballroom maintained \$3,000.00 to use as a "draw" or cash reserve.⁴¹ As a result, it appears the approximately \$1,495.06 found in the office area was not part of the missing deposits. Rather, based upon a cash reserve of \$3,000.00, it appears that an additional \$1,504.94 of City funds are missing.⁴²

V. CONCLUSION

Based upon the State Auditor's Office review, it appears that the City has been deprived of at least \$13,484.57:

- \$3,830.00 is missing from daily sales at the Lakeside Ballroom that was not deposited in the City's account;
- \$2,898.46 is missing from daily sales from a second register at the Lakeside Ballroom;
- \$4,821.17 in City checks for rental and other receipts from the Lakeside Ballroom was not deposited in the City's account;

⁴⁰ This amount includes amounts that were substantially burned during the fire. Several checks that had been returned to the Lakeside Ballroom due to closed accounts or not sufficient funds in an account were also found at the fire scene.

⁴¹ In its initial Report, the State Auditor's Office assumed a \$1,500 cash reserve, based upon information provided by the City's private auditor.

⁴² The State Auditor's Office understands that items in the file cabinet and safe were not substantially burned in the fire. Only some items maintained in the desk located in the office area were burned beyond use of the State Auditor's Office.

- \$430.00 in checks from the Lakeside Ballroom manager was not deposited in the City's account; and
- \$1,504.94 of funds from the Lakeside Ballroom's cash reserves are missing.

The State Auditor's Office remains available to provide further assistance as needed. Any questions regarding this report may be directed to Ms. Nancy J. Bode at 651-297-5853.

/s/Patricia Awada

Patricia Awada
State Auditor