



Tashua Knolls Golf Course Comprehensive Review

TOWN OF TRUMBULL, CT

February 6, 2020

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Mrs. Lainie McHugh, Chairperson
Town of Trumbull Board of Finance
5866 Main Street
Trumbull, CT. 06611

Dear Mrs. McHugh,

I respectfully submit the enclosed report entitled Tashua Knolls Golf Course Comprehensive Review.

The objectives of this audit were to ensure:

- that since the Department's Director of Golf Course Properties terminated Town of Trumbull employment on 12/31/18, a review at this time ensures the Department's Policies & Procedures are maintained during a period of transition and appropriately documented to assist personnel going forward,
- that prior audit recommendations have been implemented or that there is appropriate reason why they have not been,
- the Department's processes are documented and accurately and efficiently administered, and that appropriate internal controls exist and are monitored.

I would like to thank Christine Plumeau, TKGC Administrative Assistant, and Maria Pires, Director of Finance, for their assistance in the completion of this report.

Respectfully submitted,

Therese Keegan
Financial/Accounting Controls Analyst

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Background

This month’s review is entitled Tashua Knolls Golf Club Operational Review. Tashua Knolls is a 27 hole public facility owned by the Town of Trumbull. However, Tashua Knolls GC is an Enterprise Fund, which by definition means it provides goods or services to the public for a fee that makes the entity self-supporting.

In 2004 a procedural review of Tashua Knolls receipts was conducted by Sward and Monde, an independent CPA firm. Procedures were documented and tested and the report, dated January 15, 2005 provided the Golf Course Commission with a list of Observations & Recommendations designed to strengthen internal controls, increase operating efficiency and address general business matters. All of the finding recommendations were implemented. Detail is provided in the Appendix, page 12.

An internal audit of cash receipts was performed in November 2016. The report provided 3 Findings & Recommendations. The single Finding that remained open is addressed in the Finding & Recommendations section of this report.

Scope & Methodology

Information was gathered via observation, interviews, and review of available documentation.

The scope of the review included the following:

- Follow-up on prior audit recommendations
- Facilities and equipment
- Management structure & Staffing
- Contractual agreements
- Operations
- Budget/Actual history
- Key accounting processes

Facilities & Equipment

Per the Town’s Finance Department, Tashua Knolls fixed assets can be summarized as follows:

	Cost	Accum Depn	BV
Land	1,179,700	-	1,179,700
Buildings	1,418,781	(876,773)	542,009
Improvements	4,364,654	(1,618,627)	2,746,027
Equipment	939,306	(623,089)	316,216
	<u>7,902,441</u>	<u>(3,118,489)</u>	<u>4,783,952</u>

Improvements are to grounds as well as buildings. Equipment is primarily for grounds maintenance.

Management Structure & Staffing

The Golf Course budget funds 5 full-time employees and 1 part-time employee:

- FT Operational Property Director hired 1/14/19
- PT Assistant to Director
- FT Mechanic
- 3 FT Greenskeepers
- ~ 40 seasonal employees

Per the 2011 Town Charter, the Golf Course Commission shall be composed of nine members, appointed by the First Selectman and approved by Town Council. The term shall be for three years, with three terms expiring each year.

The Commission shall have the exclusive control and custody and exercise management of the public golf courses located within the Town, together with all structures and buildings located thereon. The Commission shall be charged with the responsibility of formulating policies relating to the operation of the golf courses, shall fix rules and regulations of play, hours of operation, fees and charges, and all other decisions necessary for the successful operation of said golf courses.

Additionally, TKGK contracts personnel.

Contractual Agreements

Detail of contracts currently in force are detailed as follows:

Contractor	Term	Description	Cost
ATK Golf Services, Inc.	7/29/11 contract ext. 12/16/16 - 12/15/20	Golf Course management	2017 \$185,410; 2018 \$189,118; 2019 \$189,118; 2020 \$192,901
Douglas R. Snyder - Golf Course Property Director	1/14/19 - 12/31/21 Option to extend for two addl one year terms	Property & facilities management, planning & reporting	\$110,000/yr + benefits
Toro National Support Network	36 months -signed 8/1/19	Irrigation systems computer, software, warranties	\$9,248
E-Z-GO	1/29/16 - until terminated	Lease & servicing of 99 golf carts; Separate lease purchase agreement with PNC Equipment Financing	48 months \$84,480 then \$106K purchase option
U.S. Bank	63 months dated 3/2/18	Copier lease/purchase agreement	\$12,726 then \$1 purchase option
Gralor, Inc.	1/1/01 - 12/31/05, mod 6/05 to term 12/31/28 with option to renew	Refreshment Concession Locker Room Concession TK Clubhouse	2011 \$33,880 + 5%/yr Town: water, ins except liability Lessee: 70% other utilities, liability ins

Operations

Operations	Responsibility / Resources
Property maintenance and repairs including greens, fairways, cart paths, practice facilities, driving range and equipment	Under supervision of Property Director - Town employees
Clubhouse maintenance	Under Property Director - Town employees
Restaurant and Banquet facilities	Outside contractor - contractor employees
Pro Shop	Outside contractor - Director of Golf and Pro Shop employees - Employees of the Director of Golf
Supervision of seasonal Starters & Rangers	Outside contractor - Town employees
Office	Administrative assistant - Town employee

Key financial and operational Policies and Procedures were last written in 2016 and recently updated; they are included in the Appendix, page 10 for your review.

Key Accounting Functions

- Revenues are difficult to budget as the course is highly weather dependent. Additionally, the course is somewhat dependent on the success of the industry as a whole.

Revenue Sources	Town Revenue	Contractor Revenue
Lease Income 50% to TKGK	X	
Greens fees	X	
Cart rentals	X	
Tournament fees	X	
Season ID's	X	
Merchandise sales		X
Driving range fees		X
Golf club repair fees		X
Pull carts & club rentals		X
Golf lessons		X

- Expenditure requests are processed per budgetary and purchasing policy guidelines. In general, expenditures are discussed with the Golf Commission if they are extraordinary or in excess of ~ \$5,000.

Financial History

A. Revenue/expense history summarized from MUNIS is as follows:

ACCT DESCRIPTION	2020 at 12/31/19		2019		2018		2017		2016	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	ACTUAL	Budget	ACTUAL
MEMBERSHIP	-	(1,153,332)	-	(1,870,598)	-	(1,946,999)	-	(1,884,597)	-	(2,044,524)
MISCELLANEOUS REVENUE	-	(17,520)	-	(24,194)	-	-	-	-	-	(59,400)
Subtotal Revenue	-	(1,170,852)	-	(1,894,792)	-	(1,946,999)	-	(1,884,597)	-	(2,103,924)
SALARIES	597,768	306,839	603,740	586,838	653,247	592,345	644,886	650,581	638,525	603,845
UNIFORM ALLOWANCE	4,000	146	2,500	2,240	4,000	140	3,000	2,933	3,000	2,708
SERVICES & FEES	336,711	197,396	325,894	295,495	328,632	309,525	323,021	306,383	344,726	282,458
REIMBURSABLE SERVICES TO GF	246,212	246,212	262,497	248,397	246,931	246,931	217,110	217,110	234,325	234,325
MATERIALS & SUPPLIES-OFFICE	52,000	10,983	45,875	34,907	48,660	40,643	47,927	40,737	48,000	43,871
PROGRAM SUPPLIES	149,350	86,029	145,942	142,377	180,100	158,889	155,000	154,790	155,000	151,006
PUBLIC RELATIONS	1,000	-	1,000	55	1,000	-	1,000	1,000	3,000	-
PROFESSIONAL DEV	7,000	700	7,683	7,567	8,750	6,135	7,500	5,394	7,553	6,234
TRANSPORTATION	17,500	10,162	16,500	16,260	19,500	15,747	26,295	16,766	27,190	13,474
REPAIRS & MAINTENANCE	83,325	35,709	97,662	82,147	85,141	71,449	83,247	70,668	80,127	75,032
CAPITAL OUTLAY	16,000	11,370	62,700	22,477	28,500	19,632	60,073	(53,700)	98,000	57,997
RENT/LEASE	41,908	13,956	27,908	27,879	57,338	57,038	43,965	41,297	37,738	37,541
UTILITIES	122,023	59,438	134,277	103,687	143,348	96,528	142,566	120,697	131,216	118,625
DEPRECIATION EXPENSE	-	-	-	168,860	-	170,740	-	162,711	-	153,832
INTEREST ON G/OBLIG BONDS	56,088	25,486	66,298	54,181	74,530	74,529	81,113	81,113	86,959	97,196
PRINCIPAL-G/OBLIG BONDS	278,776	254,000	248,086	248,086	217,415	217,414	185,761	(0)	155,125	155,125
PREMIUM AMORTIZATION	-	-	-	-	-	(12,117)	-	(12,117)	-	(22,354)
Subtotal Expense	2,009,661	1,258,425	2,048,562	2,041,454	2,097,092	2,065,569	2,022,464	1,806,364	2,050,484	2,010,916
Net		87,573		146,662		118,569		(78,233)		(93,008)

Reimbursable Services are paid to the General Fund and include payroll taxes and employee benefits, vehicle, liability and property insurance and allocated cost of services from Town Departments minimally offset by interest on cash flow and adjusted for services provided by golf employees.

B. Tashua Knolls does not utilize any Special Revenue Accounts.

Findings & Recommendations

Finding #1: Town's Accounting Department uses bank statement and credit card statements to post revenue to MUNIS. Reporting to Golf Commission is based upon POS detail. Although there are controls in place to ensure both the Administrative Assistant and the Accounting Department are posting transactions accurately, the revenue line items of MUNIS and POS are not reconciled.

Recommendation: Whenever multiple systems are used for reporting purposes, key balances should be periodically reconciled to ensure information potentially utilized for decision making purposes is accurately disseminated in a timely manner.

TKGC Management Response: Parks and Recreation Director at the time of the previous audit had agreed to perform the reconciliation on a quarterly basis; however, he had not begun to do so prior to the time he left the Town's employ. A Golf Commissioner, head of the Finance Committee, has agreed to perform the reconciliation on a go forward basis.

Finding #2: The auditor brought certain contractual concerns to Trumbull's Director of Finance, Trumbull's Director of Labor Relations and the Golf Commission. Discussions are in process and modifications are forthcoming.

Recommendation: Finance, HR and Commission to continue collaboration and drive to resolution.

TKGC Management Response: Commission will work with Auditor, Finance and HR to resolve any and all contractual issues.

Finding #3: In an effort to provide complete information and to add perspective to TKGC, a schedule of fixed assets was obtained from the Finance group.

Per several internal reviews going back to 2016, it was noted that fixed asset lists were maintained by individual departments, by the Finance Department and by Merit Insurance, but the lists did not agree to each other or to the General Ledger. As previously recommended, physical inventories should be performed on a regular basis, and a single, accurate listing of fixed should be maintained, preferably in MUNIS. Additionally, the Town provides updates to Merit Insurance. The Merit Insurance worksheet should be checked for accuracy.

Recommendation: TKGC employees to provide Finance with updated fixed asset inventories. The MUNIS subledger, insurance reports and Reimbursable computations should be updated.

TKGC Management Response: TKGC employees will work to complete the update and provide to Finance.

Appendix



Tashua Knolls Golf Course Financial Procedures

Town Cash Register Operations in Pro Shop

The closing ATK employee is to close out the register and reconcile the cash to the daily “Z” report and prepare the deposit bag without sealing the bag. The employee then signs the Z Report. If the employee cannot, for whatever reason, reconcile the cash, The Director of Golf (or his designee) must be immediately made aware of the situation for reconciliation.

The deposit bag is then recounted and checked by The Director of Golf (or his designee) who then seals the bag. The daily “Z” report is then signed by the Director of Golf (or his designee).

Cash receipts are to be deposited on a daily/nightly basis at the Town specified bank. If for any reason a deposit cannot be made on a particular day, the deposit must be locked in a safe to which only the Director of Golf (or his designee) has the combination.

Cash Receipts Reconciliation

The Pro Shop is to reconcile the POS system reports to the daily cash deposits. The Administrative Assistant is to review the bank deposit report to the “Z” Report and prepare a Summary Report which is to be checked to the POS sales report. An appropriate notation must be made to ensure this has been done. Any discrepancy that cannot be corrected over \$50 must be reported to the Golf Commission.

The Administrative Assistant will provide the Town’s accounting department with the daily sales reports on the 15th and last day of each month in order to verify the revenue that is posted to the Town’s general ledger from People’s Bank deposit activity. Also provided, monthly, is the credit card statement to be used for verification of the funds received to People’s Bank via ACH (Automated Clearing House) from credit card transactions. Any discrepancies to People’s Bank activity are notated and sent to the Administrative Assistant for research.

The Administrative Assistant will research any discrepancy by checking through the POS activity and the paper receipts for the day in question. The POS system will record any keystroke errors, brief electrical shortages, or glitches (such as a “timeout”) of the credit card swipe machine. The credit card processing is tied directly into the POS system on each of the Town’s computers. Any discrepancy that cannot be corrected over \$50 must be reported to the Golf Commission.

Monthly Revenue and Expenditure Reports

The Administrative Assistant has access to the Town’s MUNIS system in order to review golf course revenues and expenditures as recorded by the Town’s accounting department.

Pro Shop Cash Register Passwords and Authorization

All Pro Shop employees are to be assigned unique passwords in order to access and initiate transactions. These passwords should be changed on a regular basis. In addition, there are to be various levels of authorization assigned to certain individuals to adjust or change (void) previously entered transactions.

Gift Cards and Rain Checks

Issuance of gift cards and rain checks are to be included in the POS system and shown as separate revenue categories on the daily sales reports prepared by the Administrative Assistant. Gift cards and rain checks should be pre-numbered and accounted for by the POS system to ensure such items are not used more than once. According to the most recent Connecticut State laws, gift cards cannot have an expiration date but rain checks can expire at the end of each season. Therefore, all unredeemed rain checks are deleted from the POS system at the close of each season.

Complimentary Rounds

Complimentary golf rounds to PGA members, employees, for example, should be included on the revenue reports as a separate category. Pertinent information should be included in the POS system. This information should periodically be reviewed by designated Commissioners for compliance with policy. A Log will be maintained by the Pro Shop indicating by date, the players name, player signature, and circumstances for a comp round.

Cash Disbursements

Tashua Knolls Golf Course must follow all current Town of Trumbull Purchasing Policies and Procedures.

Financial Records

A room is available specifically to provide secure storage for financial records for four previous calendar years. Any financial records older than four calendar years old are destroyed according to the Town's Record Retention Policy. This room will have limited access. All current financial records are stored in a five drawer file cabinet in the office of the Administrative Assistant who has the only key.

Building Security

An individual needs both a key and correct code to enter the buildings during "off" hours. All codes are deleted when an individual who had access leaves the employee of the golf course or Pro Shop. The Tashua clubhouse is equipped with 16 video surveillance cameras with four in the Pro Shop monitoring the POS system.

Sweard and Monde audit findings - 1/15/05

- 1. Finding:** Golf Course Commission did not have specific accounting and administrative policies and procedures in place for the Pro Shop or the Office.
Status: The Financial Procedures document, written ~ 10 years ago, was provided upon request and is included in Appendix, page 10.
- 2. Finding:** Bank deposits are supposed to be made on a daily basis but on average deposits were actually made once a week.
Status: Two month's current activity was reviewed against bank statements and deposits were consistently made on a daily basis.
- 3. Finding:** Daily cash was not reconciled to sales reports nor validated deposit slips; sales information was not sent to the Town's Accounting Department on a consistent basis.
Status: Pro Shop employees reconcile deposits to POS reports; Administrative Assistant reviews and prepares a Summary Report, sent to Town's Accounting Department mid-month and end of month.
- 4. Finding:** Administrative Assistant did not regularly receive monthly revenue and expense reports from the Town's Accounting Department. Administrative Assistant required for reconciliation and reporting purposes.
Status: Administrative Assistant now has access to MUNIS and can print required reports. Additionally, copies of bank statements and credit card statements are provided by the Accounting Department on a monthly basis.
- 5. Finding:** Pro Shop cash registers did not require passwords to identify transaction detail.
Status: Cash registers now require passwords, assigned to each Pro Shop employee. These passwords provide an audit trail of transactions posted.
- 6. Finding:** Gift Certificates and Rain Checks were not prenumbered and procedures did not appropriately track outstanding items. The possibility existed that manually issued rain checks could be used more than once.
Status: Gift cards are now used instead of manual certificates, and the cards are tracked through the POS system. Manually issued rain checks are prenumbered, are now tracked through POS system, and are deleted at the close of each season.
- 7. Finding:** Complimentary Rounds lacked documentation.
Status: Complimentary rounds are included on revenue reports as a separate category and the log maintained by the Pro Shop includes date, names and circumstances, and can include visiting PGA professionals, Tashua employees, customer appreciation rounds, etc. Complimentary Round information is reported to Commissioners on a periodic basis.
- 8. Finding:** Cash Disbursements – outside the scope of this review.
- 9. Finding:** Multiple employees had access to the locked room where financial records were stored.
Status: Current year's records are stored in the Administrative Assistant's office, which has limited access. Prior year records are stored in a secure room to which only Administrative Assistant has access.

10. Finding: Building alarm codes were not uniquely assigned; a report of those setting and disarming the alarm system was not reported to the Town by the alarm company.

Status: Individuals require both a key and a code to enter alarmed buildings. The alarm company now sends daily activity logs for each alarm. A listing of codes was matched against a current employee list to verify codes of terminated individuals were inactivated.

11. Finding: During the Christmas holiday season, customers wishing to purchase gift certificates were turned away, resulting in lost revenue for the Town.

Status: Notice of Pro Shop hours are posted on the shop door. When Pro Shop is closed, Administrative Assistant is authorized to sell gift certificates.

12. Finding: Contract with the Director of Golf did not specify or provide clarity related to:

- reimbursable expense expectations
- internal control compliance and certification responsibilities
- health insurance eligibility
- regular financial reporting to Golf Course Commission

Status: ATK contract was reviewed. Contract clearly states relationship with ATK is that of an independent contractor.