

Internal Audit of Columbus Golf Authority

June 22, 2021

AUDIT AUTHORIZATION

The audit of the Columbus Golf Authority was authorized as a Departmental Audit on September 22, 2020 by City Council. It was previously approved as a limited scope, transition audit in 2019.

AUDIT PURPOSE

The purpose of the audit is to determine the status of the Columbus Golf Authority's operations, including its financial status, the condition of its assets, its facilities, and to assess its current and future needs to function as a viable entity in the Columbus community, in terms of relevance and financial sustainability. While relevance might appear to relate to only local demand for golf availability, the City's Chamber of Commerce and Economic Development Authority might argue that such is very relevant in their efforts to attract businesses to relocate to the community. A Public Golf Course is also relevant in that it provides access and affordability to golf for all citizens and visitors of our community. Financial Viability addresses an entity's ability to be self-sustaining, not only on a cash expense basis, but to also have the financial resources for maintenance, upkeep of its facilities, equipment maintenance and replacement, and expansion needs for the future. To achieve this end, the organization needs a strategic plan, an annual budget, a multi-year budget, and a capital replacement plan. It needs to have a defined vehicle to

fund each of those programs, whether it be from operating revenues, City Council Appropriations, SPLOST, LOST, Covid-related funding, or from charitable gifts.

AUDIT SCOPE

The Audit Scope is one of Full Scope, so that each element of its current operation, facilities and their condition are assessed, in terms of current and future needs. It evaluates the ability of the entity to generate the financial and economic resources needed for the future, while maintaining its competitive position in current times. A competitive position includes golf courses and facilities that are physically and aesthetically competitive, along with being financially competitive. Determining one's financial requirements necessitates the evaluation of both the current and future financial considerations.

AUDIT PROCESS

The audit process began with the authorization of the audit and the development of the audit program. Next, we held an entrance conference with the Golf Director, Jim Arendt, to discuss the audit plan and to gain input from the auditee. The audit also included a review of the Golf Authority's financial and budgetary performance, and a review of the Minutes of the Golf Authority. The audit also includes a review of staffing and payroll expenditures and its source of available manpower. Each of the operational and administrative areas were reviewed for effectiveness and efficiency. A golfing operation includes considerable real estate, buildings, equipment, supplies and merchandise inventory. At the end of the fieldwork, an exit conference was held with the Golf Director. Following review of the Draft Audit Report by the Golf Director, a Strategic Planning Session will be held with the Golf Authority Members and critical staff members. Lastly, the audit report and PowerPoint presentation will be prepared and reviewed with Golf Director before the report is scheduled for presentation at City Council. The audit report and presentation are then made to City Council.

AUDIT ACTIVITY AND OBSERVATIONS

The audit fieldwork began with a tour of the golf courses. We traversed each of the courses, noting observations along the way.

The Bull Creek facility consists of two, 18-hole courses, situated on about 500 Acres of Watershed Property, adjacent to Lynch Road, between Macon Road and Manchester Expressway, in the eastern portion of Columbus. The courses are moderately challenging, located on property that is abundant with trees and lakes. The watershed lakes, designed to prevent flooding throughout the city, provide a natural source of water for irrigating the courses. The courses are well designed and constructed, with concrete-paved cart paths. The natural beauty of the courses and landscape surrounding them is a sight unto itself. The Bull Creek Courses were constructed and opened in 1972, some fifty years ago. As such, there are numerous trees lining the fairways that have encroached on the course and need to be trimmed or in some cases, removed. The current staff and the reduced availability of prison labor, has made it difficult to maintain the courses, let alone, to trim and remove trees. Ideally, the prison labor needs to arrive earlier each day to help prepare the course for play in early morning. Also, the facility lacks the equipment necessary to perform much of this work. Public Works has provided some needed assistance with this work, but their schedules are busy working throughout the city.

The buildings at the Bull Creek Facility are showing their age and their capacities are frequently exceeded, due the volume of golfers playing at the facility. The maintenance building and sheds need to be expanded and spruced up, as they are visible from Lynch Road, much of the year. The cart barn is also undersized, particularly with the addition of fifty carts to accommodate Covid-19 social distancing and the massive onslaught of new golfers. While the Covid-19 Pandemic has crippled many sectors of the economy, it has been a boon for our local golf courses. This will be demonstrated in the financial section of the report. Parking is another area needing considerable expansion. On normal days, the lot is full, and many cars are parked on the adjacent grass and along the dirt road toward the

maintenance facility. On numerous occasions, the Auditor has witnessed many cars parked along Lynch Road. That road is now heavily traveled and is not a suitable place for parking, as it presents a safety hazard for motorists and pedestrians. The parking lot could be enlarged, but it would need to expand into the area where the cart barn and clubhouse currently are located. This would require construction of a new clubhouse, with the cart barn underneath to minimize the footprint requirement.

The Oxbow Creek Golf Course is a 9-hole facility, initially planned to be expanded to 18 holes. It was built in the mid-nineties to replace the Lion's Club Course located at the curve along Victory Drive, to enable the construction of a softball complex. The building is adequate for its current usage, except for the floorcovering that needs replacement. Also, the PVC Pipe Fencing between the parking lot and the course needs to be replaced with more appropriate fencing. The course was inexpensively built, as noted by the simple design of the course and the narrow asphalt cart paths. The course also has bridges over the creek at several locations. The bridge adjacent to the Hole #2 tee box, has deteriorated considerably, during the audit. It was closed last month and temporarily, an adjacent Riverwalk bridge is being shared until the bridge can be replaced. Alternatively, the course would have been closed for at least six months until a new bridge could be constructed. There are minimum quantities of golf equipment, shoes, and apparel in the pro shop at this facility. Expansion of the inventory could result in additional revenue and profitability at this facility.

The Godwin Creek Course, located in City Village, was developed by the Bibb Manufacturing Company for its employees. It was later deeded to the City. It is operated by Fore Kids, which is owned and operated by Richard and Stephanie Callahan. Their passion is teaching golf to interested young people. Their current contract with the Golf Authority has expired and needs to be renewed. Mr. Arendt is working with the City Attorneys to get a new contract prepared. This fits nicely into the golf authority strategy as it helps to develop new golfers that will ultimately join the ranks of other golfers that play the city courses. With some support from the Crime Prevention Board for transportation and golf instruction tuition, it could enable golf to become an alternative for some youth for a better life. There are numerous scholarship opportunities for minorities in both golf and tennis for those that play the sport well.

Staffing of the Maintenance, Hospitality, Pro Shop and Finance operations is minimal and challenged to get the job done, let alone, to excel and rival the competition. These issues must be addressed as planning and budgets are developed. Finance consists only of one position, and was woefully behind in issuing membership cards, making deposits, reporting revenues, and entering expenses for vendor payment. Some of this was caused by inadequate time for training the replacement when turnover occurred. The Auditors addressed this issue with the restructuring of processes and scheduling. After a trial period for testing, we found the changes to be successful. Now, each of these tasks are current and are being completed daily. This improves financial reporting accuracy, vendor relations, and improved efficiency with the City's Finance Department. Members are also pleased with the prompt receipt of their membership cards.

While this process has been dramatically improved, there is no back-up for the finance employee during absences for vacation, sick time, etc. Previously, the finance office had the full-time employee and a part-time assistant to assist and fill the void, when needed. This should be considered during the next budget process.

Our review of Petty Cash Funds revealed that frequent reconciliations of Petty Cash were performed until early 2020, at the time the incumbent of the Finance Position changed. Reconciliations have been sparse since that time. The amounts per the Trial Balance vary from the balance on hand. Some of this may be attributable to the reporting of additional cash funds discovered by Mr. Arendt to the City Finance Director. It appears that the sum he reported as found were added to the previous total rather than only the difference be added. Either way, the Petty Cash currently on hand is less than that reflected on the Trial Balance. It is suggested that Petty Cash be reconciled at least monthly, accounting for cash on hand, unreimbursed purchase receipts and copies of any outstanding replenishment requests. Noted variances should be duly recorded as Cash Shortage or Cash Overage.

The Golf Authority needs a checking account for large disbursements such as alcoholic beverages that must be paid at time of delivery. Currently, Petty Cash Funds are maintained, to purchase money orders to pay of the deliveries, for which cash payment is not acceptable. This is a cumbersome process for making such payments and requires that \$5-6 thousand be on hand to covers these payments. This significantly increases the risk of theft losses for the organizations. The Petty

Cash Fund for each course could be significantly reduced by the authorization for a checking account. The account would have a dozen or less transactions each month and would be easily reconcilable.

FINANCIAL RESULTS

Prior to FY2021, the golf courses have required financial subsidies from the city in most years. The subsidies have been nominal at the Bull Creek Facility, usually less than \$50,000 per year. This facility operates at a high level of capacity most of the year. The Oxbow Creek Facility has operated at a much lower percentage of its capacity, frequently requiring subsidies of a \$100,000 or more, per year.

In July 2019, Jim Arendt, a PGA golfer, was hired as Director of Golf by the Columbus Golf Authority. Mr. Arendt has focused his attention to restoring the Bull Creek Course as a Top 25 Public Golf Course through course and facility improvements, pro shop offerings and hospitality services. He has also added an Assistant Pro at the Oxbow Creek Facility to provide golf lessons and instruction and to increase course utilization and the financial results of that facility.

During the audit, Mr. Arendt noted that monthly revenues from his golf point-of-sale system varied from the monthly statements issued by the city's Finance Department. Some months the variances were quite significant. While reviewing deposits and revenue reporting, it became obvious that infrequent deposits and late reporting to finance, accounted for most of the variation. The remainder is attributable to the fact that golf deposits, at best, are made the day following the activity, as the course and daily register reporting occurs long after the banks close for the day. It is exacerbated when the month ends on Saturday or Sunday, as up to three days of weekend revenue is not reported on the financial statements in the correct month. This situation can be easily resolved with an accounting entry to accrue that revenue into the correct month and reverse the entry at the beginning of the following month. Most enterprise accounting systems are designed to automatically reverse accrual entries in the following period.

The Covid-19 Pandemic arrival in the United States has certainly wreaked havoc on the nation's economy, in numerous ways. Working from home and social distancing have become a norm during the development of a vaccine and its

administration to the public. During this time, much of the population has been isolated from social interaction, including family gatherings, concerts, movie theaters, and sporting events. After a brief, 45-day closure in mid-March until the end of April 2020, the city golf courses resumed operation in May 2020. Golfers were anxious to get outside and play golf and enjoy life. The only caveat to social distancing was the use of separate carts by parties not residing in the same household. That necessitated the need for more golf carts, and federal funding through The Cares Act and other programs paid for the additional carts and for some of the lost revenue. Since that time, golf has become phenomenally popular, and the courses are near capacity most of the time. Both Bull Creek and the Oxbow Creek Courses have enjoyed huge financial success during FY2021! Revenues have soared, far exceeding the nominal increases in operating costs. The already thin staff has certainly been challenged to keep up with the growth of business, but their competence and experience have helped to bridge the gap. The Bull Creek Facility will show a sizable profit for FY2021, and the Oxbow Creek Facility is projected to have a small profit. As a result, there should be no need for subsidies in this year, and perhaps, no more in the future. Expansion of facilities to meet the rapidly rising demand will likely be needed soon. While this may present new challenges, this is a much better problem to have. The Golf Authority and the City must now address the issue of long-term financial viability. This will be addressed soon, during a Strategic Planning Session with the Golf Authority and Key Staff Members.

Exhibit A of the report provides a detailed comparison of the financial results for the past three fiscal years with the projected results of the current fiscal year.

FEE AND MEMBERSHIP SCHEDULES

Columbus Area Golf Course Rates—June 2021

FACILITY	MEMBERSHIP	DAILY FEES W/CART
BULL CREEK	Regular \$730/Yr. + Cart Fee	Mo/We \$29
	Sr. Weekday \$300/Yr. + Cart Fee	Tu/Th/Fr \$41
	Sr. 7 Days \$400/Yr. + Cart Fee	Sa/Su/Hol \$43
OXBOW CREEK		Mo-Fr \$20
		Sa/Su \$26
MAPLE RIDGE	Initiation Fee \$250	Mo-Fr \$45
	7-Day \$168/Mo. \$2,016/Yr.	Sa/Su \$55
	5-Day \$130/Mo. \$1,560/Yr.	
LAKWOOD	\$700/Yr. + Cart Fee	Mo-Fr \$34
		Sa-Su \$36

As evidenced by the Fee Schedule above, the Fees at Bull Creek and Oxbow Creek are considerably below those of other Columbus Area public golf courses.

Bull Creek Weekday fees are from \$4-\$16 less than Maple Ridge and \$12 less on Weekend Days. Oxbow Creek is \$15 lower on Weekdays than Maple Ridge and \$29 less on Weekend Days.

Bull Creek Weekday fees are \$5 less to \$7 more on Weekdays than Lakewood and \$7 higher on Weekend Days.

Membership fees show an even wider discrepancy at Bull Creek, when compared to Maple Ridge and Lakewood. At \$730 for a Regular Member, it is \$1,315 less, not considering the \$250 (One Time) Initiation Fee, and \$830 less than the more restrictive 5-Day membership, when compared with Maple Ridge. The

Membership is \$30 less per year at Lakewood. Our annual membership cost for Seniors/Military of \$300 for a 5-day membership or \$400 for a 7-day membership is a very reasonable.

While it is admirable to be a few dollars cheaper at a Municipal-Owned facility, our public courses are priced too much lower than the competition. This is one of the reasons why the city has had to subsidize its courses in past years. It is also why the equipment, vehicles and facilities are used much longer than their useful lives and funding is not readily available when items need replacement. Additionally, it creates unfair competition for the privately owned courses when the city sets rates abnormally low and then subsidizes the operation with taxpayer dollars. Also, when the city offers any of the services at prices below the actual cost, those services must be subsidized with taxpayer dollars. It also under values what those services are worth. Enterprise operations are designed to operate as a business and be self-sustaining. As such the cost of the capital investment in the facility and replacement equipment and facilities should be borne by the users of such facilities through adequate fees.

GOLF AUTHORITY INVOLVEMENT

A review of the minutes of the Columbus Golf Authority for the past three years reveal governance that is actively meeting, on a regularly scheduled basis, with meetings well attended. They bring a diverse set of skills and abilities to the table, and they are engaged in their deliberations. Their engagement is exemplified by their efforts to identify and hire the right person when the former Golf Director retired several years ago. Their selection of Jim Arendt for the position reflects their commitment to excellence and continuous improvement. They also perform periodic performance appraisals of the Golf Director. Their interest in addressing issues of concern, such as the recent deterioration of the creek bridge at the Oxbow Course, and their group presence in the inspection and engagement of City Councilors in addressing this pressing concern. Having identified opportunities for improvement, in several areas, they expressed a desire to participate in a strategic

planning exercise to identify the Strengths, Weaknesses, Opportunities, and Threats of the organization and to establish a long-term plan for the organization.

AUDIT SUMMARY

The city-owned Golf Courses avail the community and its citizens and visitors the opportunity to play golf, at will, without having to belong to a private club. This access alone, enables our citizens an opportunity to play golf without up-front costs. The settings of each of the courses, while somewhat different, display the beauty of the city in its own way. Being geographically dispersed about the city, they provide golfing opportunities that are conveniently located. They also represent good recreational value, and a recreational opportunity allowing social distancing, during Covid Times.

The courses offer one-stop shopping for golf equipment, supplies and apparel in its pro-shops. Basic golf instruction and lessons are available at each of the courses. Our courses are frequently used for tournaments and charitable events, as noted on signage at the Bull Creek Course where over \$5.8 million has been raised.

The Bull Creek Facility offers two, 18-hole courses, that can accommodate large tournaments utilizing both courses, and hosting smaller ones while availing other golfers' access to the other course, during such events.

The courses provide access to local high schools and universities for them to have a home course for hosting their visiting competition.

Fiscal Year 2021 has been exceptionally good for the courses during the Covid-19 pandemic, assuring financial and operational success. A tour of the courses on any given day, reveal a wide variety of persons enjoying golf. This additional diversity affords the public and privately owned courses the growth in rounds of golf and revenue needed to survive and thrive.

While this report reveals some areas where improvements and upgrades are needed at our courses and facilities, it provides a plan for prioritizing these needs, and suggests opportunities for funding, from its own devices, and as well as

contributions from donors that desire and are willing to support them. During the audit of the golf authority, the auditors were approached by a group of avid supporters, that suggested that a Foundation be established to achieve this end.

The findings and recommendations below address many of the needs and opportunities for improvement. Please give them the consideration deserved and enable their implementation, where possible.

Finally, we thank the staff, management, and governance of the Columbus Golf Authority for their time, assistance, and interest in the audit.

AUDIT FINDINGS

1. While verifying capital assets, it was noted that nearly all assets were far beyond their useful lives, and several items were no longer operational. While items are periodically replaced, there is not an equipment replacement schedule that denoted needed replacement, other than annual budgetary request for capital items, that may or not be approved for replacement.
2. Specialized equipment is needed for trimming and removal of trees and vegetation that are encroaching on the fairways at the Bull Creek Course.
3. Several areas of operation are understaffed at each location.
4. Parking, Cart Storage, Pavilion, and a Starter House are lacking or inadequate at the Bull Creek Course.
5. The Oxbow Creek Course was planned as an 18-Hole facility, with 9 holes initially built and the other nine holes to be built later.
6. The creek bridge adjacent to the Number two tee box at Oxbow Creek is deteriorating and was recently closed until it can be repaired or replaced.
7. The Youth Golf Training Program should be expanded to include youth from disadvantaged and crime-ridden areas of the community as a deterrent to crime and to provide opportunities for greater self-esteem and potential scholarship opportunities. It could be financed with Crime Prevention Funding.
8. The contract with Fore Kids Golf Training and the lease of the Godwin Creek Course has expired.
9. Additional inventory is needed at the Oxbow Creek Pro Shop to enhance sales opportunities and profitability.

10. During the audit, the workload of the Finance Technician was behind in several areas, including bank deposits, entry of invoices for vendor payments, and reporting cash receipts to the city's finance department, and issuance of membership cards.
11. The Golf Authority needs a checking account at their disposal to make sizable payments to vendors (such as alcoholic beverage vendors) that require payment at the time of delivery.
12. The Authority needs to establish a continuity of profitability, such that ongoing financial subsidies are no longer necessary.
13. It also needs to evaluate current fee structures, compare with competition, and to adjust as necessary, to provide continuing financial self-sustainability.
14. It needs to evaluate compensation levels for all members of staff and management to aid in the retention of high quality, experienced personnel for all critical positions.
15. All positions need assessment to determine those that are critical to the continued success of the organization. Employees leave organizations to retire, for health reasons, family situations, better employment offers, etc. Competent, trained replacements are necessary for business continuation as persons leave.
16. Accrual entries are not being made at the end of each month to reflect the revenues in the proper month, creating disparities between the information from the point-of-sale system and those reported in city-produced financial reports. This can cause errors in Sales Tax Reporting to the State of Georgia and cause question about the validity and accuracy of financial information.

AUDIT RECOMMENDATIONS

1. A Capital Replacement Schedule should be prepared for the Golf Authority, noting the Item, Scheduled Replacement Date, Estimated Replacement Cost, and the Projected Funding Source.
2. Discarded and non-operable Assets should be retired and sent to auction or disposal.

3. Specialized equipment for trimming and cutting trees along the fairways should be purchased, leased, or rented to accomplish the task.
4. Staffing for each course needs to be reevaluated based on current business volume and activity level. Particularly, there needs to be a trained back-up for the Finance/Accounting Technician at the Bull Creek Location.
5. Bull Creek Facilities should be evaluated during the Strategic Planning Session for prioritization and synchronization of upgrades or replacements.
6. The Oxbow Creek Course should be evaluated by a golf architect to determine the feasibility and cost of adding the nine additional holes to complete the course.
7. The deteriorating bridge on the cart path at Oxbow Creek needs to be repaired or replaced.
8. A proposal for Youth Golf Training should be obtained by the Crime Prevention Director to expand the program to disadvantaged and troubled youth that could qualify for Crime Prevention Funding.
9. A new contract should be prepared and executed with Fore Kids for the lease of the Godwin Creek Course and continued Youth Golf Training.
10. The inventory of golf clubs, golf bags and apparel at the Oxbow Creek location needs to be increased to provide greater selection.
11. During the audit, finance processes and scheduling for the timely completion of duties was reengineered to provide for timely reporting of financial transactions and the deposit of cash receipts. This process should be continued for improved accuracy of financial reporting and vendor relations.
12. Obtain authorization from the City's Finance Director to establish a checking account to be used for large purchases that must be paid at time of delivery.
13. Take the necessary steps to ensure continued profitability at each golf course, so that financial self-sustainability is achieved and continues indefinitely. Develop and adopt a fee structure that not only covers current operating expenses, but also provides funding for capital equipment and facility replacements.

14. Adjust compensation as necessary to retain all critical employees and management.
15. Create an Employee Continuity Plan to ensure properly trained back-up exists for all critical positions.
16. Prepare an accrual entry at the end of each month for the finance department's accounting division to entered dated for the closing month and to be reversed on the first day of the new month.

AUDITEE RESPONSE

Mr. Jim Arendt, Golf Director for the Columbus Golf Authority, responded with his concurrence to the findings and recommendations emanating from the audit. His letter is attached as Exhibit B.

John D. Redmond, CIA, CMA
Internal Auditor & Compliance
Officer

Date

EXHIBIT A

**Columbus Golf Authority
Financials - Revenues
FY2018-FY2021**

<i>Revenues</i>	Bull Creek				Oxbow Creek			
	Actual FY2018	Actual FY2019	Actual FY2020	Projected FY2021	Actual FY2018	Actual FY2019	Actual FY2020	Projected FY2021
4541 Golf Course Handicap Fees	\$ 585	\$ 550	\$ 854	\$ 636	\$ -	\$ -	\$ 9	\$ -
4542 Operations - Golf Courses	822,588	819,384	928,302	1,300,000	198,145	223,758	199,930	376,822
4543 Golf Range Fees	27,586	29,141	26,885	75,000	20,800	22,082	19,534	38,300
4544 Snack Baar - Golf Course	109,790	117,391	85,879	110,500	18,670	22,513	19,348	32,511
4582 Sale of Merchandise	115,710	98,775	72,947	160,000	9,051	10,241	10,005	25,358
4681 Fee Based Program Fees	-	-	755	6,975	-	-	-	-
4802 Donations	-	-	5,000	1,500	-	-	-	-
4826 Special Event Permits	-	-	-	-	-	-	-	4,000
4832 Special Event Sponsors	-	-	-	3,600	-	-	-	-
4837 Miscellaneous	-	303	5,996	-	18	-	46	480
4840 Rebates	-	-	200	10,847	-	-	-	250
4842 Vendor's Compensation- Sales Tax	1,341	1,318	1,240	1,200	569	660	563	980
4851 Damage to City Property	-	4,600	-	1,432	-	-	-	-
4878 Rental/Lease Income	5,329	145,173	36,758	-	-	-	-	-
4931 Transfer In -General Fund	42,232	21,000	105,384	222,431	121,843	-	117,006	20,275
Total Revenues	\$ 1,125,161	\$ 1,237,635	\$ 1,270,200	\$ 1,894,121	\$ 369,096	\$ 279,254	\$ 366,441	\$ 498,976
Expenses								
Allocated Costs								
6810 Cost Allocation Services	\$ 30,992	\$ 36,745	\$ 18,185	\$ 29,940	\$ 11,336	\$ 13,594	\$ 10,976	\$ 10,036
6843 Allocated Workers Comp Costs	2,514	26,418	25,410	23,439	13,577	11,888	12,036	11,200
Total Allocated Costs	\$ 33,506	\$ 63,163	\$ 43,595	\$ 53,379	\$ 24,913	\$ 25,482	\$ 23,012	\$ 21,236
Golf Course Maintenance								
6105 Salaries - General Government	\$ 130,071	\$ 115,180	\$ 124,312	\$ 118,500	\$ 2,222	\$ -	\$ -	\$ -
8110 Wages	140,742	139,481	137,036	154,000	60,813	63,820	60,759	72,000
6115 Overtime Pay	15,686	10,234	7,051	9,700	1,351	3,288	2,331	4,500
6170 Sick Leave-GG	136	-	1,254	1,016	-	1,690	4,181	1,034
6172 Vacation Leave - GG	523	15,834	14,443	14,656	309	5,823	4,219	3,300
6174 Other Leave - GG	-	3,747	5,703	7,910	-	2,263	2,947	3,190
6176 Sick Leave - Covid 19	-	-	716	-	-	5,464	-	-
6177 Pandemic Hazard Duty Leave-GG	-	-	-	914	-	-	-	-

6205 FICA Contributions	20,201	21,341	20,834	22,319	4,330	5,261	4,975	6,000
6210 Employer Retirement Contr - GG	21,861	29,717	23,562	24,725	5,036	4,599	5,709	6,600
6220 Group Health Insurance	41,300	40,600	40,775	32,954	11,800	11,600	11,550	11,000
6225 Group Life Insurance	889	1,098	973	1,346	233	304	231	300
6226 Unused Annual Leave	(14,400)	-	-	-	-	-	-	-
6235 Unused Sick Leave	2,675	2,489	2,854	2,902	463	386	212	-
6236 Unused Annual Leave	(14,400)	-	-	-	-	(4,096)	-	-
6519 Miscellaneous Equipment Maintenance	\$ 1,828	\$ 4,003	\$ 1,995	\$ 4,202	\$ 2,881	\$ 222	\$ 125	\$ 3,000
6521 Building Maintenance & Repair	392	271	4,213	5,144	423	96	960	650
6543 Equipment Rental/Lease	120,766	107,482	119,964	130,100	625	38,806	38,528	27,000
6577 Parks Maintenance	16,829	21,596	27,306	29,700	-	4,118	2,500	1,600
6601 Education and Training	-	-	-	205	150	-	69	-
6621 Telephone	3,717	3,850	4,306	3,945	780	537	(4)	-
6625 Postage	-	-	60	-	-	-	-	-
6641 Travel, Schools & Conferences	-	-	39	75	-	-	154	-
6657 Membership Dues and Fees	860	860	1,040	400	-	-	-	-
6673 State Inmate Wages	10,364	11,430	11,760	10,700	2,529	3,783	4,347	4,600
6721 Auto Parts and Supplies	37,607	50,423	56,455	50,000	9,775	7,039	13,482	13,300
6727 Horticulture /Landscaping Supplies	53,437	63,238	50,964	75,000	9,350	3,476	11,263	4,200
6728 Operating Materials	31,155	27,792	61,015	47,500	9,565	6,673	7,259	8,000
6730 Covid-19 Supplies	-	-	360	-	-	-	80	7,060
6743 Electricity	26,946	27,478	38,324	39,000	10,370	10,008	8,951	10,372
6746 Motor Fuel	31,232	37,183	24,764	25,000	7,604	10,670	5,211	7,260
7661 General Construction	-	-	12,768	-	-	-	-	-
7715 Machinery	-	11,132	-	-	-	-	-	-
7725 Off Road Equipment	-	2,450	-	-	-	-	-	-
7751 Computer Equipment	1,184	-	-	42,000	-	-	-	17,196
Total - Golf Course Maintenance	\$ 681,601	748,909	794,846	853,913	\$ 140,609	\$ 185,830	\$ 190,039	\$ 212,162

Administrative, Food Service & Pro Shop

6105 Salaries - General Government	\$ 179,004	\$ 94,323	\$ 165,889	\$ 164,000	\$ 72,463	\$ 51,716	\$ 72,064	\$ 76,880
6110 Wages	31,785	22,993	21,048	19,000	18,443	17,461	9,922	17,600
6115 Overtime Pay	578	184	431	114	-	-	297	3,250
6170 Sick Leave - GG	-	664	1,034	452	-	103	258	112
6172 Vacation Leave - GG	-	1,485	1,457	-	-	322	364	-
6174 Other Leave - GG	-	392	65	85	-	384	580	722
6176	-	-	-	-	-	-	-	828
6205 Fica Contributiona	13,790	10,150	14,009	13,500	6,343	5,260	5,892	7,485
6210 Employee Retirement Contrib - GG	12,091	9,301	10,909	11,900	6,798	5,690	3,551	6,100
6215 Employee Retirement Contrib - PS	-	-	-	-	-	-	5,591	5,850
6220 Group Health Insurance	21,240	20,880	20,970	8,800	14,160	13,920	9,558	9,080
6225 Group Life Insurance	538	303	507	577	260	220	327	273

6235 Unused Sick Leave	1,812	780	668	576	679	413	606	212
6236 Unused Annual Leave	-	9,032	-	-	-	-	-	-
6268 Other Employee Benefits	-	-	-	-	-	-	-	-
6315 Consulting	-	-	-	-	-	-	-	-
6317 Promotion & Advertising Services	488	-	713	1,800	-	-	35	-
6319 Contractual Services	21,878	66,520	19,852	41,200	8,048	8,547	6,090	11,400
6519 Miscellaneous Equipment Maintenance	651	1,275	709	606	-	222	120	280
6521 Building Maintenance & Repair	770	303	-	1,900	125	96	-	282
6541 Software Expense	-	-	-	185	-	-	-	-
6543 Equipment Rental/Lease	6,715	5,252	3,100	-	475	-	1,125	1,200
6577 Parks Maintenance	-	-	-	-	-	-	119	-
6601 Education & Training	-	-	545	135	-	-	200	-
6621 Telephone	6,357	6,788	6,053	6,600	3,807	2,685	-	-
6622 Mobile Phone	-	-	457	503	-	-	-	-
6625 Postage	99	56	-	-	258	-	-	-
6711 Office Supplies	-	822	2,389	2,100	12	12	312	490
6631 Printing Services	-	425	462	1,615	-	332	82	-
6632 Copier Services	1,699	1,230	1,053	1,265	879	926	781	890
6641 Travel, Schools & Conferences	-	170	3,578	-	-	-	97	-
6643 Local Mileage Reimbursement	-	-	86	2,600	-	-	22	450
6656 Handicap Fees	-	925	600	-	-	-	-	-
6657 Membership Dues and Fees	-	-	581	1,709	-	-	996	1,277
6673 State Inmate Wages	-	-	-	-	-	3,783	-	-
6699 Other Purchased Services	-	1,000	-	152	-	-	-	-
6721 Auto Parts and Supplies	339	-	1,272	2,100	-	3,783	-	55
6727 Horticulture & Landscaping Services	-	-	-	-	-	3,476	-	-
6728 Operating Materials	8,829	6,554	8,606	12,400	3,224	6,976	2,684	3,100
6730 Covid-19 Supplies	-	-	548	1,000	-	-	60	-
6742 Water	2,421	2,540	4,003	3,300	541	489	470	500
6743 Electricity	21,714	21,830	20,532	21,000	8,888	7,881	8,328	5,200
6746 Motor Fuel	-	-	-	-	-	-	-	-
6761 Merchandise for Redistribution	15,641	12,539	78,205	125,000	4,548	2,472	2,854	15,860
6771 Food	83,768	77,297	64,943	70,000	11,386	14,144	11,271	15,000
7763 Capital Expenditures Uner \$5,000	-	-	-	5,200	-	-	-	-
7764 Covid-19 Equipmewnt	-	-	1,650	216,000	-	-	-	4,000
Totals- Admin, Pro Shop & Food	\$ 432,207	205,526	217,574	295,370	161,337	151,313	144,656	184,376
Net Operating Profit/(Loss)	(22,153)	220,037	214,185	691,459	42,237	(83,371)	8,734	17,196
9011 Depreciation Expense	\$ 12,750	\$ 12,750	\$ 12,767	\$ 12,767	\$ 2,940	\$ 2,940	\$ 2,944	\$ 2,944
9011 Depreciation Expense	809	8,172	12,626	12,625	1,716	1,720	1,723	1,723
9011 Depreciation Expense	208,214	208,214	208,501	208,501	61,733	61,733	61,818	61,818

9011 Depreciation Expense	4,600	4,600	4,606	4,606	-	-	-	-
Totals - Depreciation	\$ 226,373	233,736	238,500	238,499	66,389	66,393	66,485	66,485
Total - All Expenses	\$ 1,373,687	\$ 1,251,334	\$ 1,294,515	\$ 1,441,161	\$ 393,248	\$ 429,018	\$ 424,192	\$ 484,259
Profit or (Loss)	(248,526)	(13,699)	(24,315)	452,960	(24,152)	(149,764)	(57,751)	14,717

Internal Audit of Columbus Golf Authority

Presented by: John D. Redmond, CIA, CMA Internal Auditor/Compliance Officer

Donna B. McGinnis, CPA, CFE Forensic Auditor

June 22, 2021

Audit Authorization

- ▶ The audit was authorized by City Council on September 22, 2020

Audit Process

- ▶ Authorization of Audit
- ▶ Development of Audit Program
- ▶ Entrance Conference With Auditee
- ▶ Conduct of Fieldwork

Audit Process (Continued)

- ▶ Preparation of Draft Audit Report
- ▶ Exit Conference with Auditee
- ▶ Auditee Response
- ▶ Preparation of Final Audit Report
- ▶ Presentation to City Council

Audit Scope

- ▶ Organizational Structure of the Columbus Golf Authority
- ▶ Golf Authority Governance
- ▶ Operations
- ▶ Inventory and Assessment of Vehicles, Capital Equipment, & Facilities
- ▶ Financial Position

Audit Scope (Continued)

- ▶ Employee Verification & Position Description Review
- ▶ Administrative and Financial Operations
- ▶ Business Continuity Plan & Employee Succession Plan
- ▶ Strategic Planning Exercise
- ▶ Development of a Strategic Plan

Audit Activity and Observations

- ▶ Tour of Golf Courses & Facilities
- ▶ Bull Creek Facility consists of 2, 18-Hole Courses situated on about 500 Acres of Watershed Property, adjacent to Lynch Road, north of Macon Road, projected for 46,000+ 18-Hole rounds in FY2021
- ▶ Built in the early 1970's and opened in 1972
- ▶ Heavily wooded property, with watershed lakes interspersed to detain water from flowing directly into Bull Creek and flooding areas to the south as it flows toward the Chattahoochee River

Photos from Bull Creek



36 Year Old
Tractor



36 Year Old Tractors

Photos from Bull Creek



29 year old truck
22 year old Jeeps



91 Truck

Photos from Bull Creek



22 year old
greens mower

Audit Activity and Observations

- ▶ As trees have matured, many are encroached on the Golf Course and need trimming or removal
- ▶ There is considerable silt build-up in the detention ponds and lakes
- ▶ The silt build-up reduces the capacity of the detention ponds and sometimes causes flooding of the courses in times of heavy rainfall in a short period of time
- ▶ The detention ponds and lakes provide a ready source of water for course irrigation

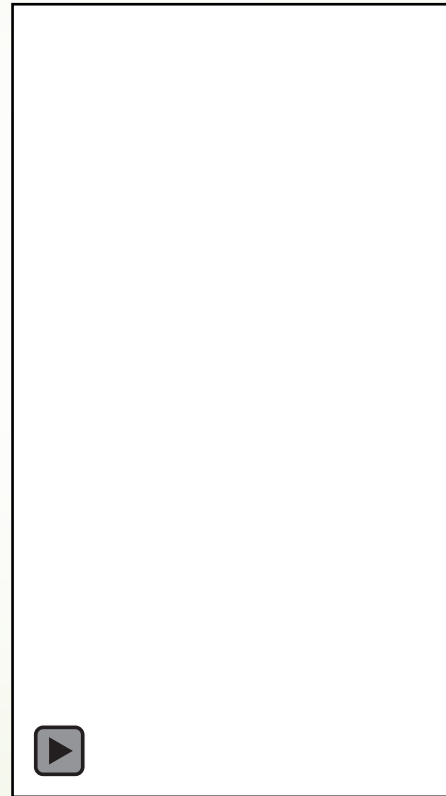
Audit Activity and Observations

- ▶ Oxbow Creek Facility
- ▶ Located on South Lumpkin Road in South Columbus
- ▶ Newer Brick Clubhouse and Course
- ▶ Designed for 18 holes , but only 9 constructed

Audit Activity and Observations

- ▶ Quickly and inexpensively constructed, some upgrades needed
- ▶ Rapidly failing bridge adjacent to Hole #2 Tee Box
- ▶ More rounds of golf in FY2021, projected for 25,000+ 9-hole rounds
- ▶ Sorely needing the additional 9 holes to accommodate its growing number of participants

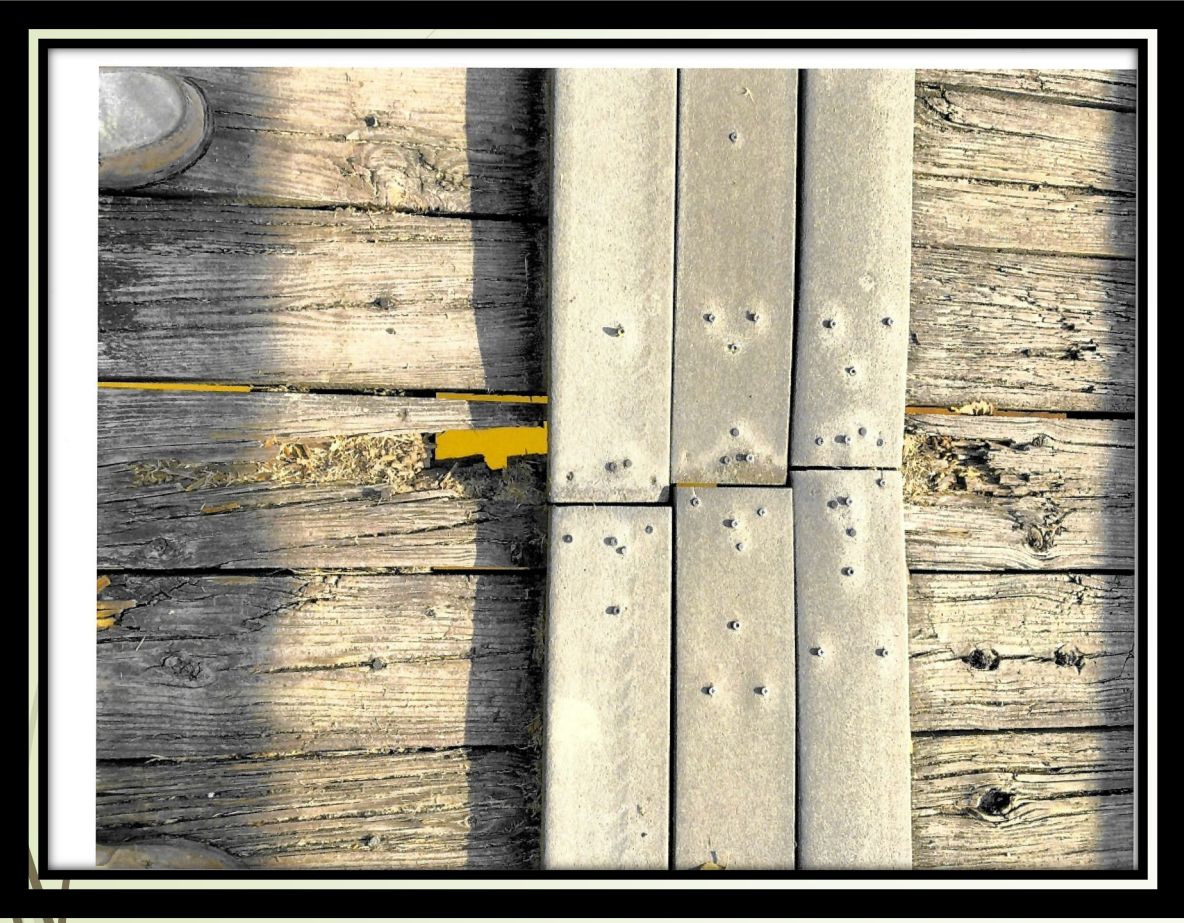
Oxbow Creek-Videos of Failing Bridge



Photos from Oxbow Creek



Photos from Oxbow Creek



22 year old vehicles

Photos from Oxbow Creek



Photo from Oxbow Creek



Rotting Bridge

Audit Activity and Observations

- ▶ Godwin Creek Course, located in City Village in Northwest Columbus
- ▶ A golf-teaching facility (Fore Kids) leased and operated by Richard & Stephanie Callahan, focused on teaching children and youth to play golf
- ▶ A 9-hole short course, a respite tucked away in the city amidst Industrial and Commercial enterprises
- ▶ A developmental facility, creating a new supply of young golfers to learn the game, building their confidence and self esteem, and refilling the courses for years to come

Audit Activity and Observations

- ▶ Could this program serve as an avenue to prevent crime and teach at-risk youth a new way to develop skills that could enable a scholarship opportunity to provide higher education opportunities?
- ▶ It could, with a Crime Prevention Grant to provide transportation and scholarship to cover program costs for at-risk and underprivileged youth

Audit Activity and Observations

- ▶ FY2021 reflects the highest number of rounds of golf ever played at the Bull Creek and Oxbow Creek Courses in their respective histories
- ▶ FY2021 has been a difficult year to maintain staff and a labor pool to maintain and operate the courses
- ▶ Both courses are supplemented with prison labor that learn valuable skills that are in high demand when they return to civilian life. Several have been offered and accepted high-paying jobs after learning to maintain and care for golf courses after serving their time

Audit Activity and Observations

- ▶ Most of the equipment; tractors, mowers, vehicles and small tools are well beyond their useful lives, and require considerable parts and maintenance to keep them operational
- ▶ Fees at Bull Creek and Oxbow Creek are well below those of other comparable facilities in the Columbus Area; these need to be increased to generate additional income to make the courses and the authority self-sufficient, including operating expenses, and reserves for equipment replacement, facility expansion, upgrades and replacement
- ▶ Reserve accounts should be funded with surpluses from operations, for capital equipment purchases and replacements

Audit Activities and Observations

- ▶ Staffing needs to be increased at Bull Creek and Oxbow Creek courses to perform course maintenance and resolve issues with tree encroachments, clearing underbrush and removing silt from the lakes and ponds
- ▶ The Finance Operation consists of one, full-time Financial Technician, that handles financial, human resources, payroll entry, and membership tasks for both facilities. This function was previously supported with a second position, to maintain currency of the workload and provide back-up in cases of scheduled or unscheduled absences. This area was critically behind and required process re-engineering and temporary assistance to bring it to a current state
- ▶ Most of the issues were attributable to inadequate training, understaffing and frequent turnover

Audit Findings

- ▶ Nearly all assets in use, are far beyond their useful lives
- ▶ Specialized equipment is needed for trimming or removing trees encroaching on the fairways and silt removal
- ▶ Several areas of operations are understaffed at each location
- ▶ Parking, cart storage, pavilion and a starter house are inadequate or lacking, at the Bull Creek Facility

Audit Findings (Continued)

- ▶ The Oxbow Creek Course only has 9 holes of the 18 holes planned, the remaining holes need to be completed
- ▶ The Creek Bridge at the Oxbow Creek Course adjacent to the Number 2 Tee Box is closed for repair or replacement
- ▶ The Youth Golf Training Program should be expanded to include youth from disadvantaged and crime-ridden areas of the community to improve opportunities for these youth and to reduce crime

Audit Findings (Continued)

- ▶ The lease of the Godwin Creek Facility to Fore Kids has expired and should be renewed
- ▶ Additional inventory is needed at the Oxbow Creek Pro Shop to enhance sales opportunities and profitability
- ▶ The workload of the Financial Technician was behind in vendor payments, frequency of deposits, reporting cash receipts and issuance of membership cards, leading to inaccuracy of financial reports by month and member complaints

Audit Findings (Continued)

- ▶ The Golf Authority needs a checking account for payment of vendors requiring payment at time of delivery, which causes the necessity for maintaining large sums of money to purchase money orders of delivery day as the vendor does not accept cash nor permit open accounts
- ▶ The Authority needs to establish a continuity of profitability such that ongoing financial subsidies are no longer needed
- ▶ Fee Structures need to be compared to competition and adjusted to generate adequate revenue to not only cover operating expenses but capital equipment replacement and contingencies

Audit Findings (Continued)

- ▶ Compensation levels for all employees and management need to be reviewed, at least annually, to ensure that it is competitive to retain high quality, experienced employees and management
- ▶ All positions need review to determine those most critical to organizational success and ensure that back-ups are adequately trained to fill critical vacancies
- ▶ Accounting accrual entries should be made at the end of each month to include all revenues that deposited at the beginning of the following month, and reversed at the beginning of the new month

Audit Findings (Continued)

- ▶ The Golf Membership Management Program is contained in Lotus Notes, a platform that we were previously told the City was discontinuing

Audit Recommendations

- ▶ A Capital Equipment Replacement Schedule should be prepared to determine funding requirement, by year, required to fund replacement purchases and its impact of the fee structure
- ▶ Discarded and non-operating assets should be retired and sent to auction or disposal
- ▶ Specialized equipment for trimming and cutting trees along the courses should be purchased, leased, or rented to accomplish the task

Audit Recommendations (Continued)

- ▶ Staffing for each facility needs to be reevaluated based on current business volume and activity level
- ▶ A trained, back-up for the Financial Technician needs to be identified or hired/contracted
- ▶ Bull Creek Facilities should be evaluated during the Strategic Planning Session for prioritization and synchronization of upgrades or replacements
- ▶ The Oxbow Creek Course should be evaluated by a Golf Architect to determine the feasibility and cost of constructing the additional 9 holes

Audit Recommendations (Continued)

- ▶ The deteriorating bridge on the cart path at Oxbow Creek needs to be repaired or replaced
- ▶ A proposal for Youth Golf Training should be obtained by the Crime Prevention Director to expand the program to disadvantaged and troubled youth, that could be qualify for Crime Prevention Funding
- ▶ A new contract should be prepared and executed with Fore Kids for the lease of the Godwin Creek Facility and continued Youth Golf Training.

Audit Recommendations (Continued)

- ▶ The inventory of golf clubs, golf bags, apparel and golfing supplies at the Oxbow Creek location needs to be increased to provide greater selection and sales opportunities
- ▶ Accounting and Finance processes and scheduling for the timely completion of duties was reengineered to provide timely reporting and deposit of funds; this process should be continued for improved accuracy of financial reporting and vendor relations
- ▶ Obtain authorization from the City's Finance Director for a checking account to pay for purchases that must be made at the time of delivery

Audit Recommendations (Continued)

- ▶ Take steps to ensure continued profitability at each golf course so that financial self-sustainability is achieved and continues indefinitely; develop and adopt a fee structure that not only covers current operating expenses, but also provides funding for capital equipment and facility replacements
- ▶ Adjust compensation as necessary to retain all critical employees and management
- ▶ Create an Employee Continuity Plan to ensure properly trained back-up exists for all critical positions

Audit Recommendations (Continued)

- ▶ Prepare accounting accrual entries at the end of each month for the Finance Department's Accounting Division to enter to ensure periodicity of revenues and expenses, that are then reversed at the beginning of the following month
- ▶ Develop or acquire a membership management system on a platform other than Lotus Notes as the City moves away from that software

Auditee Response

- ▶ Jim Arendt, Golf Director, responded his agreement with the audit findings and recommendations and thanked the auditors for their efforts to assist the golf courses and the Golf Authority to reach its maximum potential

Questions

- ▶ Are there any questions from City Council or Executive Management regarding this report?