



Town of Guilderland Golf Course Collections

Report of Examination

Period Covered:

January 1, 2015 – October 31, 2016

2017M-22



Thomas P. DiNapoli

Table of Contents

	Page
AUTHORITY LETTER	1
INTRODUCTION	2
Background	2
Objective	2
Scope and Methodology	2
Comments of Local Officials and Corrective Action	3
GOLF COURSE COLLECTIONS	4
Greens Fees and Cart Rentals	4
Driving Range Fees	5
Recommendation	6
APPENDIX A Response From Local Officials	7
APPENDIX B Audit Methodology and Standards	9
APPENDIX C How to Obtain Additional Copies of the Report	10
APPENDIX D Local Regional Office Listing	11

State of New York Office of the State Comptroller

Division of Local Government and School Accountability

March 2017

Dear Town Officials:

A top priority of the Office of the State Comptroller is to help local government officials manage government resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations and Town Board governance. Audits also can identify strategies to reduce costs and to strengthen controls intended to safeguard local government assets.

Following is a report of our audit of the Town of Guilderland, entitled Golf Course Collections. This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law.

This audit's results and recommendation are resources for local government officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller
Division of Local Government
and School Accountability*

Introduction

Background

The Town of Guilderland (Town), located in Albany County, encompasses 59 square miles and has a population of approximately 35,300. The Town is governed by an elected five-member Town Board (Board), which is composed of the Town Supervisor (Supervisor) and four Board members. The Supervisor serves as chief executive officer and chief fiscal officer. The Board is responsible for establishing policies and procedures governing Town operations. The Town Comptroller (Comptroller) is responsible for receiving, disbursing and maintaining custody of Town moneys, maintaining accounting records and providing financial reports to the Board.

The Town provides services for its residents including police protection, highway maintenance, water, sewer and general government support. The Town also owns a golf course that is administered by the Town's Parks and Recreation Department. The Director of Golf (Director) oversees the day-to-day operations of the golf course.

Golf course revenues include annual membership dues, greens fees, charges for private or corporate parties and fees for leagues, golf cart rentals and driving range use. Total golf course revenues for 2015 were \$970,000.

Objective

The objective of our audit was to review the processing of collections received at the Town golf course. Our audit addressed the following related question:

- Are collections at the golf course properly accounted for, remitted to the Comptroller and deposited timely and intact?

Scope and Methodology

We examined the collections received at the Town golf course for the period January 1, 2015 through October 31, 2016.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit are included in Appendix B of this report. Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

**Comments of Local Officials
and Corrective Action**

The results of our audit and recommendation have been discussed with Town officials, and their comments, which appear in Appendix A, have been considered in preparing this report. Town officials generally agreed with our recommendation and indicated they planned to initiate corrective action.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and forwarded to our office within 90 days, pursuant to Section 35 of General Municipal Law. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. We encourage the Board to make this plan available for public review in the Clerk's office.

Golf Course Collections

The Board and the Director are responsible for safeguarding the golf course's assets. This responsibility includes ensuring collections are accounted for, remitted to the Comptroller and deposited timely and intact. The Board and Director should establish procedures to ensure that there is accountability for all collections received at the golf course. The procedures should ensure that all collections are properly recorded in the point of sale (POS) system¹ used at the golf course and collections and supporting documentation are remitted in a timely manner to the Comptroller to be deposited and recorded in the accounting records.

The Director has established various fees for the different rounds of golf and cart rentals, including specials² and leagues. The Town leases the driving range to the Director. The Director operates the driving range and the Town receives a portion of the fees. In addition, the Director operates the pro shop and the Town does not receive a portion of pro shop sales.³ The Parks and Recreation Department receives annual membership applications and fees by mail and provides a list of membership payments to the Director.

Collections at the golf course were properly accounted for and deposited timely and intact. However, driving range fees were not remitted to the Comptroller's office timely. No one independent of the Director reconciled the daily sales logs to his annual report of driving range fees. Furthermore, the Director did not provide the Comptroller's office with documentation (i.e., daily sales logs) to support his annual report of driving range fees. Golf course employees receive payments⁴ for greens fees (including leagues and outings), cart and driving range fees and merchandise.⁵

Greens Fees and Cart Rentals

Individuals without memberships may use the golf course for a specified rate (greens fees) and rent carts at the golf course. Golf course employees use a POS system to record the daily golf course sales.⁶ At the end of the day, the Director or golf pro counts the cash collected

¹ A computer system that records transactions at the time they occur

² Specials include combination deals for multiple greens fees with a cart.

³ The Director's contract with the Town requires him to pay the Town \$200 per month for seven months for the rights to operate the pro shop.

⁴ The golf course accepts cash, checks and credit cards as forms of payment.

⁵ Collections for sales of merchandise are not remitted to the Town. The Director is entitled to these sales according to the provisions in his contract with the Town.

⁶ Daily golf course sales consist of greens fees, cart rentals, league fees and golf parties.

and compares it to a sales report from the POS system. Next, the Director prepares a daily cash transmittal sheet and remits the sheet and the corresponding greens fees and course-related collections to the Comptroller's office. The Comptroller's office provides a receipt for the amount of the collections remitted, which the Director initials and attaches to his copy of the transmittal sheet. The Comptroller's office staff records the collections in the accounting records and deposits them into the Town's bank account between one and four days after being received from the Director.

We reviewed 40 days of collections totaling approximately \$173,000.⁷ We found all collections were remitted to the Comptroller's office, accurately accounted for and deposited timely and intact by clerks in the Comptroller's office.

Driving Range Fees

The Director is responsible for operating the driving range and, according to his contract with the Town, must remit 7.5 percent of gross annual receipts derived from the driving range to the Town. Golfers can purchase a small bucket of golf balls for \$5 and a large bucket for \$8 from the pro shop. Pro shop employees maintain a log detailing the quantity of buckets sold. The Director deposits the collections from sales into a dedicated account throughout the season and he keeps the daily driving range sales logs. At the end of each golf season, the Director prepares an annual report detailing collections for driving range sales and submits it to the Comptroller along with a payment for the Town's portion of the collections.

Driving range sales totaled \$44,000 in 2015 and \$36,000 in 2016. Pursuant to his agreement with the Town, the Director paid the Town \$3,300 in 2015 and \$2,700 in 2016 for the range fees at the end of the golf season. The Comptroller receives a copy of the annual report but not the daily sales logs. Therefore, no reconciliation is performed from the daily sales logs to the annual report to ensure the report is accurate and to verify that the Director remits the correct amount to the Comptroller. Without routine and timely fee remittances and a reconciliation between the daily sales logs and the annual report, there is a risk that errors could occur and go undetected with the accounting for driving range fees. As a result, the Town may not receive the correct amount of revenue for driving range fees.

We reviewed the driving range fees collected and reported to the Comptroller for 2015 and 2016 to ensure that the Director paid the correct amounts to the Town. We found that the Director paid the correct amounts to the Town for both years and the annual

⁷ This amount includes collections for memberships, greens fees, cart rentals, leagues and outings.

remittances of driving range fees were deposited timely and intact by the Comptroller.

Recommendation

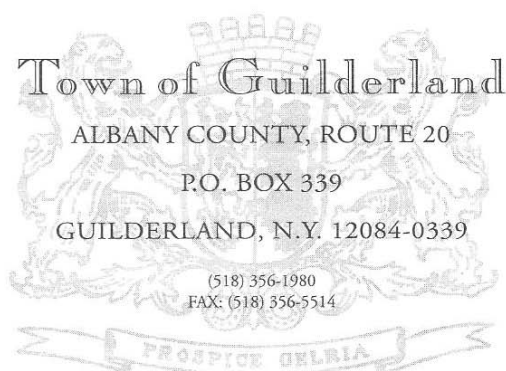
1. The Director should remit driving range fees to the Comptroller's office on a timelier basis (e.g., weekly or monthly) and include the daily sales logs with the annual report so that a reconciliation can be performed between the two records.

APPENDIX A

RESPONSE FROM LOCAL OFFICIALS

The local officials' response to this audit can be found on the following page.

PETER G. BARBER
SUPERVISOR



March 24, 2017

Via muni-glensfalls@osc.state.ny.us and first-class mail

[REDACTED]
Division of Local Government and School Accountability
Office of the State Comptroller
110 State Street
Albany, New York 12236

Re: Town of Guilderland, Golf Course Collections, 2017M-22

Dear [REDACTED]

The Town of Guilderland acknowledges receipt of the Office of the State Comptroller's draft Report of Examination of the Town's Golf Course Collections for the period January 1, 2015 to October 31, 2016. We thank the Comptroller's staff for conducting this audit and the opportunity to improve the Town's oversight of golf course operations. In particular, we note the professionalism of [REDACTED]

We have reviewed the report and the finding that "all collections [for greens fees and cart rentals] were remitted to the Comptroller's office, accurately accounted for, and deposited timely and intact by clerks in the Comptroller's office." The report found that "the Director paid the correct amounts [for driving range fees] to the Town for both years and the annual remittances of driving range fees were deposited timely and intact by the Comptroller." The Town will implement the proposed recommendation by requiring the Director to remit driving range fees on a bi-weekly basis to the Comptroller's office and provide daily sales logs with his annual report.

Very truly yours,

Peter G. Barber
Town Supervisor

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

To achieve our audit objective and obtain valid evidence, we performed the following procedures:

- We interviewed Town and golf course officials to determine the procedures in place for recording, depositing and reporting each type of revenue collected at the golf course.
- We judgmentally selected 40 days of cash collections at the golf course based on date and amount and compared transaction reports to deposits to determine if deposits were made intact and in a timely manner.
- We reviewed driving range fee reports, recalculated the amount the Director paid the Town and traced the payment to the bank deposit to determine it was deposited in a timely manner.

We conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

APPENDIX C

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