



City of Greensboro

Date: February 10, 2003
To: Ed Kitchen, City Manager
From: Internal Audit
Subject: Operating Departments' Declines in Revenue

Internal Audit performed an analysis of revenue accounts in the operating departments to ensure that the departments were aware of reductions in revenues and the reasons for those reductions. Individual departments reviewed the analysis and submitted a response to Internal Audit of the highlighted areas where the revenues had been reduced over 10%.

We received quite a bit of positive feedback from many departments and found this analysis to be a valuable tool for the departments and for Internal Audit in focusing on areas that need further attention. We will audit the cash collection procedures in various locations to ensure that deposits are made in accordance with established internal controls and in a timely manner. We will also audit the following programs for compliance with City policies, procedures and contract provisions:

- Police-911 Phone Surcharges
- Parks & Recreation- Bur Mil Operations
- Parks & Recreation-Mowing State Right of Way Reimbursement

The following narrative will be a summary of each department, our findings, and conclusions based on the responses we received.

PARKS & RECREATION:

P & R summary included decreases in catering services, concessions, vending machines, alcoholic beverage concessions at Bryant Enrichment Center, Bur-Mil reimbursement, Mowing Services for the State Highway Department, reductions in fees for fishing, hunting and boating, advertising discounts, and rental of facilities and equipment at most of the parks. The reasons given in most cases were drought, poor economy, reduced registration and reduction in programs due to budgetary constraints. Vending machine revenue reductions were attributed to a change in contractor to achieve an acceptable level of customer service. At Bryan Park the elimination of summer camps also impacted registration fees from non-residents, and much of the golfing revenues went to a newly hired professional. Shelter reservations revenues were down across the department. The department reports that there was/is an apparent difference between what the city's caterer Signature Catering is delivering and what they promised Parks and Recreation as to revenues. Regarding Mowing Services revenues, responsible Parks & Recreation personnel indicate that departmental efforts do not vary from year to year and that right of way for state roads remains the same, they do not know why revenues for mowing right of way changes from

year to year. They cite their reimbursement coming through the Greensboro Department of Transportation as the reason for the variance.

In our review of Parks and Recreation, we noted that most of the areas provided no statistical data or performance indicators to support their responses. We recommend that all areas maintain attendance and facility closure logs to serve as tools for comparability of revenues generated from year to year.

FINANCE DEPARTMENT:

Privilege licenses revenues were down due to no longer having staff for proactive fieldwork, and reduction in penalties rates and length of time for which penalties could be required for penalties. These were given as reasons as well as a cited decline in the Piedmont Triad economy.

ENVIRONMENTAL SERVICES/SOLID WASTE MANAGEMENT:

Decreases in real estate/ rental properties revenues of 34% in 2002 were attributed to their ending leases on rental properties at the White Street Landfill properties. The leases were concluded because of legal questions surrounding these properties and the department indicates that the decreases will continue since the removal of most of these structures was contemplated. Private competition was cited as the reason for fluctuations in the waste disposal incomes for fiscal 2001 and 2002.

TRANSPORTATION/ PARKING FACILITIES:

We did not question the van rental decrease because the program was moved from the City to Winston-Salem per the 2000 replies. Traffic signals electronic maintenance, and Signals and markings revenue is provided when the Transportation Department performs maintenance on these items. Since most of the maintenance is not routine, the revenue stream varies from year to year. The department plans to use its Work Management System to more accurately predict such revenue streams.

The Parking Division prepared a documented and detailed analysis for their decreases. The Church Street parking lot and the Bellemeade Street lots show decreases in part due to several businesses moving out of the area, and the elimination of an exit fee at the Bellemeade lot for after hour's parkers. The Parking Meter Enterprise Fund suffered due to decreases of monthly customers renting spaces, and the Park card revenues reduction is attributed to opening of a new substation at Maple and Fourth Street taking away customers who were mostly police officers.

FIRE DEPARTMENT:

The fire department prepared a well-documented response for their decreases. Foster Home Facility permits decreased 10.29% due to inspection requirements being relaxed to a two-year cycle, and miscellaneous permits dropped due to decreases of 24% of construction related plan reviews. The drop in Hazardous Materials Fees was not supported by a similar reduction in hazardous material responses, and the department stated they would look more closely at the enforcing of the ordinance and assessing fees as appropriate.

ENGINEERING & INSPECTIONS:

Decreases in this department's revenue for plan reviews in 2001 was linked with the decrease in the number of projects requiring such plan review and the downturn in the economy.

POLICE DEPARTMENT:

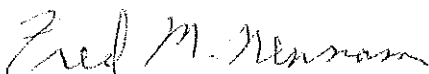
The decreases in false alarms revenue is apparently due to newer user friendly alarm systems resulting in fewer overall false alarms, and a significant percentage increase in accounts that only

reached the warning stage, but did not require billing. The decreases in 911 wireless revenues was attributed to a BellSouth charge to "true up" maintenance charges to all PSAPS to upgrade service, and Guilford County's upgrade of its telephone system.

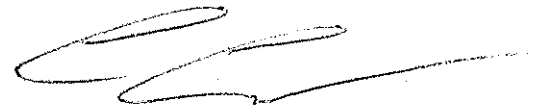
WAR MEMORIAL COLISEUM:

The Coliseum cited reductions in number of performances causing an attendance decrease of 19.4% as the reasons for decreases in revenues for event parking, concessions, catering, and group sales. For novelty sales they cite the reduction of concerts from 47 to 34 and reduction of attendance by 39% for the 54% decrease in novelty sales. Sponsorships, catering and seat leasing categories also decreased from the loss of the Hurricanes Hockey, and not having a major sporting event at the coliseum in 2002. We reviewed catering when we did a recent review of the Coliseum and they were not properly determining cost of events at that time which may cause a portion of the catering decrease as revenues may be affected by too much cost apportioned to the events catered.

The efforts of the individual departments to respond to this analysis were greatly appreciated. We recommend that the departments continue to be alert to reductions in their revenues and use this tool and other means as an aid in quickly identifying prospective problems. If you have any questions regarding this analysis or if there is an area you would like for us to add to our work plan, please let us know. We can be reached at 373-2230.



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