



**FULTON COUNTY**

**FULTON COUNTY, GEORGIA**

**OFFICE OF INTERNAL AUDIT**

**FULTON COUNTY DEPARTMENT OF PARKS AND RECREATION  
REVIEW OF SOUTH FULTON TENNIS CENTER**

**September 13, 2010**

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## **Introduction**

At the request of the Department of Parks and Recreation we reviewed the financial reporting system of the Operator of the South Fulton Tennis Center and its related operations at the center. The South Fulton Tennis Center is located at 5645 Mason Road in College Park, Georgia. Presently the center is leased by Donald Young Tennis Plex, LLC. Mr. Young started operations in 2007 after the Center had been closed for six months. The primary activity at the South Fulton Tennis Center is after school care and summer camps for elementary and middle school age children. The programs feature tennis instruction during the school year, Summer Camp, and provide afternoon computer session.

## **Objective**

The objective of our review was to determine if the operator of the South Fulton Tennis Center complied with the terms of the contract with Fulton County and remitted all of the monies due to Fulton County.

## **Scope**

The Scope period covers the 2008 calendar year through July 1, 2010.

## **Methodology**

The QuickBooks accounting records were compared with the daily reports of revenue prepared by the facility personnel. Additionally the QuickBooks monthly ledgers were reconciled to the banking and credit card activity.

The Atlanta Lawn Tennis Association, (ALTA) monthly schedule of team matches was obtained from the headquarters in Sandy Springs. Revenues were recomputed based on the information provided and compared to the bank deposits and the ALTA fees reported.

## **Background**

The South Fulton Tennis Center is located in Fulton County's Commission District 7. The facility has 24 courts, a two tier club house, and a pro shop. There is an adjoining baseball/softball field and a newly constructed dog walking park. The programs that are offered at the Center consist of group instruction and drills aimed at junior development. CRCT prep training is offered along with homework assistance. Instruction and drills are also available for high school/college students, adults, and the courts are available for touring pros.

## **Findings and Recommendations**

### **Finding-1 Records not provided**

According to the contract between Fulton County and Donald Young Tennis Plex, LLC, the “operator shall maintain on file for review and /or audit by the county and possible submission” the records listed in Section 15, subsection C of the contract. Per Section 15 of the contract the corporate financial and personal tax returns are to be submitted annually. The following records were requested during the audit and were not provided:

- All quarterly reports for the audit period.
- Supporting documentation for an accounting entry made December 2009 for \$109,335.69 classified as “Loan from Officer.
- The 2008 and 2009 bank statements which support bank transfers reported
- Tax returns for Donald Young Tennis Plex.
- December 2009 daily revenue reports.
- Statistical reports for activities conducted at the center.
- Personal tax returns.

The Operator did not provide the requested information because it was either not prepared or maintained in the files. Without the submission of all requested records it was not possible to determine the accuracy of the 2008/2009 records.

### **Recommendation**

The contract requires that the operator submit quarterly reports on participation, financial statistics, and other related activities on a quarterly basis. The Department Parks and Recreation should request that the Operator submit this information timely, evaluate the Operator’s performance, and document all corrective action taken. In addition, we recommend that all documents be maintained as required by the contract.

### **Finding-2 Numerous Accounting Discrepancies**

Section 15 of the contract stipulates that the Operator institute and maintain such system of bookkeeping as may be recommended by the Fulton County Finance Department and Internal Audit Division. This was our initial review of the accounting system used by the Operator and we found several inconsistencies in the record keeping and reporting. Detail entries were posted to the QuickBooks ledger for some months and lump sum entries were made for other months. In 2009 most of the monthly ledger revenue totals were posted via lump sum entries, leaving no identification of the source of revenue. The daily report totals separated into cash or credit card deposits did not reconcile to the QuickBooks ledgers and the bank statement detail. Further testing indicated the daily reports totals were substantially less than the bank records in both credit card and cash collections as noted:

- 2008 – Quickbooks reported \$128,873 more revenues than the bank statement deposits.
- 2008 – Quickbooks reported \$115,385 more than the daily revenue reports
- 2009 – Quickbooks reported \$6,360 less than the daily revenue reports
- 2009 – Quickbooks reported \$103,615 less revenues than the bank statement deposits.
- 2010 – No Quickbooks report entries for \$90,443 bank statement deposits
- 2010 – No Quickbooks report entries for \$47,108 reported by the daily revenue reports.

These inconsistencies exist because reconciliations of the daily revenue reports (source documents) to the bank statements and to Quickbooks ledger balances were not performed. Failure to reconcile accounting records is a major internal control weakness.

### **Recommendation**

We recommend that the QuickBooks ledgers are reconciled to the bank statement at the end of the month and to the daily revenue report on a weekly basis. Periodic review by a qualified accountant should be a requirement.

### **Finding-3 Condition of the tennis courts**

The contract requires the Operator to make surface repairs to the courts and contact the Director of Parks and Recreation if conditions of the facility are in need of major repairs. The contract outlines the Operator's repair obligations in Section 3 – subsection b as follows: "Daily Court maintenance services, including refurbishing with fast dry material, shall include responsibility for removal of unsightly or hazardous debris from all courts; the watering, brushing, rolling of fast dry courts and addition of fast dry material as needed to assure a safe, enjoyable playing surface consistent with industry standards." The contract further states that the Operator shall immediately notify the Director by telephone and confirm by subsequent writing any known or observed deficiencies or deteriorated condition at the Center, which do not fall within the Operator's responsibility for the repair. After an inspection of the 24 courts at the South Fulton Tennis Center, 3 to 4 courts were found to be unusable due to disrepair. Eight of the courts had noticeable cracks and several had water drainage problems caused by large surface distortions. The Operator has not provided repairs to the courts as stipulated in the contract. In addition, the Department of Parks and Recreation neglected to inspect the tennis facilities and ensure that they are in proper operating condition for public use. The effect of not maintaining the tennis facilities in excellent or good quality condition has contributed to the decline in income and to the under utilization of the facilities.

### **Recommendation**

The Department of Parks and Recreation should immediately assign qualified personnel to inspect the South Fulton Tennis Center's courts and determine the total cost of repairs

needed to restore the facility to good operating condition. Furthermore, all surface repairs should be made by the Operator as specified in the contract.

#### **Finding-4 Underpaid fees**

According to the contract between Fulton County and the Operator, the County is to receive ten percent (10%) of total gross revenues to include but not limited to court fees, pro shop sales, lessons, tournaments, concessions, after school, and summer camp fees. A review of the bank deposits was completed for 2009 and 2010. Our review indicated after adjustments from incoming transfers, refunds for disputed charges, and credit card charges, the amount due to Fulton County was underpaid by \$17, 296.31. This underpayment could have been avoided if the perpetual record file was maintained and was periodically reviewed by the Parks and Recreation personnel.

#### **Recommendation**

The amount due to Fulton County should be collected immediately. In addition, the Department of Parks and Recreation should closely monitor the financial reporting and periodically confirm that the daily revenue reports, Quickbooks accounting transactions, and bank statement deposits are reconciled.

#### **Summary**

- The South Fulton Tennis Center's operator did not provide all of the records requested, including accurate daily reports for the time periods that were examined. The daily reports were not correctly reconciled to the bank statements and did not provide the level of detail specified in the contract.
- The QuickBooks ledgers were not prepared in accordance with Generally Accepted Accounting Principals and offered limited value and presented no detail of daily activity on a consistent basis. For several months the QuickBooks general ledger was a recap of the bank statement.
- The condition of the tennis court facilities have deteriorated due to the lack of maintenance under the management of Donald Young Tennis Plex, LLC.
- The Department of Parks and Recreation were unable to provide Internal Audit with statistical reports and any other monitoring documentation regarding the operation of the South Fulton Tennis Center

#### **Conclusion**

Our review of the South Fulton Tennis Center identified several problem areas as indicated above in the Summary section of this report. In addition, Donald Young Tennis Plex underpaid their fees to Fulton County. We believe that the recommendations will

assist in strengthening controls and contribute to accurate revenue reporting, but may also result in the preservation of the County's facilities.

We would like to thank management and staff from the Department of Parks and Recreation and the South Fulton Tennis Center for their timely cooperation and assistance during the review.