



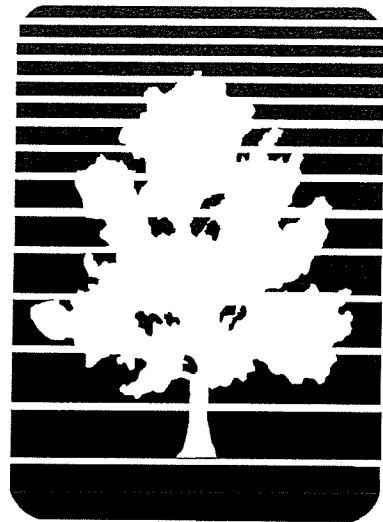
INTER-OFFICE MEMORANDUM

TO: Zachary Williams, County Manager
FROM: Anthony Hicks, Director of Internal Audit
DATE: April 22, 2011
SUBJECT: Review of Tom Lowe Trap and Skeet Range

The Office of Internal Audit has completed a review of the Tom Lowe Trap and Skeet Range for the contractual period of June 1, 2009 through May 31, 2010. Attached is a copy of our findings and recommendations.

If you have any questions, please contact me.

cc: Lisa Carter, Assistant to County Manager
Roberto Hernandez, Deputy County Manager



FULTON COUNTY

FULTON COUNTY, GEORGIA
OFFICE OF INTERNAL AUDIT
FULTON COUNTY DEPARTMENT
PARKS AND RECREATION
REVIEW OF TOM LOWE TRAP AND SKEET RANGE

April 21, 2011

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Introduction

The Tom Lowe Trap & Skeet Range is a municipal trap and skeet range consisting of a combination of 20 trap and skeet fields, including a 5-stand sporting field with clay and maze targets. The facility is located at 3070 Merk Road in Southwest Atlanta. The facility was originally built adjoining a capped municipal dump, the Merk Road Landfill.

Only shotgun shooting is allowed at the facility and instruction is provided for all levels of shooters. Trap and skeet merchandise can be purchased or rented at the pro shop. The range hosts a Tuesday night league during the year and a beginner's trap league on Sundays. The Tom Lowe Trap and Skeet is well known for its tournaments and receives support from corporate and group sponsorship.

The Tom Lowe Trap and Skeet operator paid \$5,038.50 in monthly Pro Shop royalties for the scope period as well as \$5,301.16 as the annual 50% percentage of the scope period Trap and Skeet net profit. A comparison of the pro shop monthly royalties paid in the previous year indicate a 6.31% decline; the annual Trap and Skeet royalty decreased by 53.66%. Exhibit I of this report details the monthly royalty payments and the payment made for ½ of the annual net profit.

Objective

The objective of the review is to determine the accuracy of the monthly and annual payments made to Fulton County and to determine if it is feasible to recover or “mine” the residue of lead left after shooting activities.

Methodology

The facility's financial records and payments were reviewed for accuracy as well as the annual payment made for maintenance service. An environmental engineer from the Public Works Department was contacted concerning the possibility of recovering the lead shot from the facility grounds for sale to a private vendor.

Scope Period

The contract renewal indicated a starting period of June 1, 2009. The scope period examined was the 12 month period from June 1, 2009 through May 31, 2010.

Findings and Recommendations

Finding 1 – Lead Mining

Many shooting facilities across the United States have made profit by extracting the lead shot and projectiles from the soil in shooting target areas. This form of recycling has

been very profitable with the advent of rising metal prices in 2009 and 2010. There is no specific regulation that controls the removal of lead contaminated soil; however there are extensive federal and State regulations concerning the use and disposition of landfills and the underlying soil compositions.

An environmental engineer working in the Public Works Department was contacted concerning the possibility of extracting the lead from soil at the Tom Lowe Shooting Grounds. He provided the following opinion:

Although the site is not regulated; we should be extremely careful in conducting any activities which disturbs soil at this site. Any soil test conducted at the site which exceeds certain limits must be reported to the state and any release could result in the site being subject to State Regulation under the State Hazardous Waste Rules. Unless we are planning to close the site and conduct a final cleanup of lead contaminated soil, our cleanup activities at the site should be limited to removing surface debris and continued solid waste cleanup for continued use as a shooting range.

Anthony Spencer – 12/7/2010 – Fulton County Public Works Department

The mining of the expended lead could result in violations of the State of Georgia and Federal Hazardous Waste Regulations.

RECOMMENDATION

Fulton County should avoid conducting lead extraction until the facility is no longer in use. Further study should be conducted by a qualified environmental engineer before formal plans for soil extraction are completed.

Finding 2 – Lack of Inventory Documentation

Standardized forms and end of year inventory performed by an independent source give the cost of goods sold a foundation of accuracy and independent assessment.

The vendor, Luke DesHotels, updates the monthly cost of goods sold with an adjustment to the QuickBooks ledger at the end of the month, this entry is made to allow a match to the cash register inventory records. At the end of the year another adjusting entry is made to adjust the QuickBooks ledger to match the physical inventory. This system is adequate in its process but lacks sufficient documentation. The lack of documentation or records do not allow for a complete review of the inventory records and substantiation of the cost of sales reported.

The contract does not require an independent annual inventory or audited financial statements. The vendor has not violated the terms of the contract by performing the inventory himself.

RECOMMENDATION

Fulton County should require the vendor, Luke DesHotels, to use standardized inventory forms for the year end inventory. To give the inventory an objective influence, Fulton

County Parks and Recreation Department Maintenance Division employees should participate in the inventory process. The employees should sign off on the standardized forms, after they have completed their count, and retain finished copies of the completed inventory for the Fulton County Parks and Recreation files.

Finding 3 - Expired Contract

During the course of our audit, we found no current written contract in force. We discussed the renewal status of the contract, which underlie the use of the facilities and grounds, with Mr. DesHotels. He stated that a renewal of the last contract had been requested but no response was received. The last contract in force was signed in 2005 and expired in May of 2009. The contract can continue in effect, if both parties mutually consent through their actions to provide and accept services and money. Such an arrangement may not have the full effect of law to settle disputes or other legal matters.

RECOMMENDATION

The Director of Parks and Recreation and the Range Manager should be contacted and advised that the Tom Lowe Trap and Skeet facility is being operated without a written contract in force. A new contract should be negotiated as soon as possible, which is fair and protects the interests of Fulton County.

Observation & Comments – Financial Statements and Payments made to Fulton County

The financial statements were reviewed for compliance with Generally Accepted Accounting Principals and compliance with the contract entered into with the Fulton County's Department of Parks and Recreation. The financial statements were found to be in compliance with generally Accepted Accounting practices. The records do not indicate any missed payments of revenue to Fulton County or sales tax to the State of Georgia Department of Revenue. An analysis of the monthly royalty payments indicate an underpayment of \$58.92 which represents 1.16% of the royalties paid during the report period. The Trap and Skeet financial statements reflect fairly the expenses incurred and the revenues earned based on tests conducted.

Considering the small amounts of revenue collected and paid for the operation of the facility and the generally good condition of the financial statements, monitoring of this facility should be done once a year and the computation of royalty payments should be simplified.

EXHIBIT 1

FULTON COUNTY, GEORGIA Tom Lowe Trap and Skeet Royalties Payments Received

		Royalty Income Pro Shop Scope Period		Royalty Income Pro Shop Prior Year	Pro Shop Trend by % Monthly
June	2009	\$372.47	2008	\$440.60	-15.46%
July	2009	\$438.13	2008	\$416.97	5.07%
August	2009	\$402.29	2008	\$627.98	-35.94%
September	2009	\$348.34	2008	\$401.56	-13.25%
October	2009	\$367.53	2008	\$500.79	-26.61%
November	2009	\$525.59	2008	\$591.31	-11.11%
December	2010	\$430.01	2009	\$484.08	-11.17%
January	2010	\$347.12	2009	\$402.89	-13.84%
February	2010	\$333.56	2009	\$397.98	-16.19%
March	2010	\$510.40	2009	\$338.73	50.68%
April	2010	\$447.69	2009	\$369.09	21.30%
May	2010	\$515.37	2009	\$405.91	26.97%
Total		<u>\$5,038.50</u>		<u>\$5,377.89</u>	-6.31%
		Annual Royalty Income Trap & Skeet		Annual Royalty Income Trap & Skeet	
Annual	FY2010	<u>\$5,301.16</u>	FY2009	<u>\$11,440.52</u>	-53.66%