

Town of Hamburg

Woodlawn Beach State Park Receipts

JUNE 2019



OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

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Report Highlights

Town of Hamburg

Audit Objective

Determine whether officials properly accounted for Woodlawn Beach State Park receipts.

Key Findings

- Daily tally and gate summary sheets for entrance fees were not accurately completed. As a result, we were unable to determine whether employees properly collected fees for all tags issued.
- Rental fees were not accurately entered in the financial system, as the rental agent does not provide copies of rental contracts to the recreation department office.

Key Recommendations

- Provide training to employees on how to complete daily tally sheets and ensure that sheets are completed accurately.
- Provide copies of rental contracts to the recreation department office to ensure that rental fees are accurately entered in the financial system.

Town officials agreed with our recommendations and indicated they planned to initiate corrective action.

Background

The Town of Hamburg (Town) is located in Erie County. The Town is governed by an elected five-member Board composed of four Board members and the Town Supervisor (Supervisor). The Board is responsible for managing operations.

The Director of Youth, Recreation, and Senior Services (Director) and a recreation supervisor oversee the Woodlawn Beach State Park (Park). The Town entered into an agreement with New York State in 2010 to operate the Park. The Park covers one mile of Lake Erie beach within the Town. The Park is typically open from Memorial Day through Labor Day. The Town operates the Park as a generally self-sustaining operation, primarily funded by vehicle entrance and rental fees.

All revenues generated from the Park are retained by the Town for the sole purpose of maintaining the Park. If surplus revenues remain at the termination of the contract, these funds must be paid to the State.

Quick Facts

2018 Park Appropriations	\$482,000
2017 and 2018 Entrance Fees	\$236,000
2017 and 2018 Rental Contracts	220
2017 and 2018 Rental Fees	\$93,000

Audit Period

January 1, 2017 – January 22, 2019

Woodlawn Beach State Park Receipts

Patrons pay a vehicle entrance fee at a booth located at the Park entrance and receive a tag. The booth is operated by part-time and seasonal employees. Payment is accepted in cash or by credit card. Fees collected are handwritten on a daily tally sheet. Complimentary tags are issued to vehicles with a handicap permit or to senior citizens¹ on non-holiday weekdays.

The entrance booth employees prepare a bank deposit at the end of each day, and one employee deposits the receipts at the bank three times each week. Daily tally sheets, gate summary sheets and deposit receipts are provided to the recreation attendant at the recreation department office to be entered into the financial system.

On behalf of the Town, the rental agent² enters into rental contracts with patrons for Park facilities and beach ceremonies. These contracts indicate the type of services being contracted (i.e., lodge or picnic area rentals, beach ceremonies, etc.). At the recreation department office, the recreation attendant enters the contract details into the financial system and collects rental fees.

How Should Officials Account for Park Receipts?

A board, in consultation with Park officials, is responsible for adopting written policies and developing adequate procedures for the collection of entrance and rental fees. These should include a board-adopted fee schedule, the conditions for providing complimentary or discounted fees and the method to document these discounts.

To ensure the fees are properly collected, deposited and recorded, the Director and the recreation supervisor should provide timely supervision of those charged with handling cash. They, or a designee, should compare the deposits with the amounts recorded on daily sheets and in the financial system.

Employees should be trained to accurately complete daily tally sheets for entrance fees, documenting starting and ending tag numbers for each day and information on complimentary or discounted tags issued. In addition, the Director and recreation supervisor should require that the rental agent provides copies of all rental contracts to the recreation department office so patrons can be properly billed. Receipts should be reconciled to rental contracts to ensure that contracts are paid in full and for the correct amount.

¹ Aged 60 and older

² The Town employs one rental agent for the Park. During our audit period, there were two different rental agents employed by the Town, one during the 2017 season, and one during the 2018 season. The rental contracts we reviewed as part of our audit testing were contracts entered into by the rental agent from the 2017 season.

Officials Did Not Establish Sound Procedures for Park Receipts

The Board and officials did not develop written policies or procedures for how entrance and rental fees should be recorded, deposited and reconciled or provide guidance for Park employees issuing complimentary or discounted tags.

Although officials have a basic employee handbook for Park employees, the handbook does not explain how entrance fees are to be recorded and reported or make any reference to rental fees. In addition, while department staff told us that there is a discussion at employee meetings at the beginning of each season on how entrance fees are to be handled and recorded, officials do not provide any formal training on how to accurately complete the daily tally and gate summary sheets.

While daily tally sheets, gate summary sheets and deposit slips are provided to the recreation attendant to record entrance fee collections in the financial system, no one independent of the receipts process compared deposits to recorded amounts or confirmed the number of complimentary or discounted tags issued.

The Board has not adopted a fee schedule for rental fees. During fieldwork, the recreation attendant provided us with several different fee schedules, which showed different fees for the same rental services, and in some cases, did not include a fee for certain rental services, such as beach ceremonies or picnic area rentals. The recreation attendant told us that she believed different rental agents used different fee schedules and she was not sure which schedule the current rental agent was using.

Further, the rental agent did not provide rental contracts to the recreation attendant to record in the financial system. Rather, patrons verbally indicated to the recreation attendant the services included in the contract when they made the first payment. The recreation attendant used that information to enter rental fees into the financial system.

While the rental agent is responsible for following up with patrons to ensure that any balances due are paid before the date of rental, no invoices are sent to patrons. Instead, the rental agent phones patrons to remind them of amounts due, based on a report provided by the recreation attendant. Due to these control weaknesses, officials cannot be certain that all receipts are properly collected, deposited and recorded.

Vehicle Entrance Fees Were Not Properly Recorded

We found that daily tally sheets were not accurately completed. Officials told us that starting and ending tag numbers should be recorded on the daily tally sheets, with the gate summary sheet attached showing the tag numbers that were discounted or issued as complimentary tags.

We reviewed all 201 daily tally sheets for the 2017 and 2018 seasons and found that the starting and ending tag numbers were not recorded for 161 days (81 percent). In addition, the gate summary sheets did not support all the complimentary and discounted tags reported on the daily tally sheets. For example, for complimentary tags issued to senior citizens, both the issued tag number and the vehicle license plate number should be recorded on the gate summary sheet. However, in some instances, both the license plate number and tag number were recorded on the gate summary sheet, but shown as separate tags issued on the daily tally sheet rather than as one complimentary tag.

Because the daily tally sheets and gate summary sheets were inaccurate and incomplete, we were unable to determine whether employees properly collected fees for all tags issued. For the daily tally sheets prepared for the 40 days that included starting and ending tag numbers, we recalculated the total number of tags which should have been recorded and found that 73 tags, totaling \$511, appear to have been issued but not recorded.

We recalculated the total number of complimentary and discounted tags issued based on the gate summary sheets, and found that 231 tags totaling \$1,617 should not have been complimentary, and 287 tags totaling \$574 should not have been discounted. For example, senior citizens were issued complimentary tags on weekends or holidays, or the number of complimentary and discounted tags recorded on the gate summary sheets did not match the totals on the daily tally sheets. As a result, there was total potential lost revenue of \$2,702. However, due to the incomplete and inaccurate daily tally and gate summary sheets, there could potentially be additional lost revenue, which we were unable to identify.

Because starting and ending tag numbers and complimentary and discounted tag numbers were not always recorded or supported, officials cannot ensure that employees properly collected, deposited and recorded Park receipts. As a result, there is an increased risk that money could be collected and not deposited or recorded and receipts could be inaccurately reported.

Rental Contract Fees Were Not Accurately Recorded

We reviewed 17 rental contracts totaling \$9,450 to determine whether the correct rental services were entered into the financial system.³ We reviewed and compared the contract terms to the financial system records to determine whether the contracts were properly recorded.

We found that three contracts (\$600) appeared to be properly entered into the financial system and three contracts (\$2,050) were not available for our review

³ See Appendix B for information on our sampling methodology.

from the rental agent. The remaining 11 contracts (\$6,800) had rental services that were improperly entered into the financial system. Five contracts showed services such as beach ceremonies, picnic area rentals and tent rentals selected, but those services were not included in the financial system. Six contracts were entered in the financial system for the wrong type of rental. For example, a contract would indicate a peak-season weekend rental, but a peak-season weekday rental was entered. The difference between the weekday and weekend rates varied from \$100 to \$300 per day.

We attempted to determine whether the correct rental fees were charged; however, based on the fee schedules provided to us by the recreation attendant, we were unable to determine whether the fees entered in the financial system were accurate. Based on the financial system records, the amount collected on the 17 rental contracts totaled \$9,450. When we compared the amount collected with the rental fees based on one fee schedule, it appeared that patrons were undercharged by at least \$550, while based on another fee schedule, patrons were undercharged by at least \$1,350.

Because the recreation supervisor did not review rental contracts, rental fee schedules were unreliable and the recreation supervisor did not ensure that all contracts were provided to the recreation attendant for entry into the financial system, officials cannot be sure that the fees are accurately recorded and that the appropriate amount of fees are collected for rental contracts.

What Do We Recommend?

The Board should:

1. Develop written policies and procedures for collecting and recording Park entrance and rental fees.
2. Adopt a rental fee schedule.

The Director and Recreation Supervisor should:

3. Provide training to employees on how to properly complete daily tally and gate summary sheets.
4. Review the daily tally and gate summary sheets for completeness and accuracy.
5. Ensure that a comparison of deposits to recorded amounts is performed including a reconciliation of tags issued to receipts collected.
6. Provide copies of rental contracts to the recreation attendant to ensure that rental fees are accurately recorded and properly invoiced.

Appendix A: Response From Town Officials⁴

TOWN OF HAMBURG

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Town Clerk
CATHERINE A. RYBCZYNSKI

Highway Superintendent
TED CASEY

June 17, 2019

Office of the New York State Comptroller
Division of Local Government and School Accountability
110 State Street, 12th Floor
Albany, NY 142236

Attn.: Mr. Jeffrey D. Mazula, Chief Examiner

Re: Audit Reports for Fuel Operations and the Maintenance and Operation of the Woodlawn Beach State Park

Dear Mr. Mazula:

The Town Board of the Town of Hamburg must adopt comprehensive policies to ensure that gasoline fuel purchases and the maintenance of gasoline tanks are properly accounted for pursuant to a strict regime of specified controls.

The Town Board must also review and modify if necessary written procedures to adopt a comprehensive policy for the collecting and recording of park entrance fees and rental fees.

In the former instance, a lack of safeguards raised significant questions as to how well fuel usage was being monitored and whether those utilizing Town fuel pumps through the use of fobs and pin numbers were reflective of the true state of affairs.

The Town disperses fuel reports monthly to each Department that utilizes the Town fuel pumps. It is the responsibility of each Department Head to review these reports for accuracy. The Town has just begun a process of evaluating additional controls that may be enacted to further safeguard our fuel assets. This evaluation consists of balancing the costs associated with the further implementation of controls as opposed to the potential cost savings that these controls may realize. Clearly, the audit report reveals that there has been an inadequate security system which now requires a fundamental readjustment. The Town will create a written policy which clearly outlines the new procedures in place that should be followed to protect the integrity of our fuel supply and maintain costs.

"It's Great Living in Hamburg... The Town That Friendship Built"
www.townofhamburgny.com

⁴ The Town's response letter also addresses the recommendations from a separate audit report, *Town of Hamburg – Fuel Operations (2019M-75)*. This audit report can be found at: <https://www.osc.state.ny.us/localgov/audits/index.htm>.

Within the past year the Town has begun the process of eliminating former employees, and vehicles from the online system referenced in this report so that only current, active employees have access to Town fueling stations.

With respect to reserve fuel tanks, thankfully authority for the operation of Woodlawn Beach State Park is being transferred back to New York State effective January 1, 2020. As a consequence the gasoline tank at the Woodlawn Beach will no longer be a Town liability. The Buildings and Grounds Department is in the process of determining the need for tighter security measures. Safeguarding the integrity of fuel tanks at the State Beach and at other locations will require the installation of locks, video surveillance and manual log entries for any depletion of gasoline contained in the tanks. The Supervisor and the Town Finance Department will continue to evaluate the monthly fuel bills by Department for reasonableness. As always, any significant fluctuations will be investigated.

With further respect to the Woodlawn Beach State Park, the Recreation Department of the Town of Hamburg has compiled written procedures for collecting and recording park entrance fees. A standard policy should not have been difficult to adopt and the Town Board will review the recently adopted procedures contained in the formal policy. Moreover, an accurate listing of rental fees, more detailed rental agreements, appropriate billing and follow up, must be implemented for the 2019 season. One standard rental fee schedule will be utilized for all events moving forward.

The Town will take all reasonable steps to insure that additional revenue is not lost to the taxpayers in the final year of the Town's operation of the Woodlawn Beach State Park.

Thank you very much for your thorough work, and your constructive suggestions which are sincerely appreciate.

Very truly yours,

James M. Shaw, Supervisor
Town of Hamburg

JMS/tcr

cc: Hamburg Town Board

Appendix B: Audit Methodology and Standards

We conducted this audit 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. To achieve the audit objective⁵ and obtain valid audit evidence, our audit procedures included the following:

- We interviewed Town officials and employees to gain an understanding of the policies and procedures in place over receipts for Woodlawn Beach State Park (Park) rental and entrance fee receipts.
- We reviewed daily gate summary reports for the entire population of entrance fee receipts for the 2017 and 2018 Park seasons for accuracy and completeness, comparing them to supporting gate detail reports, deposit slips, credit card settlement reports and bank statements.
- We reviewed a judgmental sample of 17 rental contracts for the Park from the 220 contracts issued during our audit period, totaling \$93,000. Our sample consisted of the 17 contracts for which one or more payments were made in June 2018. These contracts were entered into during the 2017 season for the 2018, 2019, and 2020 seasons. We obtained copies of receipts for all payments made on these contracts to determine whether the correct rates were charged, collected and recorded.

We conducted this performance audit in accordance with GAGAS (generally accepted government auditing standards). 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.

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.

A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and provided 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 the CAP available for public review in the Town Clerk's office.

⁵ We also issued a separate audit report, *Town of Hamburg – Fuel Operations (2019-75)*.

Appendix C: Resources and Services

Regional Office Directory

www.osc.state.ny.us/localgov/regional_directory.pdf

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas

www.osc.state.ny.us/localgov/costsavings/index.htm

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems

www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm

Local Government Management Guides – Series of publications that include technical information and suggested practices for local government management

www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans

www.osc.state.ny.us/localgov/planbudget/index.htm

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders

www.osc.state.ny.us/localgov/pubs/cyber-security-guide.pdf

Required Reporting – Information and resources for reports and forms that are filed with the Office of the State Comptroller

www.osc.state.ny.us/localgov/finreporting/index.htm

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers

www.osc.state.ny.us/localgov/researchpubs/index.htm

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics

www.osc.state.ny.us/localgov/academy/index.htm

Contact

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