



Commonwealth of Massachusetts
Office of the State Auditor
Suzanne M. Bump

Making government work better

Official Audit Report – Issued March 29, 2016

Bourne Recreation Authority

For the period January 1, 2014 through June 30, 2015





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Gregory A. Folino, Chair
Bourne Recreation Authority
231 Sandwich Road
Bourne, MA 02532

Dear Chairman Folino:

I am pleased to provide this performance audit of the Bourne Recreation Authority. This report details the audit objectives, scope, methodology, and conclusions for the audit period, January 1, 2014 through June 30, 2015. My audit staff discussed the contents of this report with management of the agency, whose comments are reflected in this report.

I would also like to express my appreciation to the Bourne Recreation Authority for the cooperation and assistance provided to my staff during the audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "SMB", written in a cursive style.

Suzanne M. Bump
Auditor of the Commonwealth

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EXECUTIVE SUMMARY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of certain activities of the Bourne Recreation Authority (BRA) for the period January 1, 2014 through June 30, 2015. In this audit, we examined certain BRA activities related to revenue; investments; contracts; board oversight; external reporting; expenses, including payroll; and inventory of equipment.

Based on our audit, we have concluded that BRA has established adequate controls and practices in the areas we reviewed that were related to our audit objectives. We did not identify any significant deficiencies in those areas.

OVERVIEW OF AUDITED ENTITY

The Bourne Recreation Authority (BRA), located at 231 Sandwich Road in Bourne, was created by Chapter 820 of the Acts of 1970 as a public body politic. A 1971 amendment gave BRA the ability to lease federal land from the US Army Corps of Engineers to construct recreational facilities. Subsequently, Chapter 311 of the Acts of 1973 authorized the Town of Bourne to borrow up to \$1 million to acquire land and construct an ice-skating rink and other recreational facilities. During our audit period, BRA operated an ice-skating rink known as the John Gallo Ice Arena, as well as a campground known as the Bourne Scenic Park that borders the Cape Cod Canal. Since 1994, when the debt authorized by Chapter 311 and guaranteed by the Town of Bourne was paid off, BRA has acted as an entity independent from the Town of Bourne.

BRA is governed by a five-member board of directors, one appointed by the Governor and four elected by the voters of Bourne. It has a general manager who reports to the board and a treasurer who maintains BRA's financial records.

BRA is self-sufficient. Its 2014–2015 revenue and expenses are summarized below.

| | Fiscal Year 2014 | Fiscal Year 2015 | Combined |
|-----------------------------|--------------------|--------------------|--------------------|
| Revenue | | | |
| Bourne Scenic Park | \$2,140,481 | \$2,276,556 | \$4,417,037 |
| John Gallo Ice Arena | 676,261 | 714,266 | 1,390,528 |
| Other Income | 3,716 | 3,855 | 7,571 |
| Total Revenue | <u>\$2,820,459</u> | <u>\$2,994,677</u> | <u>\$5,815,135</u> |
| Expenses | | | |
| Bourne Scenic Park | | | |
| Operating Expenses | \$1,150,581 | \$1,170,846 | \$2,321,427 |
| Cost of Goods Sold | 59,469 | 57,735 | 117,204 |
| John Gallo Ice Arena | | | |
| Operating Expenses | 769,257 | 766,945 | 1,536,202 |
| Cost of Goods Sold | 8,959 | 10,703 | 19,662 |
| Maintenance | 331,780 | 384,580 | 716,360 |
| Administration | 194,476 | 198,579 | 393,055 |
| Total Expenses | <u>\$2,514,522</u> | <u>\$2,589,388</u> | <u>\$5,103,910</u> |
| Net Income | <u>\$ 305,937</u> | <u>\$ 405,289</u> | <u>\$ 711,225</u> |

Note: Revenue and expense amounts are from BRA-prepared annual financial statements and are for illustrative purposes only. Variances in totals are due to rounding.

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of certain activities of the Bourne Recreation Authority (BRA) for the period January 1, 2014 through June 30, 2015.

We conducted this performance audit in accordance with 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Below is a list of our audit objectives, indicating each question we intended our audit to answer and the conclusion we reached regarding each objective.

| Objective | Conclusion |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| 1. Are the collecting, recording, and safeguarding of revenue adequately performed and in accordance with established BRA practices? | Yes |
| 2. Are BRA's excess funds properly invested and insured? | Yes |
| 3. Does BRA comply with applicable bidding laws for awarding contracts? | Yes |
| 4. Were BRA's expenses (such as park and rink maintenance, payroll, and equipment purchases) allowable, reasonable, and properly authorized, and were fixed assets recorded and safeguarded? | Yes |
| 5. Is the Authority's board of directors providing adequate oversight? | Yes |
| 6. Were reports properly submitted as required by BRA's enabling legislation? | Yes |

To achieve our objectives, we gained an understanding of BRA's internal controls and tested their operating effectiveness regarding revenue, investments, contracts, expenses (including payroll and non-payroll expenses and equipment purchases), board oversight, and reporting.

We conducted further audit procedures as follows:

- We examined BRA's financial records, both electronic and hardcopy, including pertinent source documents.

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- We assessed BRA's administrative and accounting procedures and controls.
 - We reviewed the minutes of board meetings and BRA's organizational chart to gain an understanding of the entity.

We also performed audit tests as follows:

- We reviewed and analyzed BRA's policies and established practices for revenue. Because of the seasonal nature of the receipts and in order to focus our testing on periods of higher risk, we used a nonstatistical method to select a judgmental sample of 30 out of a population of 547 daily receipts for the Bourne Scenic Park and the Gallo Ice Arena to determine whether receipts were collected, recorded, and safeguarded in accordance with established BRA practice.
- We reviewed three of BRA's six investments to verify that excess funds were properly invested and insured in accordance with established BRA practice.
- We reviewed five contracts awarded during the audit period to verify that BRA complied with applicable bidding laws.
- Based on analytical reviews of budget compared to actual results, and on seasonal spikes in certain expenses, we used a nonstatistical judgmental method to select our test samples to focus our testing on higher-risk transactions, as follows.
 - We selected 45 out of a population of 1,691 cash disbursements to determine whether expenses were allowable, reasonable, accurate, and properly authorized.
 - We selected 10 out of 78 weekly payroll warrants to determine whether reported time was reviewed, approved, and in agreement with amounts disbursed.
 - We observed BRA's property to determine whether safeguards were in place to protect equipment assets. We conducted a physical inspection of all eight equipment items purchased during the audit period and verified that they matched BRA's inventory records.
- We reviewed all the monthly board meeting minutes from the audit period and verified board approval of expense warrants and financial statements to determine whether the board provided adequate oversight during the audit period.
- We reviewed BRA's annual financial reports and verified that reports were properly submitted to external parties as required by BRA's enabling legislation.

Because our sampling was nonstatistical, we did not project the results of our audit tests to the total populations in the areas we reviewed.

We determined the reliability of data obtained from QuickBooks, BRA's electronic accounting system, by tracing certain electronic transactions to original source documents as well as performing other electronic

tests of data and making relevant inquiries. We determined that the data from the system were sufficiently reliable for the purposes of our audit.