

Performance Audit

**CITIPARKS**

**SCHENLEY PARK SKATING RINK**

Report by the  
Office of City Controller

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June 2010

June 1, 2010

To the Honorables: Mayor Luke Ravenstahl and  
Members of Pittsburgh City Council:

The Office of City Controller is pleased to present this Performance Audit of the *Schenley Park Skating Rink*, conducted pursuant to the Controller's powers under Section 404(c) of the Pittsburgh Home Rule Charter.

## EXECUTIVE SUMMARY

The Schenley Park Skating Rink is located on Overlook Drive in Schenley Park, one of the City's four regional parks. Rink salaries and expenses are fully funded by the Regional Asset District (RAD). The rink is open for ice skating from the second Saturday in November until March, weather permitting. A private meeting room on the second floor is available for year round rental. This audit examines the cash controls and facility usage.

## Findings and Recommendations

### Cash Controls

Skating rink staff complete daily and weekly income reports. Cash is counted twice after every skating session by a permanent part time employee and the manager. Each day's receipts and rink rental monies are recorded on a daily tally sheet. Meeting room reservation deposits and final payments are recorded separately. All cash and checks are deposited every Monday at Mellon Financial in Oakland. Prior to depositing the money at the bank, the cash is placed in a safe.

**Finding:** The daily cash and event funds are placed in a safe that is bolted to the floor in a closet. Three people have the combination to the safe and a key that opens the dead bolt lock and the passage lock on the door to the safe.

**Recommendation:** The dead bolt and passage lock should not be keyed the same. Although the facility was robbed only once in the 1970's, the locks on the door to the safe (or one of them), should be changed to increase the integrity of the safe.

**Finding:** The rink takes in a lot of money, especially during the time between Christmas and New Year when schools close for that week. Based on the deposit data received from the finance office for the seasons 2007 – 2008 and 2008 – 2009, January appears to be the month for most activity, with the last week in December deposited in January.

**Recommendation:** During the week between Christmas and New Year more than one deposit should be made. Large sums of money should not be kept in the safe, especially over the weekend. Any time the money builds up, it should be taken to the bank.

**Finding:** The grand total on the cash register does not appear to be functioning. Although totals appear to be correct and can be reconciled with the daily income report, it would be useful if the grand total would be accurate. Attempts to solve this problem by the cash register vendor have been unsuccessful.

**Finding:** On the report submitted for posting to the general ledger system, there is no subtotal after the line (skate sharpening) to denote the cash register total.

**Recommendation:** Citiparks should subtotal all admission, skate rental and skate sharpening entries. This would facilitate the audit trail for third party auditors.

#### Facility Revenue

**Finding:** There was a significant increase in fees generated by admissions, skate rentals, skate sharpening, rink and meeting room rentals from 2008 to 2009. For many of the categories, the percent change increased by over 50 %.

**Recommendation:** Aggressive advertising could increase the rentals as many parents rent this facility for graduations and other gatherings such as birthdays, wedding showers, wedding receptions, etc.

#### Rink and Facility Usage

**Finding:** The SPSR appears to be fully utilized during the winter season. However, during the summer season there appears to be little usage of the facility with exception of rental of the meeting/banquet room.

**Finding:** There has been some consideration put into having miniature golf during the summer season on the rink. This has been considered for several years and could potentially be a success in generating income during the summer season.

**Finding:** Setting up a miniature golf course need not be a big expense. There are businesses that will construct a miniature golf course. Such a venture should be advertised extensively all over the city and in flyers in various citizens' council news reports.

**Recommendation:** Parks Administration should investigate the feasibility of having a third party run a miniature golf course during the non skating season. The City could be paid an annual fee similar to its arrangement with the concession contract.

#### Facility Capital Improvements

**Finding:** Citiparks is planning further capital improvements to the Schenley Rink meeting room. Plans include increasing meeting room space by extending the room into an enclosed balcony. Upgrading the kitchen is also planned.

**Finding:** The SPSR is not compliant with the American Disabilities Act. Plans to install an elevator on the outside of the building will make the meeting room accessible to seniors and the physically challenged. RAD Trust fund and Rink Funds will be used for elevator construction and balcony renovation.

**Recommendation:** Upgrading and enlarging the meeting room should be done as soon as possible. An upgraded facility with better access will generate more usage and revenue.

#### Concessionaire Contract

**Finding:** Vendor has installed an arcade 'claw' or crane machine in the concession area. For a fee, customers try to grab a stuffed animal with the claw. This machine is not a video or pinball machine and is not permitted under the contract.

**Recommendation:** Vendor should remove the claw machine and replace it with a video or pinball machine as permitted by the contract. Alternatively, the contract should be amended to allow claw type arcade games.

**Finding:** The food offerings conform to contract requirements but for most part are high caloric, high fat and/or high sugar, e.g., hot dogs, corn dogs, pizza, nacho cheese, funnel cakes, candy.

**Recommendation:** The City should require vendor to offer healthy snack alternatives such as granola or cereal bars, string cheese, fruit snacks and low fat yogurt and pudding snacks.

## Software Management Tool

**Finding:** Citiparks is considering purchasing Rec Pro, a software program that would be used to collect statistical data on the SPSR as well as other Parks and Recreation sites. This program would also allow customers to purchase services with a credit card.

**Recommendation:** Citiparks should purchase Rec Pro or similar software. More efficient and timely statistical data will facilitate effective management while offering payment convenience to patrons.

## Facility Cost Effectiveness

**Finding:** Schenley Park Skating Rink revenues have been increasing as expenses have been declining. The SPSR operated at less of a deficit in 2009. Salaries and wages decreased by \$36,788.36 from 2008 to 2009. This was mainly due to the position of Skating/Market Supervisor being budgeted but not filled.

**Finding:** The SPSR operating expenses are paid out of two trust funds: the RAD trust fund and the SPSR Trust fund. The RAD Trust Fund is used to pay for salaries and miscellaneous expenses. The SPSR Trust Fund is used to pay for capital improvements. No funds from the City operating budget are used to pay expenses for the SPSR except for the healthcare costs and the pension costs of the currently one full time employee at the SPSR.

The Schenley Park Skating Rink facility provides an affordable venue in the City for winter sports and family gatherings. We are pleased that Citiparks Administration is implementing our audit recommendations to further improve facility operations.

Sincerely,

Michael E. Lamb  
City Controller

## INTRODUCTION

This performance audit of the Schenley Park Skating Rink (SPSR), Department of Parks and Recreation was conducted pursuant to section 404(c) of the Pittsburgh Home Rule Charter. There are no prior performance audits focusing solely on the SPSR. This audit examines the cash controls and facility usage.

## OVERVIEW

The Schenley Park Skating Rink is located on Overlook Drive in Schenley Park, one of the City's four regional parks. Rink salaries and expenses are fully funded by the Regional Asset District (RAD). The rink is open for ice skating from the Second Saturday in November until March, weather permitting.

The following is a description of the public skating session times at the SPSR.

**TABLE 1  
SKATING TIMES**

<b>DAY OF WEEK</b>	<b>HOURS OF OPERATION and OFFERED SPECIALS</b>
Monday	4.00 – 6.30 PM
Tuesday	7.00 – 9.00 PM 9.30 – 11.30 PM*
Wednesday	1.30 -3.30 PM
Thursday	7.00 – 9.00 PM family skates (One child free with each paying adult)
Friday	7.00 – 9.00 PM 9.30 – 11.30 PM*
Saturday	1.30 -3.30 PM 4.00 – 6.30 PM 7.00 – 9.00 PM 9.30 – 11.30 PM*
Sunday	1.30 -3.30 PM 4.00 – 6.30 PM 7.00 – 9.00 PM

\* indicates Adults only

The Schenley Park Skating Rink charges the following rates for each session.

**TABLE 2**  
**2009-10 SKATING RINK**  
**ADMISSION FEES**

Adult	\$4.00
Youth	\$3.00
Senior Citizen	\$3.00
Promotional	\$3.00
Adult Pass	\$16.00
Youth Pass	\$12.00

The adult and youth passes offer five admissions for the price of four. There is also a \$2.50 charge for skate rental, \$3.50 for skate sharpening and \$0.50 for locker rental.

The rink can also be rented out for private parties as well as hockey sessions. Reservations are necessary for facility rental. There are a variety of public sessions and special sessions such as “Family Night”, “Adults Only Night”, “College ID” and school field trip sessions. The facility hosts three special events: “Skate with Santa” in December, “Mascot Skate” in January and “Valentine on Ice” in February. “Valentine on Ice” allows two people to skate for 1 admission and provides special treats such as a free rose and chocolates for the first 250 couples.

#### Other Facility Amenities

In addition to skating, a private meeting room on the second floor is available that can be rented year round. Included in the rental is a fully equipped kitchen with refrigerator, freezer, microwave and stove. Tables and chairs are also provided. The rental fee is \$400.00 for all day and \$65.00 per hour. Hourly rentals must be rented for a four hour minimum. An alcohol permit can be obtained for \$100.00. To rent the meeting room, customers send in a \$100 non refundable deposit. The balance of the payment must be remitted within 30 days from the date of booking.

#### Staffing

The SPSR employs one full time manager (Market Leader) who oversees operation of the Schenley Ice rink and Sportsplex track, field, tennis courts and seasonal Citiparks Farmers Markets. A second full time position, Skating/Market Supervisor, is budgeted but currently vacant. The manager is responsible for employee scheduling and payroll. There are seven permanent part time rink employees. During the winter season, the rink is also budgeted for 6 seasonal workers.

During the winter months all employees maintain skates, including sharpening skates, lacing skates and disinfecting skates. Employees take care of the ice using a Zamboni machine to keep the surface clean. SPSR employees who operate the Zamboni are compensated at the Pittsburgh Joint Collective Bargaining Committee rate. Employees also teach ice skating lessons, rent out skates and rent lockers. All permanent employees maintain the soccer field, running track and tennis courts at the Schenley Sportsplex.

Rink employees maintain the building inside and out. For example, they mop and wax the floors, clean bathrooms, windows, shovel snow and whack weeds. All permanent part time employees help maintain all seven farmers market locations throughout the city. They also do cleaning and maintenance work at Mellon Tennis Center as needed. In addition, all permanent part time employees are required to work the Great Race which includes set up and tearing down, selling merchandise, working bus routes and water stations.

Permanent part time employees are on call during the summer months to help in various locations such as putting up wind screens at Schenley Park and Washington landing, cleaning Overbrook fire house for use as a community center, building inline hockey deck for Ormsby recreational center in the South Side, and perform other tasks as needed.

The rink concession stand is bid out through a private contract and operates during skating season. For the last bid, there was only one responsible bidder. The City receives an annual fee of \$2,000 per year for this service.

## **SCOPE**

The scope of this audit is January 2008 to March 2010.

## **OBJECTIVES**

1. To assess facility usage.
2. To assess facility cost effectiveness.
3. To assess fiscal controls over funds collected at the Schenley Park Skating Rink.
4. To make recommendations for improvement.

## **METHODOLOGY**

The auditors met with the Director of the Parks Department, the Manager of the SPSR, the fiscal supervisor of the parks department and several other members of the staff at the SPSR to discuss facility organization and operations.

The auditors observed the cash collection at the SPSR for one session and the cash reconciliation with the cash register tapes. The auditors observed the SPSR operations during one session.

The auditors reviewed the contract for the concessionaire.

The auditors reviewed the cash register tapes with the daily income reports for 2009.

The auditors reviewed the quarterly reports 2009 issued for the RAD.

The auditors reviewed the 2009 rental permits for the meeting room.

The auditors reviewed query totals for the RAD and SPSR Trust Funds for 2008 and 2009.

The auditors researched concession food offerings at other municipal facilities.

## FINDINGS AND RECOMMENDATIONS

### Income and Attendance Reports

The Schenley Park skating rink staff complete daily and weekly income reports. These reports are eventually sent downtown to Citiparks. Cash is counted twice after every skating session by a permanent part time employee and the manager. Each day's receipts and rink rental monies are recorded on a daily tally sheet. Meeting room reservation deposits and final payments are recorded separately.

All cash and checks are deposited every Monday at Mellon Financial in Oakland. Prior to depositing the money at the bank, the cash is placed in a safe. According to rink personnel, most revenue is generated on Friday, Saturday and Sunday.

Seasonal attendance for the ice rink is also tracked and recorded as follows.

**TABLE 3**  
**ICE RINK ATTENDANCE**

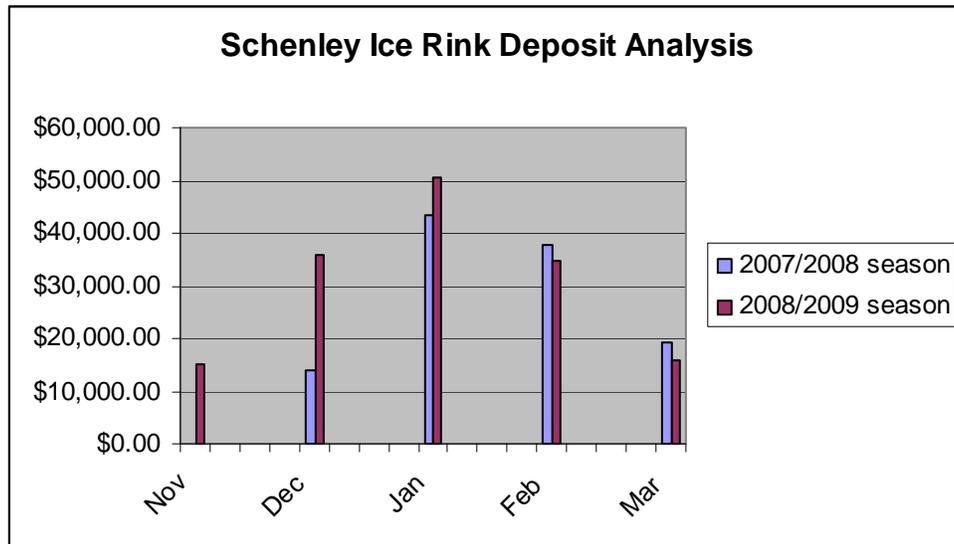
	<b>08/09 SEASON</b>	<b>09/10 SEASON</b>
Seniors	158	142
Youth	10,602	11,829
Adults	9,941	11,086
Promo or College ID	628	1,058
<b>SEASON TOTAL</b>	<b>21,329</b>	<b>24,115</b>

**Finding:** The daily cash and event funds are placed in a safe that is bolted to the floor in a closet. Three people have the combination to the safe and a key that opens the dead bolt lock and the passage lock on the door to the safe.

### **RECOMMENDATION NO.1:**

The dead bolt and passage lock should not be keyed the same. Although the facility was robbed only once in the 1970's, the locks on the door to the safe (or one of them), should be changed to increase the integrity of the safe.

**Finding:** The rink takes in a lot of money, especially during the time between Christmas and New Year when schools close for that week. Based on the deposit data received from the finance office for the seasons 2007 – 2008 and 2008 – 2009, the following chart shows funds collected for the five months in the seasons. January appears to be the month for most activity, with the last week in December deposited in January.



**RECOMMENDATION NO. 2:**

During the week between Christmas and New Year more than one deposit should be made. Large sums of money should not be kept in the safe, especially over the weekend. Any time the money builds up, it should be taken to the bank.

The Parks Department prepares quarterly reports showing income from the SPSR. This money is deposited in the Schenley Park Rink Trust Fund.

## Rink and Facility Usage

**Finding:** The SPSR appears to be fully utilized during the winter season. However during the summer season there appears to be little usage of the facility with exception of rental of a meeting/banquet room which is rented year-round.

During the current season, from November 2009 – March 2010, the SPSR is fully booked per the SPSR manager. There is no ice time available until March. The schedule on some days begins at 6.30 a.m and can last until 2.00 a.m. This time includes private SPSR rental by private parties such as hockey practice and some session sponsorship by companies such as PNC.

**Finding:** During the summer season the rink is not used. The private room is rented for private functions. There has been some consideration put into having miniature golf during the summer season on the rink. This has been considered for several years and could potentially be a success in generating income during the summer season.

**Finding:** Setting up a miniature golf course need not be a big expense. There are businesses that will lay out a miniature course complete with artificial turf and all that goes into a golf course. Such a venture should be advertised extensively all over the city and in flyers in various citizens' council's news reports.

### **RECOMMENDATION NO. 3:**

Parks Administration should investigate the feasibility of having a third party run a miniature golf course during the non skating season. The City could be paid an annual fee similar to its arrangement with the concession contract.

## Schenley Meeting Room

The meeting room is rented year-round from January through December. In 2009 rink officials received 59 meeting room permit applications. Nine (9) reservations were subsequently cancelled. The \$100.00 room reservation down payment is generally non-refundable. However, because one cancellation was due to a death, the \$100 deposit was refunded. The number of times the room was reserved by months in 2009 is:

**TABLE 4  
2009 MEETING ROOM  
RESERVATIONS**

MONTH	# OF RENTALS
January	2
February	6
March	2
April	3
May	5
June	9
July	4
August	11
September	2
October	7
November	0
December	8
<b>TOTAL</b>	<b>59</b>

Cash Controls on Receipts

Fees for admission, skate rentals and sharpening of personal skates are all paid at the admissions window. Payments are made mainly by cash. Per the manger, there have been very few insufficient funds checks received at the SPSR, as little as 4-5 in the last 16 years.

At the end of each session, the clerk runs a tape of total fees collected from the cash register. The monies collected are compared with these tapes. Any shortage or overage of collected monies is noted on the tape. The manager then recounts the monies collected. Cash and checks collected are placed in a safe and taken to the bank the following Monday.

**Finding:** The grand total on the cash register does not appear to be functioning. Although totals appear to be correct and can be reconciled with the daily income report, it would be useful if the grand total would be accurate. Attempts to solve this problem by the cash register vendor have been unsuccessful.

**Finding:** On the report submitted for posting to the general ledger system, there is no subtotal after the line (skate sharpening) to denote the cash register total.

#### **RECOMMENDATION NO. 4:**

Citiparks should subtotal all admission, skate rental and skate sharpening entries. This would facilitate the audit trail for third party auditors.

#### **Facility Capital Improvements**

**Finding:** Citiparks is planning further capital improvements to the Schenley Rink meeting room. Plans include increasing meeting room space by extending the room into an enclosed balcony. Upgrading the kitchen is also planned.

**Finding:** The SPSR is not compliant with the American Disabilities Act. Plans to install an elevator on the outside of the building will make the meeting room accessible to seniors and the physically challenged. RAD Trust fund and Rink Funds will be used for elevator construction and balcony renewal.

#### **RECOMMENDATION NO. 5:**

Upgrading and enlarging the meeting room should be done as soon as possible. An upgraded facility with better access will generate more usage and revenue.

## Facility Revenue

The following table compares income generated by admissions, skate rentals and skate sharpening for 2008 and 2009.

**TABLE 5  
FACILITY REVENUE BY YEAR**

<b>SOURCE</b>	<b>2008</b>	<b>2009</b>	<b>% CHANGE</b>
Adult Admissions	\$31,364.00	\$49,312.00	+ 57.22
Youth Admissions	\$27,900.00	\$41,232.00	+ 47.78
Senior Admissions	\$336.00	\$597.00	+ 77.68
Promotional, Adult & Youth Passes	\$2,435.00	\$4,975.00	+ 104.31
Skate Rentals	\$27,350.00	\$43,410.00	+ 58.72
Skate Sharpening	\$1,519.00	\$2,516.50	+ 65.67
Rink Rental - Parties	\$14,918.25	\$19,826.50	+ 32.90
Rink Rental - Hockey	\$15,396.00	\$23,124.00	+ 50.19
Meeting Room Rentals	\$14,918.25	\$19,826.50	+32.90
<b>TOTALS</b>	<b>\$136,136.50</b>	<b>\$204,819.50</b>	<b>+ 50.45</b>

**Finding:** It seems that there was a significant increase in fees generated for most of the separate categories. For many of the categories, the percent change from 2008 to 2009 increased by over 50 %. Per the SPSR manger, revenue increased from 2008 to 2009 because of increased interest in skating events due to the winter Olympics in 2010 and the success of the Pittsburgh Penguins.

### **RECOMMENDATION NO. 6:**

Aggressive advertising could increase the rentals as many parents rent this facility for graduations and other gatherings such as birthdays, wedding showers, wedding receptions, etc.

The monies for admissions, skate rentals, skate sharpening, rink rentals and meeting room rentals are deposited in the SPSR Trust Fund.

## **Concessionaire Contract**

Since 1999, Lazzaro's has provided concessionaire services during skating season. The City's current contract with Lazzaro's is for a three year term: October 1, 2009 through September 30, 2012. Lazzaro (vendor) pays the City \$2,000 per skating season. Vendor responsibilities include personnel, equipment, supplies and applicable health permits.

In addition to a full service concessionaire stand, vendor must provide snack, candy and beverage machines. The contract states that vendor may provide video and pinball machines.

**Finding:** Vendor has installed an arcade 'claw' or crane machine in the concession area. For a fee, people try to grab a stuffed animal with the claw. This machine is not a video or pinball machine and is not permitted under the contract.

### **RECOMMENDATION NO. 7:**

Vendor should remove the claw machine and replace it with a video or pinball machine as permitted by the contract. Alternatively, the contract should be amended to allow claw type arcade games.

**Finding:** The food offerings conform to contract requirements but for most part are high caloric, high fat and/or high sugar, e.g., hot dogs, corn dogs, pizza, nacho cheese, funnel cakes, candy.

### **RECOMMENDATION NO. 8:**

The City should require vendor to offer healthy snack alternatives such as granola or cereal bars, string cheese, fruit snacks and low fat yogurt and pudding snacks.

## Software Management Tool

**Finding:** Citiparks is considering purchasing Rec Pro, a software program that would be used to collect statistical data on the SPSR as well as other Parks and Recreation sites. This program would also allow customers to purchase services with a credit card.

### **RECOMMENDATION NO. 9:**

Citiparks should purchase Rec Pro or similar software. More efficient and timely statistical data will facilitate effective management while offering payment convenience to patrons.

## Facility Cost Effectiveness

In order to do a comparison of the revenues to the expenses of the SPSR, the auditors totaled the total revenues from Table 5. The auditors then obtained from Citiparks the salary expenses for the SPSR for 2008 and 2009 and the miscellaneous expenses for these two respective years. The table below shows this.

**TABLE 6  
COMPARISON OF ANNUAL  
REVENUE MINUS (-) EXPENSES**

	<b>2008</b>	<b>2009</b>
Total Annual Revenues	\$136,136.50	\$204,819.50
Salary Expenses	233,999.78	197,211.42
Miscellaneous Expenses	39,049.78	19,389.65
<b>TOTALS</b> <b>Revenues - Expenses</b>	<b>-\$136,913.06</b>	<b>-\$11,781.57</b>

The above Table shows that SPSR operated at less of a deficit in 2009. Salaries and wages decreased by \$36,788.36 from 2008 to 2009. This was mainly due to the position of Skating/Market Supervisor being budgeted but not filled.

This information is further corroborated by the fact that the ending balance in the SPSR trust fund has been increasing. At the end of 2008, the ending balance in the trust fund was \$487,832.19 and at the end of 2009 the ending balance was \$657,029.93. As a result the SPSR is using this balance to pay for part of the modernization of the facility.

**Finding:** The SPSR operating expenses are paid out of two trust funds: the RAD trust fund and the SPSR Trust fund. The RAD Trust Fund is used to pay for salaries and miscellaneous expenses. The SPSR Trust Fund is used to pay for capital improvements. No funds from the City operating budget are used to pay expenses for the SPSR except for the healthcare costs and the pension costs of the currently one full time employee at the SPSR.

In conclusion, the Schenley Park Skating Rink revenues have been increasing as expenses have been declining. The rink facility provides an affordable venue in the City for winter sports and family gatherings.