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Chris Beutler, Mayor
City of Lincoln
555 South 10th St., Suite 301
Lincoln, NE 68508

Dear Mayor Beutler:

As you know, several membership groups of the City of Lincoln (City) golf program requested that the Nebraska Auditor of Public Accounts (APA) perform an audit of the City golf fund. In response, the APA began preliminary planning work to determine whether a financial audit or attestation of the entire golf fund would be necessary. Pursuant thereto, the APA obtained financial information and met with affiliated City staff members regarding the golf fund and its related operations.

Based upon the preliminary planning work conducted, the APA has decided that a separate financial audit or attestation of the City golf fund is not warranted at this time. Among the factors influencing that determination were the following:

- The APA was able to address several concerns that have been incorporated into this letter. Those concerns, along with the related recommendations, will provide the City with an opportunity to improve the overall operations of the golf fund.
- A separate attestation would likely involve significant audit expenses that would be charged to the City golf fund.
- Though not insignificant, many of the issues brought to the APA's attention were beyond the scope or timeframe of any audit or attestation that might have been conducted. The membership groups had requested audit services for fiscal years ending August 31, 2010, through August 31, 2014.
- Several of the financial setbacks for each course appear to have been related to the negotiation and enforcement of the golf course Manager contracts. While the APA could make recommendations, the terms of those agreements were ultimately the result of management decisions by the City.
- The golf course activity is part of the business-type activities included within the City's Comprehensive Annual Financial Report (CAFR), which has been audited already by the accounting firm BKD, LLP.

Though not issuing a separate attestation on the golf fund, the APA noted certain internal control or compliance matters, or other operational concerns, that we have presented below based on our limited preliminary planning work. This information is intended to improve the internal controls or result in other operational efficiencies that may be lacking.

Draft copies of this letter were furnished to the City to provide its management with an opportunity to review and to respond to the comments and recommendations contained herein. All formal responses received have been incorporated into this letter. Responses have been objectively evaluated and recognized, as appropriate, in the letter. Responses that indicate corrective action has been taken were not verified at this time.

Background

The City maintains five public golf courses: Jim Ager Memorial Golf Course; Highlands Golf Course; Holmes Golf Course; Mahoney Golf Course; and Pioneers Golf Course. With the exception of Jim Ager, which includes a 9-hole, par 3 course, each course offers a regulation layout of 18-holes. The golf program is administered under the Parks and Recreation Department for the City, which is currently directed by Lynn Johnson.

The City's golf course operations fall under the Lincoln Municipal Code, Title 12 (Parks), Chapter 12.24 (Golf and Tennis).

Per Section 12.24.030 (Golf Fees Placed in Golf Fund) of the Code, golf fees are to be handled as follows:

All fees collected from persons playing the game of golf upon golf courses owned or maintained by the city, as aforesaid, shall be placed by the City Treasurer in a separate fund to be designated as the "golf fund."

The City relies on the revenue generated from green fees, cart rental, and other golf-related fees to support the golf fund. The City charges varying rates to play, depending on the time of day, the day of the week, the number of holes played, the age of the player, and other factors. In addition, the City sells adult, youth, and senior limited or unlimited memberships. The current rates and fees, along with other pertinent information, can be found on the Lincoln City Golf website at <http://lincolncitygolf.org>.

The APA has compiled a cash basis summary of the revenues and expenses for the golf fund from September 1, 2014, through August 31, 2015. See **Exhibit A** for a full detail of the revenues and expenses.

	Operations	Pioneers	Holmes	Mahoney	Highlands	Jim Ager	Totals
Revenues	\$373,515.15	\$751,643.99	\$861,726.38	\$607,643.35	\$1,194,202.52	\$121,184.84	\$3,909,916.23
Expenses	\$363,709.51	\$518,764.00	\$1,120,597.87	\$513,643.88	\$760,717.32	\$183,878.73	\$3,461,311.31
Net Change	\$9,805.64	\$232,879.99	(\$258,871.49)	\$93,999.47	\$433,485.20	(\$62,693.89)	\$448,604.92

In addition, the APA has created a summary of golf fund revenues and expenses, per the City's CAFR, for fiscal years 2005 through 2014. See **Exhibit B**. It is important to note that this historical overview was formulated on an accrual basis, while the APA's summary for fiscal year 2015 was prepared on a cash basis. Consequently, a comparison of the details for fiscal year 2015 to those of the City's CAFR for the same period may yield different totals.

The City hires the staff necessary to maintain its golf courses, including an on-site superintendent at each location. For each 18-hole golf course, moreover, the City has contracted with a separate Manager to oversee food and beverage services, golf merchandising, clubhouse management, and all other golf-related services – such as hiring and firing personnel, collecting fees from patrons, purchasing all materials and supplies, paying applicable taxes, and ensuring all activities are properly managed and supervised.

Each course utilizes the City's point of sale (POS) system to record the golf-related revenues received. During the period examined, the City had been spot checking the amounts received from each course by reconciling those figures to the data in the POS system. In addition, the City was to be reviewing the documentation received from the Holmes manager for reimbursement.

The Managers are compensated differently for their respective services, receiving varying incentives and other related revenue-sharing of the golf course income. In addition, at each golf course except Holmes, the Managers are entitled to the gross proceeds of any food, beverages, or merchandise sold. The APA has provided a summary of the most recent Manager contracts on **Exhibit C**.

Like the counterparts at the other golf courses, the Holmes Manager was responsible for purchasing any materials, supplies, and assistance required for the clubhouse. Then, unlike the other managers, upon receipt of a request for reimbursement, the City indemnifies the Holmes Manager for all out-of-pocket expenses incurred. At the Holmes golf course, the City receives any revenue generated from food, beverages, or merchandise sold.

Comments and Recommendations

1. Holmes Golf Course Manager

Beginning on February 1, 2015, the City contracted with Mr. Scott Weihe to provide management services for the Holmes Golf Course. Some seven months later, on or about September 14, 2015, the City terminated the agreement due to an alleged breach of the contract terms.

In 2013, the City added a new clubhouse to the Holmes Golf Course by selling bonds. Due to the tax-exempt public bond financing, the Manager was to pay all of the related expenses up front and then submit monthly reimbursement requests, along with appropriate documentation, to the City in order to be compensated for those expenditures. This business model is unique to the Holmes golf course, as IRS regulations for bond financing influenced how the agreement was operated.

Section 11 of the Management Agreement for the Holmes Golf Course contains the following:

Manager shall be reimbursed by City on a monthly basis from the Holmes Golf Operating Fund for expenses and inventory purchased upon City's receipt and approval of invoices, cancelled checks, and proof of payment for such items necessary for the regular operation of the Course and Clubhouse.

As such, the APA identified a number of significant issues related to the enforcement of the Management Agreement for the Holmes Golf Course.

a. Proof of Payment

Contrary to the above language in the Management Agreement, the City did not require the Manager to submit actual proof of payment prior to being reimbursed. Therefore, the City could not determine whether a submitted invoice represented an actual payment by the Manager or the precise amount of any such payment. As a result, the City improperly reimbursed Mr. Weihe for invoices representing payments that he never made, duplicate invoices, incorrect amounts, and invoices during times when Mr. Weihe was not under contract with the City.

On December 22, 2015, the APA met with staff from both the City and the BKD accounting firm to discuss, among other things, the particulars of the overpayments to Mr. Weihe. BKD was included in this meeting at the City's request, as that firm had assisted the City with relevant forensic consulting work pertaining to the Holmes Golf Course expenditures.

During that meeting, the City provided a summary of overpayments made to Mr. Weihe. A copy of that summary is included herein as **Attachment A**. Based upon the summary's contents, the City began finalizing a settlement agreement with Mr. Weihe for his repayment of the overpayments identified. On January 13, 2016, however, the City filed a civil suit against Mr. Weihe and Holmes Golf Incorporated due to an inability to finalize the agreement.

Subsequently, the APA's own limited analysis of the reimbursements to Mr. Weihe identified other apparent overpayments that were not listed in the City's summary.

The total of the overpayments attributed to Mr. Weihe by both the City and the APA is set out in the following table.

Description	Totals	APA Notes
Unpaid Invoices Reimbursed	\$20,903.04	See Attachment A
Duplicate Invoices Paid	\$970.59	See Attachment A
Additional Potential Overpayments	\$2,124.77	Additional amounts identified by the APA, as summarized below.
Callaway Golf Credit Balance	\$3,397.50	See Attachment A . See also Holmes Inventory Tracking Section.
Total	\$27,395.90	

The overpayments identified by the APA are summarized below.

G/L Date	Document Number	Vendors	Amount Reimbursed	Overpayments
3/5/2015	1608727	Payroll Expenses	\$2,934.90	\$135.71
8/1/2015	1647640	Double Eagle and Premier-Midwest Beverage	\$29,690.87	\$635.90
8/31/2015	1652601	Pepsi-Cola	\$54,111.56	\$453.19
8/31/2015	1652603	Pepsi-Cola	\$27,593.14	\$899.97
		Total	\$27,395.90	\$2,124.77

The overpayments noted correspond only to those amounts identified through the limited work performed by the APA and do not represent all of the potential overpayments within each document.

These overpayments are explained in more detail below:

- The City's review procedures failed to detect a \$135.71 overpayment to Mr. Weihe for payroll expenses. Under the Management Agreement, Mr. Weihe was responsible for paying his employees. This would include the employee gross pay amounts and the employer share of the social security and Medicare taxes. The other taxes, including Federal income tax and the employees' share of social security and Medicare taxes would be paid by the employees using deductions from their gross pay. On his request for reimbursement, Mr. Weihe improperly included the employees' Federal income tax withholding and the employees' social security and Medicare taxes, as follows:

Pay Type	Amount Reimbursed	Correct Amount Per APA	Overpayment Amount
Gross Pay	\$1,120.38	\$1,120.38	\$0.00
Federal Withholding	\$50.00	\$0.00	\$50.00
Social Security (Employee)	\$69.47	\$0.00	\$69.47
Social Security (Employer)	\$69.47	\$69.47	\$0.00
Medicare (Employee)	\$16.24	\$0.00	\$16.24
Medicare (Employer)	\$16.24	\$16.24	\$0.00
Totals	\$1,341.80	\$1,206.09	\$135.71

- The City also overpaid Mr. Weihe \$315.90 as a result of duplicate invoices from Double Eagle Beverage. The City failed to identify invoices that had previously been submitted with other invoices for the same day. Certain invoices contained handwritten notations of the amounts due for particular days; however, Mr. Weihe had also submitted other invoices for those same days and amounts. Because the City lacked documentation to support the claimed payments, the APA contacted Double Eagle Beverage directly to determine the amounts actually paid by Mr. Weihe. The overpayments found are summarized below.

Invoice Date	Double Eagle Invoices	Amount Reimbursed	Correct Amount Per APA	Overpayment Amount	APA notes
4/28/2015	Invoice 57450	\$1,179.90	\$1,157.80	\$22.10	The day's total of \$1,179.90 included the other invoice of \$22.10.
4/28/2015	Invoice 57451	\$22.10	\$22.10	\$0.00	
4/28/2015 Subtotal		\$1,202.00	\$1,179.90	\$22.10	
5/19/2015	Invoice 66320	\$91.70	\$91.70	\$0.00	\$1,296.65 had been written on the invoice for the day's total, which included the other two invoices of \$91.70 and \$110.40.
5/19/2015	Invoice 66321	\$1,296.65	\$1,094.55	\$202.10	
5/19/2015	Invoice 66329	\$110.40	\$110.40	\$0.00	
5/19/2015 Subtotal		\$1,498.75	\$1,296.65	\$202.10	
6/2/2015	Invoice 72306	\$650.55	\$558.85	\$91.70	\$650.55 had been written on the invoice for the day's total, which included the other invoice of \$91.70.
6/2/2015	Invoice 72307	\$91.70	\$91.70	\$0.00	
6/2/2015 Subtotal		\$742.25	\$650.55	\$91.70	
Totals		\$3,443.00	\$3,127.10	\$315.90	

- The City also failed to identify a \$320 potential overpayment to Mr. Weihe for invoices dated April 2014, which he submitted from Premier-Midwest Beverage Company. Mr. Weihe was not under contract with the City until almost a year later, in February 2015. Those invoices are summarized below.

Invoice Date	Reimbursement Date	Description	Amount Reimbursed
4/9/2014	8/1/2015	5 Cases of Red Bull	\$160.00
4/28/2014	8/1/2015	5 Cases of Red Bull	\$160.00
Total			\$320.00

The APA also identified reimbursements to Mr. Weihe for claimed expenditures to Paramount Linen for \$104.52 and A-1 Refrigeration for \$209.28 – all of which contained invoice dates similarly preceding his contract as Manager of Holmes Golf Course. It is unknown why Mr. Weihe submitted invoices for periods prior to the assumption of his managerial duties. These vendors were included in the overpayment summary in **Attachment A**; therefore, the APA did not include the amounts. However, it should be noted that these amounts differ from those included in **Attachment A**, and may actually be additional potential overpayments.

- Finally, the City improperly reimbursed Mr. Weihe \$1,353.16 for both duplicate invoices and an additional invoice for an amount that he has yet to pay Pepsi-Cola. Regarding the

duplicate invoices, Mr. Weihe submitted an invoice totaling \$453.19 but had already been paid for that same expenditure as part of a prior reimbursement request. Additionally, per the APA's confirmation with Pepsi-Cola on January 6, 2016, that company never received the \$899.97 payment for which Mr. Weihe submitted a reimbursement request. Those invoices are summarized below.

Invoice Date	Description	Amount Reimbursed	Correct Amount Per APA	Overpayment Amount	APA Notes
Multiple	Old Pepsi Invoices	\$6,333.30	\$6,333.30	\$0.00	Multiple invoices made up total, including invoice #1166334 of \$453.19.
6/24/2015	Invoice #1166334	\$453.19	\$0.00	\$453.19	
7/23/2015	Invoice # 1171375	\$899.97	\$0.00	\$899.97	Per confirmation with Pepsi-Cola on 1/6/2016, amount had not yet been paid.
Totals		\$7,686.46	\$6,333.30	\$1,353.16	

Without adequate procedures to ensure the proper amounts are reimbursed to the Holmes Manager, there is an increased risk for fraud, abuse, or loss of City golf funds. When the City does not enforce the contractual requirement to submit actual proof of payment prior to reimbursement, moreover, there is an increased risk for fraud, abuse, or loss of City golf funds and for overpayments and errors to occur and remain undetected.

We recommend the City ensure its review procedures for Holmes Manager reimbursements are performed adequately and documented to ensure the terms of the Management Agreement are enforced. This would include obtaining proof of payment, such as an actual bank statement, canceled check, credit card statement, or any other form of reliable documentation, for reimbursement purposes. Given the lack of documentation to support vendor payments, we also recommend the City contact all known vendors for the Holmes Golf Course to ensure that there are no outstanding bills.

City's Response: The City of Lincoln Parks and Recreation Department (LPR) acknowledges that requests for - reimbursement were not received in a timely or organized manner from Mr. Weihe. LPR also acknowledges that some duplicate reimbursement requests were received, and that Mr. Weihe submitted some reimbursement requests for invoices that he had not yet paid. Review of contract management services of the Holmes Golf Course Clubhouse from February through mid-September 2015 has resulted in awareness of the need to address a number of some deficiencies in controls and administration of professional service agreements with contracted golf professionals. An Accountant will be hired to oversee the work of the four account clerks in the LPR accounting section, and to assist with administration of agreements with contracted golf professionals. The new position will bring added expertise in implementing internal controls and in increasing workload capacity that will address a number of the recommendations from the APA's review. Adding this new position will ensure greater oversight of professional service agreements for operation of clubhouses at the four 18-hole City golf courses, including:

- verification that City revenues are deposited as specified within the service agreements;*
- review of reimbursement requests associated with management of the Holmes Golf Clubhouse to assure that they are submitted in a timely manner, that appropriate supporting documentation is received, and that there are not duplicative reimbursement requests;*

- *review of payroll expenses to assure that withholding taxes are appropriately categorized for reimbursement by the City, or paid by employees using deductions from their gross pay; and*
- *verification that sales and occupation taxes are correctly submitted in a timely manner.*

LPR initiated a competitive selection process in December 2015 for management services for Holmes Clubhouse in 2016. The service agreement for management services will be augmented with additional requirements, and additional verifications will be conducted on the selected manager.

- *The selected manager will be required to provide verification of an adequate line of credit to carry at least two months of expenses.*
- *The manager will be required to submit verification that invoices submitted for reimbursement have actually been paid. The manager will be given options of providing “read-only” access to the manager’s business bank account so that payments can be verified, or providing cancelled checks.*
- *The manager will be required to hire a bookkeeper to assure that timely requests for reimbursement are submitted, and that submittals are well organized and adequately documented.*

LPR has reviewed the potential overpayments identified by the APA to Premier-Midwest Beverage Company for Red Bull product, to Paramount Linen and to A-1 Refrigeration. The vendors have each indicated that these were expenses carried over from the 2014 season and were not duplicate payments.

The City of Lincoln is pursuing legal action to recover overpayments made to Mr. Weihe.

b. Holmes Inventory Tracking

In addition to not requiring actual proof of expenditures for reimbursements, the City lacked adequate procedures for tracking the golf supplies inventory purchased by Mr. Weihe for the Holmes Golf Course. During our meeting on December 22, 2015, the City acknowledged that Mr. Weihe had a credit balance with Callaway Golf of \$3,397.50. This balance included credit for merchandise returned by Mr. Weihe after he had already been reimbursed for its cost by the City. The City was unaware of any items returned by Mr. Weihe to other vendors.

From March through August 2015, the City reimbursed Mr. Weihe over \$199,000 for the claimed purchase of various golf and concession supplies. Golf items, including clubs, balls, and other merchandise, are highly susceptible to theft and can easily be sold on the outside market.

As mentioned already, this Management Agreement for Holmes Golf Course is unique in that it provides for purchases and related sales of golf equipment to be paid for and receipted by the City. To facilitate this process, the City has a POS system in place to track both equipment purchases and the inventory of the golf merchandise at Holmes.

When the City does not review or maintain an accurate inventory of items purchased for resale at the Holmes Golf Course, there is an increased risk for the loss or misuse of City assets.

We recommend the City implement procedures to ensure an accurate record of purchases, sales, and inventory is created and maintained by someone other than the Manager at Holmes.

City's Response: The service agreement for management services for the Holmes Golf Clubhouse will be augmented requiring that all merchandise, including food and beverage items, be entered into the point of sale system (POS) upon receipt. Training will be provided to staff responsible for entering inventory information into the POS. LPR staff will be verifying that merchandise is being entered into the point of sale system as required, and will participate in physical inventory of merchandise on-hand at the clubhouse at specified time intervals.

c. Timely Reimbursement Requests

The City did not enforce the provision of the Management Agreement for Holmes Golf Course requiring the submission of monthly reports for expense reimbursements. In many instances, Mr. Weihe submitted reimbursement requests that covered multiple months and included overlapping dates.

Section 11 of the Management Agreement states the following:

Manager shall submit monthly reports on approved forms in order to be reimbursed for the expenses for the previous month if the Course is open for play.

The following table sets out the reimbursements paid to Mr. Weihe for reimbursement requests spanning multiple months, which is contrary to the above contractual provision:

G/L Date	Document Number	Amount Reimbursed	Beginning Invoice Dates	Ending Invoice Dates
3/5/2015	1608727	\$2,934.90	1/23/2015	2/16/2015
4/14/2015	1618689	\$22,229.65	2/4/2015	4/1/2015
5/6/2015	1623387	\$25,534.33	8/1/2014	4/26/2015
8/1/2015	1647640	\$29,690.87	4/9/2014	6/15/2015
8/31/2015	1652600	\$37,244.11	3/19/2015	8/4/2015
8/31/2015	1652601	\$54,111.56	4/23/2015	8/31/2015
8/31/2015	1652603	\$27,593.14	4/7/2015	8/15/2015
	Total	\$199,338.56		

This detail was based solely on the documentation the City made available to the APA. As mentioned previously, in most instances a determination could not be made as to when the invoices were actually paid. When reimbursement requests are not made monthly in accordance with the Management Agreement and include invoices with overlapping periods requests, there is an increased risk for errors or duplicate payments.

We recommend the City of Lincoln implement procedures to ensure the Manager for Holmes submits timely reimbursement requests, as required by the Management Agreement for that golf course.

City's Response: As noted above, the contracted manager of the Holmes Golf Clubhouse will be required to hire a bookkeeper to assure that timely requests for reimbursement are submitted, and that submittals are well organized and adequately documented.

d. Interest and Penalties Reimbursed

The City reimbursed Mr. Weihe for interest and penalties in excess of \$500, which arose from his failure to file the required City and State tax reports timely. For example, the City reimbursed Mr. Weihe \$43.96 for interest and penalties due to his failure to file the quarterly unemployment report timely. The second quarter amounts were due by July 31, 2015; however, the report was not

submitted until August 26, 2015, resulting in these additional charges. The APA questions why the City reimbursed such costs, which should have been the sole responsibility of the negligent Manager.

The following is a summary of the City's reimbursements for interest and penalties incurred by Mr. Weihe, as identified by the APA.

G/L Date	Document Number	Payee	Description	Penalties and Interest Reimbursed
8/31/2015	1652601	Nebraska Department of Revenue	Interest on Late Sales Tax Filings for March - July 2015	\$440.40
8/31/2015	1652601	Nebraska Department of Labor	Interest and Penalties for 2nd Quarter 2015 Unemployment	\$43.96
8/31/2015	1652601	City of Lincoln - Occupation Taxes	Interest on Late Tax Filings for March - July 2015	\$16.56
			Totals	\$500.92

Section 11 of the Management Agreement for Holmes contains the following:

Manager shall indemnify, defend, and hold harmless City for any taxes or fees derived from the Course and the Clubhouse not collected or remitted by the Manager for which the City is otherwise liable.

By making reimbursements for penalties and interest incurred due to the Manager's negligence in failing to file required tax forms timely, the City not only takes on the burden of unnecessary costs but also ignores a clear directive to the contrary in its Management Agreement for Holmes. Without adequate procedures to ensure reimbursements are in accordance with the Management Agreement, there is an increased risk for fraud, abuse, or loss of City funds.

We recommend the City implement procedures to ensure the Manager makes all required tax filings in a timely manner. We recommend also that, should any late tax filings occur as the result of the Manager's negligence, the City refrain from making any reimbursements for the costs of the resulting penalties and interest. City staff should perform a more detailed review of expenditures to ensure costs are in line with the Management Agreement.

City's Response: The contracted manager of the Holmes Golf Clubhouse will be required to hire a bookkeeper to assist in assuring that payments and tax filings are completed in a timely manner. The manager and LPR staff involved in reviewing reimbursement requests will also be reminded that the City will not reimburse the manager for penalties or interest resulting from late payments. The City is pursuing legal action to recover reimbursement for penalties and interest resulting from late tax payments.

e. Deposit Operations

The City failed to enforce the provision of the Management Agreement that required deposits to be made weekly. During the winter months, there were several months between deposits into the City fund from Holmes.

Additionally, when Mr. Weihe's contract was terminated in September 2015, he provided the City with over \$70,000 that needed to be deposited into the City's golf fund. As noted below, some of the funds collected were from June of 2015.

Receipt Dates	Amount Deposited	Document Number	G/L Deposit Date
6/29/2015 through 7/5/2015	\$39,794.49	422684	9/25/2015
7/20/2015 through 7/26/2015	\$34,068.88	422685	9/25/2015
Total Late Deposits	\$73,863.37		

Section 11 of the Management Agreement for Holmes Golf Course states the following:

All funds for transactions shall be remitted weekly without delay as specified by the Finance Director of the City.

The City acknowledged its leniency regarding the weekly deposit of funds related to Holmes. Prior to fiscal year 2015, the City had reconciled monthly. During the fiscal year, however, the City began only to spot check the amounts about every other week, which was not documented by the City.

When revenues are not deposited into the City accounts timely, there is an increased risk for fraud, abuse, or loss of City funds.

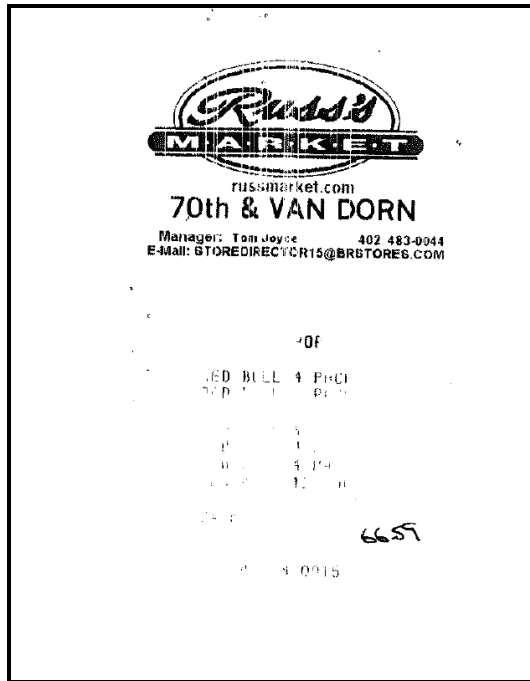
We recommend the City strictly enforce the requirements of the Management Agreement to ensure funds are remitted weekly without delay. The City should also document its periodic reconciliation of the amounts deposited. We also recommend the City ensure all amounts are properly reconciled and not merely spot checked. The reconciliation could be done less often than monthly.

City's Response: The contracted manager of the Holmes Golf Clubhouse will be required to hire a bookkeeper to assist in assuring that deposits are made in a timely manner. The new accountant will be responsible for overseeing regular reconciliation between deposits and POS records.

LPR recognizes that golf facility use is typically low during winter months (i.e., December, January and February), and that courses are often closed due to cold weather and snow. LPR plans to amend the management agreements to state that deposits may be made on a monthly basis during December, January and February.

f. Illegible Receipts Submitted

The City accepted unreadable receipts upon which the amounts were manually written as support for reimbursements made to Mr. Weihe. An example of such a receipt is provided below for a payment to Russ's Market.



As pointed out in Comment 1 herein, Section 11 of the Management Agreement for Holmes requires “proof of payment” for reimbursement. The APA questions whether a handwritten notation on an otherwise illegible receipt fulfills that requirement.

When the City does not enforce the Management Agreement’s proof of payment requirement, there is an increased risk for fraud, abuse, or the loss of City funds.

We recommend the City implement procedures to ensure enforcement of the Management Agreement’s proof of payment requirement. This includes obtaining reliable documentation, such as a bank statement, canceled check, credit card statement, legible receipt, or other form of proof, that the Manager actually purchased the item or service for which compensation is sought.

City’s Response: LPR will be implementing additional control measures for verification of payments made by the manager. LPR will be requiring that the Holmes Golf Course Clubhouse manager hire a bookkeeping to assure that requests for reimbursement are submitted in a timely, well organized manner with adequate supporting documentation. Training will be provided to the manager regarding adequate documentation of purchases. The manager will be directed to establish accounts at local businesses to assist in simplifying the number of types of receipts submitted for reimbursement.

g. Occupation Taxes for Holmes Golf Course

As of December 29, 2015, the City had not collected from Mr. Weihe the August 2015 occupation taxes due for the Holmes Golf Course. After the APA requested documentation supporting the amounts received for such taxes, the City stated its intention to charge Mr. Weihe interest for the late amount due.

The City of Lincoln has a 2% restaurant occupation tax for prepared food, meals, gratuities, and both alcoholic and non-alcoholic beverages. The tax amounts received are required to be remitted to the City monthly.

Without adequate procedures to ensure all tax amounts due are paid by the golf courses, there is an increased risk for fraud, abuse, or loss of City funds.

We recommend action be taken to ensure that occupation tax receipts due to the City from the Holmes Golf Course are received in a timely manner. We recommend also the City collect interest from the Manager for any late tax receipts.

City's Response: The contracted manager of the Holmes Golf Clubhouse will be required to hire a bookkeeper to assist in assuring that payments, including occupation taxes, are made in a timely manner. The manager and LPR staff involved in reviewing reimbursement requests will also be notified that the City will not hold the manager harmless for penalties and interest resulting from late payments.

h. Manager Background Checks

The APA could not determine whether the City required or performed a background check prior to contracting with Mr. Weihe. However, it appears that Mr. Weihe had issues involving his personal finances prior to contracting with the City. In 2009, Mr. Weihe had filed for bankruptcy. Additionally, the APA found 18 civil cases that had been filed against him in Lancaster County and an additional civil case in Douglas County.

In addition, the City did not confirm Mr. Weihe's established line of credit before contracting with him to run the Holmes Golf Course. Based on discussions with City staff, he did not have an adequate amount of credit to run the golf operation.

The City should consider performing background checks on staff and contractors who are charged with handling funds on the City's behalf. Without adequate procedures to review the background of these contractors, there is a serious risk for fraud or misuse of City funds.

We recommend the City conduct a comprehensive background check on any future golf course Managers who are charged with handling funds on the City's behalf. This would include confirming any line of credit or outside funding for such an operation.

City's Response: The City performed a background check and requested verbal assurance of adequate financial resources prior to entering into the contract with Mr. Weihe for management of Holmes Clubhouse in 2015. LPR staff had knowledge of prior issues with Mr. Weihe's personal finances prior to contracting with him. However, due to prior work with the Lincoln City Golf program, we felt that Mr. Weihe had unique knowledge that was needed in training a newly hired staff person.

The Holmes Golf Clubhouse manager will be requested to provide verification of an adequate line of credit to carry at least two months of expenses. LPR will continue to do background checks prior to entering into professional services contracts with golf professionals in the future.

i. Other Filings

Per the Management Agreement for the Holmes Golf Course, Mr. Weihe was responsible for remitting all relevant Federal and State taxes and filing employee W-2 forms. In addition, Mr. Weihe was required to submit to the City an annual financial statement of the golf course's revenues,

personnel costs, and other operating expenses. Because the employment contract was terminated prior to the end of the calendar year, the financial statement was due on October 14, 2015.

Section 21 of the Management Agreement states the following:

In the event that this Agreement is terminated, either at its expiration or for any other reason during the course of a calendar year, a financial statement shall be submitted within thirty (30) days of such termination covering the period from the prior financial statement to the date of termination.

As explained already, Mr. Weihe's contract made him personally responsible for the performance of certain duties and expenditures – including the filing of both employee tax forms and the annual financial statement. Despite no longer being under contract with the City, therefore, Mr. Weihe remains obligated to complete the filings at issue.

When required annual tax filings are not made, there is an increased risk for additional interest and penalties to the City. Likewise failure to file the annual financial statement not only violates the express terms of the Management Agreement but also prevents the City from obtaining important information regarding golf course operations.

We recommend the City ensure Mr. Weihe files the annual financial statement for Holmes, as well as the required Employer's Federal and State Tax Returns, including employee W-2 forms for calendar year 2015.

City's Response: The City Law Department has advised Mr. Weihe that he needs to file the required tax returns, and provide W-2 forms for calendar year 2015 to his former employees, however we recognize that this is Mr. Weihe's responsibility and the City cannot require him to accomplish these duties.

2. Holmes Payroll Costs

The City reimbursed the contracted manager of the Holmes Golf Course for all payroll costs, including gross pay, unemployment insurance, and any related employer taxes. However, there was a lack of oversight by the City to determine whether the payroll costs and hours were appropriate, as no procedures were in place to verify employee status or to ensure that hours worked and amounts paid were reasonable and necessary.

For example, the APA found that the City paid for both a Course Manager and an Onsite Manager at Holmes during the winter months of November 2014 through January 2015, when there would have been few, if any, golfers. Prior to becoming the full-time Manager at Holmes, Mr. Weihe worked under the previous Manager, Mr. Timothy Rowland. During those winter months, the City paid Mr. Rowland, \$16,500 as part of his Management Agreement. In addition, the City reimbursed him an additional \$10,000 for professional fees that he had apparently paid to Mr. Weihe during the same three months. It seems unnecessary for the City to have paid for two managers during the winter months at the Holmes Golf Course.

The invoices submitted by Mr. Rowland for such payroll costs were also questionable. Two of the invoices submitted and paid for by the City had the identical invoice number. These invoices are included below.

Invoice # 1097 Paid December 22, 2014

Scott Weihe 3205 Curtis Dr. Lincoln, Ne 68506		Invoice No. 1097									
INVOICE											
Customer		Misc									
Name	Tim Rowland	Date	12/1/2014								
Address	3403 W. Van Dorn	Order No.									
City	Lincoln	State	NE								
Phone	ZIP 68522	Rep									
		FOB									
<table border="1" style="width: 100%; border-collapse: collapse;"><thead><tr><th style="width: 10%;">Qty</th><th style="width: 60%;">Description</th><th style="width: 15%;">Unit Price</th><th style="width: 15%;">TOTAL</th></tr></thead><tbody><tr><td style="text-align: center;">1</td><td>November 16 - 30 Professional Fees (Holmes Golf Course)</td><td style="text-align: right;">\$ 1,666.67</td><td style="text-align: right;">\$ 1,666.67</td></tr></tbody></table>				Qty	Description	Unit Price	TOTAL	1	November 16 - 30 Professional Fees (Holmes Golf Course)	\$ 1,666.67	\$ 1,666.67
Qty	Description	Unit Price	TOTAL								
1	November 16 - 30 Professional Fees (Holmes Golf Course)	\$ 1,666.67	\$ 1,666.67								

Invoice # 1097 Paid May 13, 2015

Scott Weihe 3205 Curtis Dr. Lincoln, Ne 68506		Invoice No. 1097									
INVOICE											
Customer		Misc									
Name	Tim Rowland	Date	12/16/2014								
Address	3403 W. Van Dorn	Order No.									
City	Lincoln	State	NE								
Phone	ZIP 68522	Rep									
		FOB									
<table border="1" style="width: 100%; border-collapse: collapse;"><thead><tr><th style="width: 10%;">Qty</th><th style="width: 60%;">Description</th><th style="width: 15%;">Unit Price</th><th style="width: 15%;">TOTAL</th></tr></thead><tbody><tr><td style="text-align: center;">1</td><td>December 1 - 15 Professional Fees (Holmes Golf Course)</td><td style="text-align: right;">\$ 1,666.67</td><td style="text-align: right;">\$ 1,666.67</td></tr></tbody></table>				Qty	Description	Unit Price	TOTAL	1	December 1 - 15 Professional Fees (Holmes Golf Course)	\$ 1,666.67	\$ 1,666.67
Qty	Description	Unit Price	TOTAL								
1	December 1 - 15 Professional Fees (Holmes Golf Course)	\$ 1,666.67	\$ 1,666.67								

The City acknowledged having little control over the reimbursements for staffing costs at the Holmes Golf Course. The City's process for reimbursing payroll costs was simply to reimburse the amount requested by the Manager from the created payroll detail summary.

We recommend the City implement procedures, based upon a review of the terms of the Management Agreement, to ensure compliance with the overall plan for the reimbursement of related staff costs to ensure those expenses are reasonable, necessary, and adequately supported.

City's Response: LPR recognizes the need to retain qualified clubhouse operations staff during the winter months to assure continuity from one season to the next – it would not be possible to retain quality staff if they were only hired seasonally. Golf courses are open during winter months when the daytime temperature is above 32 degrees. In addition banquet facilities within the clubhouse are available for rental year-round. Reimbursing the manager for payroll costs for a limited number of staff during winter months is a reasonable cost of doing business. In the instance of reimbursement payments made for Mr. Weihe's time in November 2014 through January 2015, he was involved in work activities requested by LPR in preparation for the upcoming golf season.

LPR will be requiring that the Holmes Golf Clubhouse manager submit an annual budget and staffing plan.

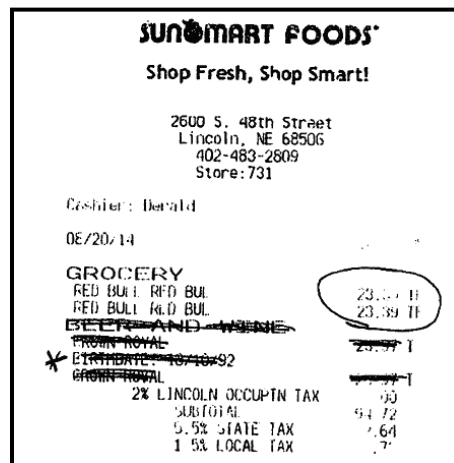
3. Issues Identified With Previous Holmes Manager

The APA found similar control and oversight issues with the City's handling of the prior Holmes Manager, Mr. Rowland, who served in that capacity through January 31, 2015.

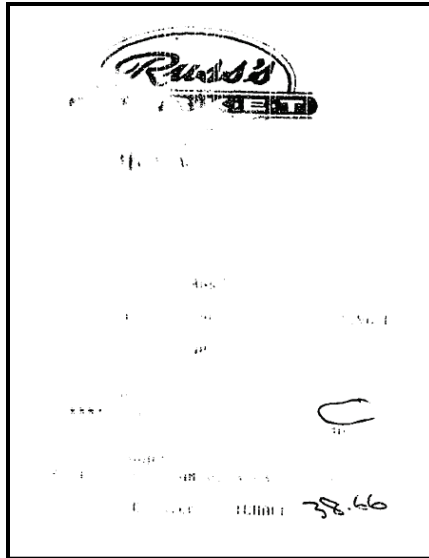
This comment and recommendation refers to the issues noted by the APA for this prior manager contract, and as such, some of the information herein may appear repetitive from Comment Number 1. However, the APA is attempting to illustrate that the City's controls and enforcement of the management agreements at Holmes have been lacking for quite some time. The following issues were identified.

- The City also did not require Mr. Rowland to provide adequate proof of payment prior to reimbursing him for claimed expenditures. In most cases, the City accepted an invoice or detailed summary as the only support for reimbursement, similar to the more recent process under Mr. Weihe, without verifying that the Manager actually made payment for the goods or services.

The APA observed a receipt from a request for reimbursement by Mr. Rowland that included the purchase of Red Bull energy drink and a bottle of Crown Royal Canadian whiskey. The Red Bull was the only item requested for reimbursement by Mr. Rowland. The birth date on the receipt was October 10, 1992, which is not Mr. Rowland's date of birth. Based upon the information on the receipt submitted, the purchaser of these products could not be determined. The APA has included a copy of the receipt below.



- Mr. Rowland also did not submit reimbursement requests timely, as required by his Management Agreement with the City. Several of the reimbursement requests spanned multiple months and crossed over dates with other requests. The APA found a reimbursement that was made to Mr. Rowland in November 2014 for an invoice dated June 13, 2013 – almost a year and a half after the purchase.
- The APA also determined that the City had occasionally reimbursed Mr. Rowland for receipts that were so illegible that the amounts had to be handwritten in. An example of such a receipt submitted from Russ's Market is included below.



- Mr. Rowland also did not make required deposits on time in accordance with his Manager agreement. For example, the November 2014, December 2014, and January 2015 receipts were not deposited into the City accounts until February 25, 2015. All receipts were required to be deposited weekly, per the Management Agreement.

Without proper enforcement of the provisions of the Management Agreements, the City increases its risk for the loss or misuse of City funds.


We recommend the City ensure the provisions of the Management Agreements are strictly enforced and ensure adequate proof of payment is received, timely request for reimbursements are made, and funds are remitted weekly without delay. This process would also include a documented reconciliation of the amounts due to the City.

City's Response: LPR will be requiring that the Holmes Golf Course Clubhouse manager hire a bookkeeping to assure that requests for reimbursement are submitted in a timely, well organized manner with adequate supporting documentation. The City has hired BKD to complete an Agreed upon Procedures Engagement to review compliance with contractual provision during Mr. Rowland's tenure as the contracted manager.

4. Sales Tax

As a governmental unit in Nebraska, the City is exempt from paying sales tax. However, the APA identified several purchases made by the Holmes Manager that included sales tax. Since the Manager is personally making purchases on behalf of Holmes Golf Course, it is unclear whether sales tax should be paid. Consequently, sales taxes were paid inconsistently.

The following is an example of a receipt from Callaway Golf Sales Company, for which Mr. Rowland paid sales tax totaling \$257, later requesting to be reimbursed for that amount.

Make your payment online – CallawayConnect.com  P.O. BOX 9002 CARLSBAD, CA 92018-9002 TELEPHONE (760) 931-1771 TOLL FREE (800) 228-2767 RETURN AUTHORIZATION REQUIRED. ALL U.S. SALES MADE BY & SHIPPED BY CALLAWAY GOLF SALES COMPANY. CASH DISCOUNT NOT APPLICABLE IF PAYMENT VIA CREDIT CARD.		Track your shipment – UPS.com BILL TO: TIM ROWLAND PIONEER GOLF COURSE 3403 WEST VAN DORN LINCOLN NE 68522 SHIP TO: HOLMES PARK GOLF COURSE 3701 S. 70TH ST. LINCOLN NE 68508	<table border="1"> <tr> <td>SUBTOTAL</td> <td>3,675.00</td> </tr> <tr> <td>TOTAL TAX (NE)</td> <td>257.25</td> </tr> <tr> <td>TOTAL DUE</td> <td>3,932.25</td> </tr> </table>	SUBTOTAL	3,675.00	TOTAL TAX (NE)	257.25	TOTAL DUE	3,932.25
SUBTOTAL	3,675.00								
TOTAL TAX (NE)	257.25								
TOTAL DUE	3,932.25								

Page 1 of 1

The Director of the City's Parks and Recreation Department was aware of the Manager's seemingly random payment of sales tax and the reimbursement for those questionable expenditures. Such reimbursements add additional costs to the City golf fund. Again, this process is unique to the Holmes Golf Course, as the other course managers would be responsible for paying any related taxes on purchases.

We recommend the City seek guidance regarding how to apply consistently the applicable sales tax exemption. This may include working with the Nebraska Department of Revenue to determine whether purchases made by contractors or purchasing agents operating under the City are also tax exempt.

City's Response: The Holmes Golf Clubhouse manager will be directed to establish business accounts with vendors and the City of Lincoln Purchasing Division will then issue sales tax exemption forms to these businesses.

The manager and LPR staff involved in reviewing reimbursement requests will be instructed that the City will not provide reimbursement for sales taxes on purchases made by the manager.

5. Timely Collection of Golf Funds at Other City Courses

Overall, the City lacked procedures to ensure the timely collection of funds at all City-owned golf courses. The City acknowledged its lack of procedures and enforcement of timely deposits.

The following example includes a deposit for Pioneers Golf Course for four months of activity prior to the fees being remitted to the City.

G/L Date	Object	Object Title	Doc #	Explanation or Name	Amount
5/6/2015	3251	Golf Course Green Fees	413243	Pioneers Golf 1/5-4/26	\$ (93,839.66)
5/6/2015	3254	Golf Cart Use (Taxable)	413243	Pioneers Golf 1/5-4/26	\$ (41,797.96)
5/6/2015	3252	Annual Memberships Fees	413243	Pioneers Golf 1/5-4/26	\$ (27,155.00)
5/6/2015	3255	Golf Cart Use Unlimited Pass	413243	Pioneers Golf 1/5-4/26	\$ (5,645.00)
				Total	\$ (168,437.62)

Section 11 of the Pioneers Service Agreement states the following:

All funds for transactions shall be remitted weekly without delay as specified by the Finance Director of the City.

A similar provision is found in the Service Agreements for all of the City golf courses.

When revenues are not deposited into the City accounts timely, there is an increased risk for the loss or misuse of City funds.

We recommend the City enforce strictly the requirements of the Service Agreements to ensure funds are remitted weekly without delay. This would include a documented reconciliation to ensure all amounts due are collected timely.

City's Response: LPR recognizes that golf facility use is typically low during winter months (i.e., December, January and February), and that courses are often closed due to cold weather and snow. LPR plans to amend the management agreements to state that deposits may be made on a monthly

basis during December, January and February. LPR accounting section staff will also be monitoring the dates of deposits to assure that funds are remitted on a timely basis. Deposits of City funds are reconciled against point of sale system reports.

6. Annual Reports

The APA identified certain errors in the annual profit and loss statement report submitted by the Manager of the Highlands and Mahoney golf courses for calendar year 2014. After the APA pointed out one of those errors, the City had the Manager update the profit and loss statement report for 2014, which the APA received on January 4, 2016.

The City acknowledged that the Manager had used the same form from his 2013 profit and loss statement report when submitting the 2014 profit and loss.

However, the APA observed additional 2014 report amounts that were questionable due to the fact that they agreed to those in the 2013 profit and loss statement. It is extremely unlikely that statement amounts for certain income, expense, and inventory accounts would not vary from year to year, remaining the same down to the penny.

The following amounts from the 2013 profit and loss statement report agreed exactly to those in the 2014 report for the Highlands and Mahoney golf courses.

Profit and Loss Account	2013	2014	Revised 2014
Rounds Commission	\$22,275.55	\$22,275.55	\$23,244.50
Taxes	\$11,774.53	\$11,774.53	\$11,774.53
Beginning Inventory	\$53,715.08	\$53,715.08	\$53,715.08

According to the Parks and Recreation Department Director for the City, these annual reports were simply filed away and were not reviewed for completeness or reconciled to any of the City golf data.

Section 20 of the Management Agreements for both the Highlands and Mahoney golf courses provides, in relevant part, the following:

Manager shall submit to City annual financial statements on approved forms of the entire operation covered by the terms of this Agreement Annual financial statements shall be due by May 1st of each year this Agreement is in force and effect.

When the annual profit and loss statements reports are not completed properly and not reviewed or reconciled against related City data, there is an increased risk for fraud, abuse, or the loss of City funds.

We recommend the City implement procedures to ensure the annual profit and loss statements reports are filled out properly and compared to other City data for accuracy and completeness.

City's Response: LPR will be hiring an accountant to assist with oversight of golf management agreements, including review of required profit and loss statements. Future profit and loss statements will be reviewed by our new accountant.

The 2014 profit and loss statement for Highlands and Mahoney Golf Courses was reviewed with the contracted manager. He said that he had used the format from the 2013 report and had made an oversight in recording information for the three categories identified by the APA. A corrected statement is being prepared to submittal.

7. Utilities and Fuel Expenses

Among the major expenses of the golf fund were payments for water, electricity, and fuel. The APA analyzed some of those costs and discussed them with the City, as detailed below.

a. Electricity Expenses

The Highlands course paid significantly more for electricity than the other courses, as illustrated by the following table.

FY	Object	Object Title	Pioneers	Holmes	Mahoney	Highlands	Jim Ager	FY Totals
2014	5821	Electricity - Bldg & Grnds	\$16,456.80	\$16,459.35	\$17,461.18	\$46,045.07	\$3,744.98	\$100,167.38
2015	5821	Electricity - Bldg & Grnds	\$19,285.88	\$16,567.98	\$16,414.43	\$44,267.69	\$3,787.44	\$100,323.42

While some of the additional costs may relate to the course being larger, Highlands has only one electrical meter for the entire course. Per the City, this has resulted in a demand charge premium of almost \$25,000 per year. Demand charges are assessed when a customer uses large amounts of energy during certain peak times. The City indicated that the issue has been discussed with the Lincoln Electric System (LES), and a separate meter to prevent the demand charges has been requested.

We recommend the City obtain additional meters to prevent the unnecessary demand charges to the Golf fund.

City's Response: LPR is actively working with representatives of Lincoln Electric System to seek a cost effective solution to avoiding the demand charges associated with the irrigation pumps at Highlands Golf Course.

b. Water Usage

When comparing the water costs of the different golf courses, the APA noted that the Holmes course was paying significantly more than its counterparts.

FY	Object	Object Title	Pioneers	Holmes	Mahoney	Highlands	Jim Ager	FY Totals
2014	5830	Water	\$53,479.56	\$92,015.22	\$4,479.27	\$45,240.94	\$21,811.77	\$217,026.76
2015	5830	Water	\$29,237.76	\$92,067.39	\$5,168.99	\$36,851.47	\$19,869.08	\$183,194.69

According to City staff, Holmes Golf Course relies solely on City water, while the other courses use a combination of City water, pumping, and ponds for irrigation. The Mahoney course relies very little on City water, resulting in extremely low costs.

The City also received a significant amount of rain in 2015, as compared to 2014; however, this did not decrease the overall water use at Holmes, like it did at other courses. The Director of the Parks and Recreation Department for the City indicated that there may have been other issues with the Holmes course and its greens that required the new superintendent to water significantly. However, no documentation was provided to support that assumption.

Without a periodic documented comparison of these significant expenses, there is an increased risk for loss or misuse of City funds.

We recommend the City implement procedures to analyze these significant annual expenses and document the reasons for large variances. We also recommend the City reconsider alternate forms of irrigation at the Holmes Golf Course to lessen the amount of City water used.

City's Response: Weather is a significant factor in the amount of potable water purchased by LPR for irrigation of golf courses. Weather also affects the amount of electricity used in operating irrigation booster pumps. These expenses are reviewed by LPR on an annual basis.

There was a significant leak in an irrigation water main at Holmes Golf Course that was identified and repaired in August 2015. The leak in this water main resulted in potable water directly entering a drainage channel that drains to Holmes Lake, and caused an increase in the amount of water purchased from Lincoln Water System. LPR is confident that it was because of this leak that water expenses at Holmes Golf Course in 2015 were higher than would be anticipated given with wet growing season. LPR has explored a number of options over time to secure non-potable water for use in irrigation Holmes Golf Course. No viable options have been identified. The best approach is to utilize irrigation water as efficiently as possible, and to actively monitor the aging system for leaks.

c. Fuel Costs and Storage Tanks

The City maintains fuel storage tanks at each course for operations and maintenance. Surprisingly, during a period of lower gas prices, the oil and gas expenses for all of the courses combined almost tripled, increasing from \$67,866 in fiscal year 2014 to \$188,131 in 2015.

According to City staff, \$70,000 in fuel charges from fiscal year 2014 was paid in fiscal year 2015. The fuel billing information had been going to an ex-employee of the City; therefore, timely billings were not being made. The APA observed that certain fuel and expense amounts for July 2014 were not paid until November 2014.

The APA also questioned the City regarding controls on the fuel tank usage at each course. While the City has implemented controls for the use of its gas cards for fleet services, there are not adequate controls for the fuel tank use at each course. Without adequate procedures, there is an increased risk of theft of fuel from the gas tanks at each course.

We recommend the City implement procedures to ensure timely billings occur. The City should be aware when significant bills are not received or paid. We also recommend the City limit the risk of theft of fuel by ensuring proper controls over the fuel storage tanks is maintained.

City's Response: There is no documented theft of fuel from golf maintenance facilities. Fuel storage tanks are locked, and access is monitored by golf course superintendents.

The late receipt and payment of fuel charges from fiscal year 2014 that were paid in fiscal year 2015 was the result of two factors – implementation of a new electronic inter-departmental billing system, and billing statements being directed to a closed email account of a former employee.

8. Surety Bond

The City incurs a significant risk by allowing the golf course Managers to collect and deposit millions of dollars on its behalf. That risk is heightened by the fact that the City did not require the Managers to be bonded.

Neb. Rev. Stat. § 15-251 (Reissue 2012) provides the following, “A city of the primary class may require all officers or employees elected or appointed to give bond or evidence of equivalent insurance for the faithful performance of their duties.”

The City should exercise its statutory prerogative to require certain employees, such a golf course managers responsible for handling significant amounts of City funds, to be bonded or insured to secure the safety of those funds. When such bonding is not required, there is an increased risk for the loss of City funds.

We recommend the City require the Manager of each golf course to submit a surety bond sufficient to cover any losses. Such bond should remain in effect during the entire term of the relevant Management Agreement.

City's Response: The statute referenced is not relevant in this situation. Managers at the four City 18-hole golf courses are independent contractors, not City employees nor officers. However, LPR will be exploring options with the City Risk Management Division for bonding or insuring of managers.

APA Response: The APA agrees that as independent contractors, the golf course Managers do not fall within this statute. Nevertheless, in the same way that requiring certain officers and employees to be bonded under § 15-251 protects the interests, financial and otherwise, of the City, including a bond requirement in the golf course Managers' contracts would help to safeguard public funds from loss due to mismanagement or misappropriation.

9. Timely Documentation Provided

On December 8, 2015, the APA sent several questions and attachments to the City via email, requesting supporting documentation for the golf fund operations. While the APA had several meetings with the City to discuss many of the questions asked, some of the documentation was not received by the APA until January 4, 2016.

Regarding a record request by the APA, Neb. Rev. Stat. § 84-305(2) (Supp. 2015) states, in relevant part, "No delay due to the significant difficulty or the extensiveness of any request for access to information or records shall exceed three calendar weeks after actual receipt of such request by any public entity."

When documentation requested by the APA is not received timely, the City is not in compliance with State law.

We recommend the City implement procedures to ensure its compliance with State law by responding timely to future records requests by the APA.

City's Response: Due to Christmas and New Year's Day holidays and approved vacation leave by key LPR staff, an extension was submitted to and approved the APA's extending the timeframe for submitting requested materials to January 4, 2016.

City's Overall Response: We appreciate the review conducted by and recommendations from your office. We are committed to improving internal controls and to seeking efficiencies related to operation of the Lincoln City Golf Program.

* * * * *

Our limited procedures for this letter were designed primarily on a test basis and, therefore, may not bring to light all weaknesses in policies or procedures that may exist. Our objective is, however, to use our knowledge of the golf fund to make comments and suggestions that we hope will be useful to the City and the members of the City golf courses.

This communication is intended solely for the information and use of the City and its management. It is not intended to be, and should not be, used by anyone other than those specified parties. However, this letter is a matter of public record, and its distribution is not limited.

If you have any questions regarding the above information, please contact our office.

Sincerely,

A handwritten signature in black ink, appearing to read "C. J. Janssen", with a long horizontal flourish extending to the right.

Charlie Janssen
Auditor of Public Accounts

REVENUES AND EXPENSES DETAIL BY OBJECT ACCOUNT
SEPTEMBER 1, 2014 THROUGH AUGUST 31, 2015

EXHIBIT A

Object	Object Title	Operations	Pioneers	Holmes	Mahoney	Highlands	Jim Ager	Totals
GOLF FUND REVENUE OBJECTS								
3250	School Permit Fees	\$29,257.00						\$29,257.00
3251	Golf Course Green Fees	\$1,490.65	\$536,756.04	\$375,173.77	\$425,674.68	\$479,124.99	\$91,505.05	\$1,909,725.18
3252	Annual Memberships Fees	\$284,699.19						\$284,699.19
3254	Golf Cart Use (Taxable)		\$211,528.12	\$165,766.63	\$176,600.15	\$211,587.60	\$1,256.08	\$766,738.58
3255	Golf Cart Use Unlimited Pass	\$52,156.08						\$52,156.08
3256	Golf Driving Range Note 1		\$3,359.83		\$5,368.52	\$6,316.57	\$1,340.50	\$16,385.42
3513	Equipment Rental						\$2,740.65	\$2,740.65
3603	Lessons/Classes					\$50.00	\$1,835.00	\$1,885.00
3633	Classes/Instructions						\$2,145.00	\$2,145.00
3640	Gift Shop Sales						\$7,480.09	\$7,480.09
4030	Miscellaneous (Non-Taxable)	\$85.00					\$4,457.64	\$4,542.64
4080	Concessions Dept. Operated						\$8,424.83	\$8,424.83
4101	Refunds - Prior Year	\$5,072.00						\$5,072.00
4111	Sales Tax Commissions	\$755.23						\$755.23
4201	Sale Of Land Note 2					\$497,123.36		\$497,123.36
4584	Pro-shop Sales Note 3			\$151,365.09				\$151,365.09
4585	Lounge Sales Note 3			\$169,420.89				\$169,420.89
Total Revenue Objects		\$373,515.15	\$751,643.99	\$861,726.38	\$607,643.35	\$1,194,202.52	\$121,184.84	\$3,909,916.23
GOLF FUND EXPENSE OBJECTS								
5021	Regular Salaries	\$52,559.77	\$112,216.18	\$158,808.60	\$93,454.16	\$125,137.36	\$45,054.62	\$587,230.69
5022	Unclassified Salaries		\$45,745.38	\$61,198.54	\$78,866.63	\$106,867.25	\$33,453.11	\$326,130.91
5023	Overtime Pay @ 1.5		\$700.01	\$614.77		\$2,567.16		\$3,881.94
5024	Overtime @ 1.0					\$41.99		\$41.99
5025	Holiday Worked @ 1.5 & 2.0		\$1,085.58	\$728.14	\$135.62	\$101.65	\$194.05	\$2,245.04
5031	Vacation Pay	\$2,117.24	\$3,166.72	\$7,815.75	\$19,525.64	\$12,033.77	\$1,751.46	\$46,410.58
5032	Vacation Bank Pay				\$2,148.10			\$2,148.10
5033	Sick Leave Pay	\$913.41	\$180.83	\$1,077.70	\$180.83	\$16,814.23	\$240.48	\$19,407.48
5034	Family Sick Leave Pay	\$149.06	\$180.83	\$464.51		\$319.08		\$1,113.48
5035	Holiday Pay	\$2,084.53	\$4,432.21	\$7,525.69	\$3,643.25	\$5,955.52	\$1,167.78	\$24,808.98
5036	Personal Conv Holiday	\$444.81	\$293.94	\$681.16	\$361.67	\$1,234.62	\$539.97	\$3,556.17
5037	Funeral Leave	\$106.26		\$180.83				\$287.09
5041	Longevity Pay	\$354.90	\$550.50	\$4,910.70	\$4,716.66	\$4,596.28		\$15,129.04
5042	Sick Leave Payout	\$65.09			\$24,675.92		\$195.26	\$24,936.27
5081	Health & Accident Insurance	\$11,874.73	\$42,283.92	\$54,681.97	\$24,736.77	\$40,513.20	\$10,704.78	\$184,795.37
5082	Dental Insurance	\$304.96	\$747.26	\$1,576.81	\$1,108.06	\$1,726.01	\$219.09	\$5,682.19
5083	Life Insurance	\$95.87	\$308.14	\$407.30	\$254.33	\$365.04	\$35.51	\$1,466.19
5085	Retirement	\$3,872.59	\$9,153.36	\$14,893.84	\$17,814.15	\$14,013.03	\$991.93	\$60,738.90
5086	FICA	\$3,511.26	\$9,722.30	\$15,361.61	\$13,978.60	\$16,474.32	\$3,963.55	\$63,011.64
5087	Medicare Tax	\$821.18	\$2,273.83	\$3,592.69	\$3,269.24	\$3,853.02	\$926.98	\$14,736.94
5088	Unemployment Compensation					\$2,106.00		\$2,106.00
5089	EAP	\$60.83	\$111.52	\$121.66	\$131.80	\$121.66	\$60.83	\$608.30

REVENUES AND EXPENSES DETAIL BY OBJECT ACCOUNT
SEPTEMBER 1, 2014 THROUGH AUGUST 31, 2015

EXHIBIT A

Object	Object Title	Operations	Pioneers	Holmes	Mahoney	Highlands	Jim Ager	Totals
5090	Worker's Compensation	\$122.00	\$2,525.00	\$3,053.00	\$2,220.00	\$10,401.00	\$531.00	\$18,852.00
5091	PEHP	\$666.46	\$1,845.71	\$2,477.64	\$26,121.20	\$2,165.00	\$411.56	\$33,687.57
5094	New Pension Plan	\$196.60		\$3,666.95		\$4,198.37		\$8,061.92
5221	Office Supplies	\$599.95	\$253.85	\$278.59	\$146.54	\$606.36	\$1,609.00	\$3,494.29
5251	Fuel & Oil		\$43,698.32	\$46,936.23	\$40,469.62	\$54,718.90	\$2,307.95	\$188,131.02
5255	Groceries & Meats						\$1,460.94	\$1,460.94
5257	Medical Supplies					\$4.40		\$4.40
5259	Other Oper Supplies		\$13,758.28	\$3,029.84	\$4,108.88	\$6,083.59	\$46.00	\$27,026.59
5261	Postage	\$0.46		\$19.65				\$20.11
5263	Wearing Apparel			\$9.65				\$9.65
5265	Mat'l & Supp - Bldg & Grnds				\$91.08			\$91.08
5272	Program Supplies	\$35.00		\$42.06			\$872.44	\$949.50
5320	Fleet Maint Repair Supplies				\$90.16			\$90.16
5321	Asphalt			\$166.81		\$559.47		\$726.28
5322	Auto/Truck Repair Supplies					\$284.43		\$284.43
5323	Bldg Maint Supplies		\$444.17	\$1,825.55	\$696.06	\$741.11	\$772.42	\$4,479.31
5324	Custodial Supplies		\$2,390.42	\$1,477.19	\$2,144.92	\$4,000.61	\$500.28	\$10,513.42
5325	Ground Maint Supplies		\$46,263.53	\$47,896.18	\$32,955.56	\$80,139.89	\$25,545.54	\$232,800.70
5326	Street Paving Supplies					\$119.00		\$119.00
5328	Misc Small Hardware			\$73.74		\$173.92		\$247.66
5329	Oper Maint Supplies		\$64.74	\$8,694.68	\$1,491.01	(\$1,491.97)	\$1,309.08	\$10,067.54
5330	Other Equip Repair Supplies		\$13,973.08	\$19,638.13	\$7,240.86	\$12,508.81	\$2,662.52	\$56,023.40
5332	Sand, Cement & Brick		\$2,197.62	\$4,933.57	\$3,464.01	\$3,218.33	\$1,575.33	\$15,388.86
5333	Fleet Maint Supplies	\$166.00	\$6,651.61	\$10,490.26	\$5,342.39	\$7,011.06	\$154.00	\$29,815.32
5334	Tires			\$288.93	\$600.18	\$768.19		\$1,657.30
5420	Minor Equipment		\$1,873.61	\$1,682.20	\$2,537.23	\$2,851.29		\$8,944.33
5421	Safety Equipment		\$183.07	\$204.10	\$332.46	\$464.28		\$1,183.91
5422	Small Tools		\$111.53	\$162.25	\$7.49	\$416.85		\$698.12
5450	Concession Supplies Note 3, Note 5			\$167,964.93			\$5,618.46	\$173,583.39
5451	Golf Supplies Note 3, Note 5			\$208,382.22			\$2,430.59	\$210,812.81
5621	Misc Contractual Services	\$64,646.12		\$67,500.00		\$330.20	\$3,032.29	\$135,508.61
5631	Data Processing Service	\$44,679.98						\$44,679.98
5725	Mileage - Personal Vehicles	\$89.99						\$89.99
5728	Schools & Conferences	\$1,099.65						\$1,099.65
5762	Photocopying		\$12.05	\$18.62	\$9.62	\$23.01	\$226.44	\$289.74
5763	Printing	\$46.13					\$12.50	\$58.63
5781	Auto/Transit Phy Damage	\$720.00						\$720.00
5783	General Liability	\$2,091.00	\$1,182.00	\$1,185.00	\$1,182.00	\$1,186.00	\$237.00	\$7,063.00
5785	Auto/Transit Liability					\$399.57		\$399.57
5786	Property		\$579.00	\$618.00	\$960.00	\$1,453.00	\$495.00	\$4,105.00
5787	Worker's Comp Excess Cov	\$10.00	\$207.00	\$250.00	\$182.00	\$853.00	\$44.00	\$1,546.00
5795	Misc Insurance Floater	\$5,888.00						\$5,888.00

REVENUES AND EXPENSES DETAIL BY OBJECT ACCOUNT
SEPTEMBER 1, 2014 THROUGH AUGUST 31, 2015

EXHIBIT A

Object	Object Title	Operations	Pioneers	Holmes	Mahoney	Highlands	Jim Ager	Totals
5799	Long Term Disability		\$385.00	\$1,015.00	\$545.00	\$376.00	\$263.00	\$2,584.00
5821	Electricity - Bldg & Grnds		\$19,285.88	\$16,567.98	\$16,414.43	\$44,267.69	\$3,787.44	\$100,323.42
5824	Garbage Service		\$850.84	\$270.25	\$750.05	\$1,006.95	\$101.96	\$2,980.05
5825	Natural Gas		\$3,573.93	\$2,193.11	\$3,257.93	\$5,711.43	\$1,751.70	\$16,488.10
5826	Propane Gas		\$1,888.93					\$1,888.93
5829	Telephone	\$839.21	\$1,969.11	\$2,851.12	\$2,139.69	\$4,693.40	\$1,613.98	\$14,106.51
5830	Water		\$29,237.76	\$92,067.39	\$5,168.99	\$36,851.47	\$19,869.08	\$183,194.69
5853	Car & Truck Repairs					\$234.70		\$234.70
5857	Concession Equip Maint		\$188.05	\$81.60	\$156.85			\$426.50
5858	Elec System Repair & Maint		\$123.00					\$123.00
5859	Equip Maintenance Contracts		\$5,304.89		\$1,352.20	\$4,712.36	\$258.00	\$11,627.45
5862	Grounds Maintenance					\$77.94		\$77.94
5863	Heating System Repairs		\$1,916.85		\$704.51	\$533.00		\$3,154.36
5865	Minor Bldg & Grnds Impr			\$427.18		\$119.58	\$257.73	\$804.49
5866	Minor Equip Repairs					\$283.28		\$283.28
5868	Operations Maint & Repair		\$20.00	\$848.25	\$53.56			\$921.81
5869	Other Equip Maint & Repair		\$3,919.03	\$3,600.42	\$2,191.39	\$3,778.72	\$379.46	\$13,869.02
5870	Other Bldg Maintenance		\$2,538.24	\$3,851.63	\$1,480.05	\$1,351.05	\$148.00	\$9,368.97
5871	Plumbing Repairs				\$252.50	\$543.07		\$795.57
5874	Software Maintenance	\$18,600.00						\$18,600.00
5922	Rent of Bldgs & Lots		\$797.39	\$410.00	\$711.16	\$1,346.50	\$400.00	\$3,665.05
5924	Rent of Machinery & Equip	\$54,676.11	\$50,212.15	\$34,345.37	\$34,041.40	\$76,004.81		\$249,279.84
5927	Rent of Vehicles	\$1,145.35	\$13,152.78	\$13,152.78	\$13,152.78	\$13,152.77		\$53,756.46
5952	Advertising/Media Serv	\$12,165.99					\$134.82	\$12,300.81
5955	Central Services Note 4	\$72,127.70						\$72,127.70
5957	Committee Expense	\$10.32						\$10.32
5961	Education & Training	\$643.00						\$643.00
5966	Industrial Promotion	\$1,149.00						\$1,149.00
5968	Laundry & Dry Cleaning		\$20.50		\$257.25	\$259.80		\$537.55
5973	Memberships & Subscriptions	\$1,559.00	\$375.00	\$250.00	\$375.00	\$615.00	\$594.00	\$3,768.00
5977	Fees/Licenses/Titles/Permits	\$375.00			\$991.90		\$390.00	\$1,756.90
5980	Reimbursements			\$14.00				\$14.00
5983	Sales Tax			\$10,973.55				\$10,973.55
5993	Fees Paid to State of NE	\$25.00						\$25.00
5996	Credit Card/Bank Fees		\$11,347.32		\$8,068.83	\$11,198.94	\$2,505.82	\$33,120.91
6003	Freight & Cartage		\$220.25					\$220.25
6004	Bad Debt Expense				\$13.71			\$13.71
6006	Building/Misc Permits		\$70.00	\$70.00	\$170.00	\$70.00	\$70.00	\$450.00
6064	Cars & Trucks					\$4,500.00		\$4,500.00
Total Expense Objects		\$363,709.51	\$518,764.00	\$1,120,597.87	\$513,643.88	\$760,717.32	\$183,878.73	\$3,461,311.31
Total Net Change in FY 2015		\$9,805.64	\$232,879.99	(\$258,871.49)	\$93,999.47	\$433,485.20	(\$62,693.89)	\$448,604.92

Note 1: The driving range revenues for the Holmes golf course were included in Object 4584-Pro Shop Sales.

REVENUES AND EXPENSES DETAIL BY OBJECT ACCOUNT
SEPTEMBER 1, 2014 THROUGH AUGUST 31, 2015

EXHIBIT A

Object	Object Title	Operations	Pioneers	Holmes	Mahoney	Highlands	Jim Ager	Totals
<p>Note 2: During fiscal year 2015, the City sold land adjacent to the Highlands golf course.</p> <p>Note 3: As previously stated, the Management Agreement was unique to Holmes in terms of the City receiving the revenue for food, beverage, and pro-shop sales. The City also reimbursed the Manager for all of the related costs that were coded in objects 5450 and 5451.</p> <p>Note 4: The City has allocated certain central services costs to different departments including the Golf fund; these costs include audit, budget, law, purchasing and others.</p> <p>Note 5: Included in these accounts was overpayments paid to Mr. Weihe as the Manager of the Holmes golf course. See comment and recommendation number one for additional information.</p>								

HISTORY OF REVENUES AND EXPENSES FOR GOLF FUND PER CAFR

EXHIBIT B

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Operating Revenues										
Charges for Services										\$297,870
Fees	\$3,121,638	\$2,967,576	\$2,889,075	\$2,901,144	\$3,107,595	\$2,758,294	\$2,745,562	\$3,301,094	\$3,068,772	\$3,006,556
Other Operating Revenue	\$13,883	\$25,855	\$30,893	\$28,619	\$21,555	\$19,230	\$20,370	\$20,138	\$127,740	\$15,256
Total Operating Revenues	\$3,135,521	\$2,993,431	\$2,919,968	\$2,929,763	\$3,129,150	\$2,777,524	\$2,765,932	\$3,321,232	\$3,196,512	\$3,319,682
Operating Expenses										
Personal Services	\$1,306,698	\$1,240,869	\$1,293,263	\$1,287,501	\$1,377,125	\$1,441,106	\$1,506,628	\$1,597,261	\$1,471,887	\$1,445,849
Contractual Services	\$40,161	\$40,334	\$58,766	\$44,497	\$47,147	\$48,939	\$40,280	\$154,810	\$207,419	\$174,764
Operation and Maintenance	\$1,221,603	\$1,185,938	\$1,111,798	\$1,070,985	\$1,092,266	\$1,072,019	\$1,136,782	\$1,432,486	\$1,219,214	\$1,473,076
Depreciation	\$614,187	\$605,241	\$599,870	\$658,678	\$582,151	\$535,153	\$591,046	\$562,569	\$492,968	\$602,055
Total Operating Expenses	\$3,182,649	\$3,072,382	\$3,063,697	\$3,061,661	\$3,098,689	\$3,097,217	\$3,274,736	\$3,747,126	\$3,391,488	\$3,695,744
Operating Income (Loss)	(\$47,128)	(\$78,951)	(\$143,729)	(\$131,898)	\$30,461	(\$319,693)	(\$508,804)	(\$425,894)	(\$194,976)	(\$376,062)
Non Operating Revenues (Expenses)										
Investment Earnings	\$354	\$530	\$7,017	\$4,080	\$4,088	(\$2,765)	(\$4,321)			
Gain (Loss) on Disposal of Capital Assets	(\$100)		(\$6,999)	(\$134)		(\$5,212)	(\$86,405)	(\$846)	\$2,300	\$257,061
Insurance Recovery						\$1,900	\$671			
Amortization of Deferred Charges	(\$11,795)	(\$12,195)	(\$7,653)	(\$7,896)	(\$8,139)	(\$8,504)	(\$8,868)			
Interest Expense and Fiscal Charges	(\$101,136)	(\$85,001)	(\$87,728)	(\$82,764)	(\$63,595)	(\$54,513)	(\$44,065)	(\$14,678)	(\$15,692)	(\$34,988)
Total Non Operating Revenues (Expenses)	(\$112,677)	(\$96,666)	(\$95,363)	(\$86,714)	(\$67,646)	(\$69,094)	(\$142,988)	(\$15,524)	(\$13,392)	\$222,073
Income(Loss) Before Contributions and Transfers	(\$159,805)	(\$175,617)	(\$239,092)	(\$218,612)	(\$37,185)	(\$388,787)	(\$651,792)	(\$441,418)	(\$208,368)	(\$153,989)
Capital Contributions	\$75,688		\$17,927	\$6,165	\$23,165	\$71,722	\$8,895		\$106,835	\$61,621
Transfers In	\$21,595			\$7,062		\$51,000		\$6,121	\$47,884	
Transfers Out	(\$4,000)	(\$4,500)	(\$4,500)	(\$4,500)	(\$4,500)	(\$4,500)	(\$20,495)	(\$7,146)	(\$17,000)	(\$4,500)
Change in Net Position	(\$66,522)	(\$180,117)	(\$225,665)	(\$209,885)	(\$18,520)	(\$270,565)	(\$663,392)	(\$442,443)	(\$70,649)	(\$96,868)
Net Position - Beginning Adjustment for Implementation of GASB 65	\$5,097,840	\$5,031,318	\$4,851,201	\$4,625,536	\$4,415,651	\$4,397,131	\$4,126,566	\$3,463,174	\$3,020,731	\$2,919,667
Net Position - Beginning, After Restatement	\$5,097,840	\$5,031,318	\$4,851,201	\$4,625,536	\$4,415,651	\$4,397,131	\$4,126,566	\$3,463,174	\$2,990,316	\$2,919,667
Net Position - Ending	\$5,031,318	\$4,851,201	\$4,625,536	\$4,415,651	\$4,397,131	\$4,126,566	\$3,463,174	\$3,020,731	\$2,919,667	\$2,822,799

MANAGER AGREEMENT COMPARISON

EXHIBIT C

Course:	Highlands	Pioneers	Mahoney	Holmes
Manager:	Denis Vontz	Timothy Rowland	Jonathan Benson	Scott Weihe
Contract Term	2/1/2015 to 12/31/2018	2/1/2015 to 12/31/2018	2/1/2015 to 12/31/2018	2/1/2015 to 9/14/2015
COMPENSATION:				
Base amount per round played from fees collected	\$0.60 per round	\$0.60 per round	\$0.60 per round	\$0.00
Incentive payment (if calendar year rounds exceed incentive threshold)	\$0.05 per round	\$0.05 per round	\$0.05 per round	\$0.05 per round
Incentive threshold	39,600	44,600	39,200	40,000
Food, beverage, and merchandise sales proceeds	Keeps 100%	Keeps 100%	Keeps 100%	\$5,750 per Month
Golf instruction lessons	Keeps 100%	Keeps 100%	Keeps 100%	Keeps 100%
City fee per group golf lesson	\$5 per group lesson	\$5 per group lesson	\$5 per group lesson	\$5 per group lesson
Driving range fees	Keeps 90%	Keeps 90%	Keeps 90%	\$0.00
Cart rental fees	Paid 17%	Paid 17%	Paid 17%	\$0.00
Credit card fees	Reimbursed 80%	Reimbursed 80%	Reimbursed 80%	N/A - Paid by City
Incentive payment (if customers surveys exceed 4.5 out of 5 stars)	\$1,000	\$1,000	\$1,000	\$1,000
GOLF PERSONNEL:				
Responsible for employing, training, and supervising all needed personnel	Manager	Manager	Manager	Manager
FOOD AND BEVERAGE SERVICE:				
Responsible for initial expense of all materials and supplies	Manager	Manager	Manager	Manager
Initial expense of all materials and supplies reimbursed by City monthly	No	No	No	Yes
GOLF CARTS:				
Damage to City-owned golf carts (if can't be collected from third party)	83% City 17% Manager	83% City 17% Manager	83% City 17% Manager	50% City 50% Manager
MONEY COLLECTION:				
Deposits all operating revenue to Holmes Golf Operating Fund	No	No	No	Yes
Reimbursed monthly from Holmes Golf Operating Fund for expenses	No	No	No	Yes
Completes daily sales report	Yes	Yes	Yes	Yes
Remits all funds to the City weekly	Yes	Yes	Yes	Yes
Follow City's Golf Policy and Procedures Manual	Manager & Staff	Manager & Staff	Manager & Staff	Manager & Staff
GIFT POLICY:				
Comply with provisions of City Employees Gift Policy	No	No	No	Yes
INDEPENDENT CONTRACTOR:				
Manager and his employees = City employees and entitled to benefits	No	No	No	No
FINANCIAL STATEMENTS:				
Manager submits annual course financials by May 1st each year	Yes	Yes	Yes	Yes

Note 1: Mr. Weihe's contract term had been extended from the initial term; he was removed from his duties on or around 9/14/2015. Denis Vontz, Highlands Manager, was filling in as Holmes Manager until a replacement can be found.

Note 2: Items in red font were the terms in the Holmes agreement that were significantly different from the contracts with the other course Managers.

WEIHE FINAL ACCOUNTING SUMMARY**ATTACHMENT A****Weihe Final Accounting Summary**

December 21, 2015 LKJ

Scott Weihe, Holmes Golf Inc., submitted reimbursement requests and received reimbursement for invoices he had not yet paid in the amount of \$20,587.88 as follows. An itemized list is attached as Attachment A.

A-1 Refrigeration	\$691.62
Bridgestone	\$5,329.54
Direct TV	\$549.34
Drewel's Used Cars	\$772.54
EasyPicker Golf	\$2,908.53
H2 Golf Company	\$366.50
National Pen	\$184.14
Paramount Linen	\$186.31
ProActive	\$133.27
River's End Holdings	\$1,484.20
Sysco	\$1,209.98
Tifosi Optics	\$796.94
Titleist	\$6,290.13
TOTAL	\$20,903.04

Mr. Weihe also submitted three duplicate reimbursement requests in the amount of \$970.59 as follows. An itemized list is attached as Attachment B.

A-1 Refrigeration	\$691.62
Callaway Golf	\$182.28
Callaway Golf	\$96.69
TOTAL	\$970.59

Scott Weihe, Holmes Golf Inc., reportedly has a credit memo at Callaway Golf in the amount of \$3,397.50 for City-owned merchandise returned for credit (merchandise that Mr. Weihe purchased and was reimbursed by the City.)

In total Scott Weihe, Holmes Golf Inc., owes the City of Lincoln \$25,271.13.

Scott Weihe has submitted reimbursement requests for items outstanding after the termination of the professional services contract by the City in the amount of **\$5,681.41**. An itemized list is attached as Attachment C. Mr. Weihe has not yet received payment for these reimbursement requests.

The net difference between the amount that Mr. Weihe owes the City, and the amount of eligible reimbursement expenses that the City owes Mr. Weihe is **\$19,589.72** (\$25,271.13 - \$5,681.41 = \$19,589.72)