

LBA Financial Audit Report Summary:

Department of Resources and Economic Development, Division of Parks and Recreation Revenues Of The State Park Fund for the Fiscal Year Ended June 30, 2008

Reporting Entity

The reporting entity of this audit and audit report is the revenues of the State Park Fund for the fiscal year ended June 30, 2008. Unless otherwise indicated, references to the Department refer to the Department of Resources and Economic Development and references to the Division refer to the Department's Division of Parks and Recreation. Auditee responses were prepared by the Department.

Organization

The State Park Fund was established pursuant to RSA 216-A:3-i, I, which directs the State Treasurer to establish a separate and distinct account to be known as the State Park Fund. RSA 216-A:3-i, I, further directs the State Treasurer to establish within the State Park Fund separate and distinct accounts known as the Park Account and the Ski Area Account. The Department utilizes the following State accounting system (NHIFS) accounts to record State Park Fund transactions:

Park Account

- State Parks Fund (revolving account)
- Service Parks
- Administration and Support
- Design, Development, and Maintenance
- Unemployment
- Worker's Compensation
- State Park Concessions (revolving account)

Ski Area Account

- Cannon Mountain
- Cannon Concessions (revolving account)

According to the statute, "The treasurer shall deposit in said accounts actual revenue derived by the commissioner of the department of resources and economic development in excess of budget expenses from fees, services, accommodations, rentals, revenue from lift and tramway operations, retail sales, and net profit from concession operations, and including any federal moneys which become available, and all donations and gifts."

Responsibilities

Pursuant to RSA 216-A:3-i, II, “Any funds deposited into the park account and ski account are hereby continually appropriated to and may be expended by the commissioner of the department of resources and economic development only with the prior approval of the governor and council and the fiscal committee, provided that additional funds above those authorized in the budget are necessary for the division of parks and recreation to provide an adequate level of service and maintenance in the state park system, restore park facilities and for proper operation of the state-owned ski areas.”

Funding

Pursuant to RSA 216-A:3-g, I, “Fees for the use of park areas shall be designed to recover a reasonable portion of budget expenses consistent with the purposes of RSA 216-A:1 and 216-A:3. The general court does not intend that all park facilities be self-supporting.”

While the State Park Fund is used to account for the revenues and expenditures applicable to the operation of the State Park System, including the Cannon Mountain Ski Area (Ski Area), the revenue from the lease of the Sunapee Ski Area is reported separately in the State’s Cannon Mountain Capital Improvement Fund, in accordance with RSA 12-A:29-c, II, and the financial activity related to the operation of the Mount Washington State Park is reported separately in the Mount Washington Fund, in accordance with RSA 227-B:9.

The State Park Fund accounts are reported within the General Fund of the State of New Hampshire. A summary of the State Park Fund for the fiscal year ended June 30, 2008 is shown in the following schedule.

Summary Of Revenues And Expenditures (Unaudited) - State Park Fund For The Fiscal Year Ended June 30, 2008

	<u>General Fund</u>
Total Revenues	\$ 11,168,024
Total Expenditures (Unaudited)	<u>(10,421,993)</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>\$ 746,031</u>

The auditor's report on the Schedule of Revenues of the State Park Fund was unqualified.

The audit report includes the auditor's report on internal control over financial reporting and on compliance and other matters and related comments. The report also includes a performance audit report and related comments. The following is a list of the comments in the report.

Internal Control Comments

Significant Deficiencies – Material Weaknesses

- Improve Internal Controls
- Improve Control Environment
- Institute Risk Assessment Process
- Establish Effective Control Activities
- Improve Information And Communication
- Establish Effective Control Monitoring Process

Performance Audit Comments

- Clarify The Park Fee Purpose And Align The Fee-setting Methodology
- Develop Policies And Procedures For Setting State Park Fees
- Develop A Business Plan, Policies, And Procedures To Guide Lift Ticket Pricing At Cannon Mountain
- Maintain An Accurate Master List Of State Park Revenue Collection Points
- Expand The Use Of Iron Rangers And Ensure Their Availability When Parks Are Closed
- Develop A Cost Allocation Plan And A System To Accurately Track Profitability
- Approval Process For Park Fees Should Be Reviewed
- Centralize State Park Retail Management To Control Operations And Help Ensure Profitability
- Reporting Structure Should Be Consistent With Statute