



Columbus Consolidated Government

Georgia's First Consolidated Government

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Limited-Scope Audit Report

February 28, 2023

Performance Audit - Uptown Columbus, Inc.

AUDIT AUTHORIZATION

City Council approved the motion to authorize this audit during the January 3, 2023, City Council Meeting.

AUDIT SCOPE

The Limited Scope Audit included a review of processes in both the Finance Department and at Uptown Columbus, Inc. Historical records are maintained at both sites, and underlying proprietary point-of-sale information was reviewed, along with current tax filings with the Internal Revenue Service and the State of Georgia for Uptown Columbus, Inc. Maintenance records for the Chattahoochee River Park were also reviewed at both sites. Eighty-four percent of monthly reporting, across the 10-year life of the previous lease agreement (MOU dated August 30, 2012) was sampled and reviewed in detail. This lease was later assigned to Uptown Whitewater Management, LLC on May 28, 2013. This is a wholly owned subsidiary organization of Uptown Columbus, Inc. Under the agreement, 3.5% of sales revenue is remitted to the City of Columbus. The Certificate of Liability Insurance was also reviewed, listing Uptown Whitewater Management LLC as the insured, with the City of Columbus, GA as the certificate holder. The coverage provides up to \$1,000,000 in coverage per occurrence. Monthly revenue under the agreement is reserved in a designated fund by the Finance Department, with the reserve designated to provide for future maintenance and repairs that may be needed in the Chattahoochee River Park. In 2014, zip-line activity was added to the agreement. Uptown Whitewater Management, LLC is responsible for the

procurement and oversight of the zip-line operation, ensuring that all activities are in accordance with generally accepted standards for zip-line operations.

AUDIT FINDINGS

Within the limited scope of this audit, it was determined that Uptown Columbus, Inc. has performed accurately under the Revenue Sharing Agreement over the years of the agreement. It's important to note that Uptown Columbus, Inc. has been led by three different Presidents since the execution of the lease agreement.

Initially, Uptown Columbus, Inc. was led by Mr. Richard Bishop until 2017. Uptown hired Mr. Ross Horner to lead the organization, -although Mr. Bishop served on a consulting basis to on-board Mr. Horner through June 2017. Mr. Horner officially left Uptown Columbus in February of 2020. Shortly thereafter, Mr. Edwin J. Wolverton assumed leadership of the organization. It should be noted that each of the leaders had their own style, and it was evident in the monthly reporting, remittance and compliance that was sampled. Under Mr. Bishop and Mr. Horner, there had not been any requests for funding from the reserve for necessary maintenance or repairs of the Chattahoochee River Park. It was noted that at the inception of the lease agreement, all equipment was new, and Mr. Bishop did not incur repair expenses. Since his arrival, Mr. Wolverton has identified deferred maintenance and has brought maintenance needs forward for City Council approval. Additionally, it was also noted that under previous leadership, the Finance Department would have to monitor the distribution of monthly revenue, and on several occasions sent reminder emails noting that it had been several months since the last receipt under the lease agreement. Prior to March of 2020, it was not uncommon to receive perhaps 3 checks per year, with each representing the distribution for 3-4 months, along with appropriate support. Since the arrival of Mr. Wolverton, the monthly revenue distribution has been received consistently in a timely manner, with appropriate support documentation. Monthly revenue is generally received in the Finance Department approximately 2 weeks following the close of the month. In the review of 101 months of performance, it's noted that there is clearly seasonality in the sales activity-there is often peak activity in the summer months, as tourists are more likely to visit, and the weather is generally more cooperative. Winter months are challenging, with days when the Zip-Line

activity is more active than our Rafting options. There are dates where there has been no sales activity- in the first two months of the COVID-19 pandemic, tickets were not sold, weather closures have resulted in occasional inactive dates, and Thanksgiving and Christmas generally have no activity.

AUDIT RECOMMENDATIONS

Based upon the findings, the Internal Auditor recognizes that the current leadership of Uptown Columbus, Inc. is performing responsibly, both in terms of revenue sharing under the lease agreement and is addressing maintenance and needed repairs at the Chattahoochee River Park. The lease agreement is currently due for renewal, and Uptown Columbus, Inc. can be expected to continue their responsible performance in the months and years ahead.

Average Shared Revenue By Month-2013 to 2022

