



Date: November 12, 2007

Date:

To: Walter (Butch) Simmons, Director of Engineering & Inspections

To:

From: Internal Audit

From:

Subject: Operating Department's Declines in Revenue

Subject:

Internal Audit performed an analysis of operating departments' revenue accounts to ensure that operating departments are aware of reductions in revenues and the reasons for those reductions. The analyses covered the fiscal periods ending June 30, 2005 through June 30, 2007. Individual departments were supplied an analysis when revenues were reduced in excess of 10% or \$100,000 from one year to the next. The departments reviewed their applicable analysis and submitted a response to Internal Audit. Internal Audit reviewed the replies to determine whether the departments were responding in a logical fashion and to the questioned reductions in revenue.

We believe this is a valuable tool for the departments and for Internal Audit to focus on areas that need further attention.

We thank you for your replies to our questions concerning the Cable TV Access Licenses. Your reply, with which we concur, indicates that since we no longer receive income directly from Time Warner Cable, as revenues now come through the state, we no longer have this stream of income in its fullest sense. You, further, indicate that the funds now received are no longer deposited in accounts for which you are responsible.

The efforts of the individual departments to respond to this analysis are greatly appreciated. We recommend that the departments continue to be alert to reductions in their revenues and use this tool and other means as an aid in quickly identifying prospective problems. If there are questions regarding this analysis or our evaluation of replies, or if there are areas you would like for us to add to our work plan, please let us know. We can be reached at 373-2230.

Handwritten signature of Fred Newnam in cursive.

Fred Newnam  
Internal Auditor

Handwritten signature of Len Lucas in cursive.

Len Lucas  
Internal Audit Director

cc: Ben Brown, Assistant City Manager Economic Development

**FRANCHISE ADMINISTRATION REPLIES REVIEWED**

CABLE TV ACCESS LICENSES 101-XXXX-XX.7215	ACCOUNTS TO REVIEW	DATE OF REPLY	ACCEPT REPLY	REPLY ACCEPTED
2510-01				
6010-01	1	11/9/2007	11/12/2007	The decrease is attributable to the City receiving the majority of the revenue directly from the state of NC instead of Time Warner Cable beginning in June 2007. These amounts are now deposited in the General Fund using three other accounts.

THERE IS ONLY ONE FRANCHISE ACCOUNT TO PROVIDE WRITTEN EXPLANATIONS FOR PROVIDED TO US ON NOVEMBER 12, 2007.

City of Greensboro  
North Carolina



To: Len Lucas, Internal Audit Director  
From: Walter L. Simmons, Director of Engineering & Inspections  
Subject: Internal Audit – Response to Revenue Analysis  
Date: 9/24/2007

**PURPOSE**

The purpose of this response is offer information per request of Internal Audit letter of September 18, 2007 which asked for clarification of revenue decrease within specific revenue account, Cable TV Access Licenses.

Cable TV Access Licenses

Account 101-6010-01.7215

- A. Actual from 2006 :\$2,349,212  
Actual from 2007: \$1,934,976

Variance of 2006 and 2007 shows a decrease of \$414,235 which is -17.63%.

Decrease in revenue is attributable to the City receiving the majority of video revenue directly from the State of NC instead of the Time Warner Cable beginning in June 2007. These amounts received from the State are now deposited into General Fund using the following accounts instead of using E&I 101-6010-01.7215 which is used solely for revenue received from Time Warner Cable:

101-0000-00.7127: General Fund: Video Program And Sales Tax  
101-0000-00.7128: General Fund: Direct to Home Satellite  
101-0000-00.7129: General Fund: Telecomm. Service Sales Tax

Walter L. Simmons  
Engineering & Inspections Department Director



Date: September 18, 2007

To: Walter (Butch) Simmons, Director of Engineering & Inspections


From: Internal Audit


Subject: Revenue Analysis

Internal Audit is performing an analysis of revenue accounts throughout the City to ensure that departments are aware of reductions in revenues and reasons for those reductions. We have developed a spreadsheet showing Franchise Administration Revenue changes for the last two years. The spreadsheet shows account name, account number, actual revenue for years 2005, 2006, and 2007, the dollar change for 2005/6, and the percentage this was using the prior year revenue as the base. The changes in revenue dollars and percentage changes are, also, shown for the year 2006/7. The accounts we are requesting written information for are numbered on the right side of the spreadsheet, under a column labeled accounts to review. The darkened areas are where revenues decreased 10% or more from the prior year basis, or in excess of \$100,000 if not 10% or more. These indicate the periods for which we are requesting information.

We are requesting that the Franchise Administration Department review the revenue analysis and provide Internal Audit information concerning the decreases in revenue. The information should include performance indicators; comparisons of related data that produces the revenues, changes in collection procedures, changes in fee structure, etc.

If we can assist you in this review please contact us at 373-2230.

  
Fred Newnam  
Internal Auditor

  
Len Lucas  
Internal Audit Director

cc: Ben Brown, Assistant City Manager Economic Development

**FRANCHISE ADMINISTRATION INCOME REVENUES COMPARISONS**

2005-2007

**CABLE TV ACCESS LICENSES**  
**101-XXXX-XX.7215**

2510-01  
6010-01

2007 ACTUAL	2006 ACTUAL	2005 ACTUAL	2006/7 CHANGE	2006/7% CHANGE	2005/6 CHANGE	2005/6% CHANGE	ACCOUNTS TO REVIEW
			0.00	#DIV/0!	\$0.00	#DIV/0!	
1934976	2349212	2333150	-414235	-17.63%	16,062	0.69%	1
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THERE IS ONLY ONE FRANCHISE ACCOUNT TO PROVIDE WRITTEN EXPLANATIONS FOR

  Account decreased over \$100,000, OR 10%. Need written explanations for these





*Date:* September 18, 2007  
*To:* Walter (Butch) Simmons, Director of Engineering & Inspections  
*From:* Internal Audit  
*Subject:* Revenue Analysis

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Internal Auditor

  
Len Lucas  
Internal Audit Director

cc: Ben Brown, Assistant City Manager Economic Development

**FRANCHISE ADMINISTRATION INCOME REVENUES COMPARISONS  
2005-2007**

**CABLE TV ACCESS LICENSES  
101-XXXX-XX.7215**

2510-01  
6010-01

2007 ACTUAL	2006 ACTUAL	2005 ACTUAL	2006/7 CHANGE	2006/7% CHANGE	2005/6 CHANGE	2005/6% CHANGE	ACCOUNTS TO REVIEW
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