



# Audit of Park and Recreation Revenue Management

June 1, 2026

Mamatha Sparks  
Interim City Auditor

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## Executive Summary

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Park and Recreation operates primarily as a general fund department and supports its operations through a combination of program fees, interdepartmental reimbursements, public-private partnerships, and capital-related funding. Revenue-generating activities are distributed across multiple service divisions, including fee-based recreation programs, golf operations managed through contracted professionals, and leisure venue partnerships. Park and Recreation's revenue structure reflects a mix of funding sources and is governed by both Park and Recreation management and oversight by the Park and Recreation Board and its committees.

Park and Recreation has established strategic goals in multiple long-range planning documents to use cost recovery mechanisms, expand revenue generation, and reduce reliance on general fund support. These goals emphasize developing partnerships, identifying alternative funding sources, and setting cost recovery targets for recreation programs based on service classifications.

The audit identified opportunities to improve transparency, consistency, and accountability across Park and Recreation's practices.

The objectives of this audit were to determine whether Park and Recreation: (1) accurately reflected revenues to support budget needs, (2) made progress toward revenue management to achieve cost recovery goals, and (3) safeguarded collected fees.

The scope of the audit was Fiscal Year 2024.

## Objectives and Conclusions

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1. Are Park and Recreation revenues accurately reflected to support budget needs?

**This conclusion is currently withheld from public release.** See [Report Classification](#).

2. Has Park and Recreation made progress toward revenue management to achieve cost recovery goals?

**Generally, No.** Park and Recreation has demonstrated limited progress toward cost recovery and financial sustainability goals (see [Observation B](#) and [Observation C](#)).

3. Are revenues safeguarded?

**Cash**

**Yes.** Park and Recreation has implemented internal controls to safeguard cash collections, which are reviewed by the department's internal controls team on a regular basis.

**Credit Card—Recreation Centers and Aquatics**

**Yes.** Recreation centers generally meet the payment card standards to ensure credit card transactions are safeguarded.

**Credit Card—Golf**

This observation is deemed confidential and protected from disclosure in accordance with the Texas Public Information Act, Texas Government Code § 552.139, Confidential Government Information Related to Security or Infrastructure Issues for Computers. See [Report Classification](#).

## Recommendations

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Management should:

- Revisit the long-term plan, including Comprehensive Plan 2016, and implement cost recovery options to enhance revenue
- Review public-private partnerships and evaluate whether these agreements support the goal of reducing general fund support. If deemed not financially sustainable, further consideration should be made formally and shared with the City’s governing body
- Ensure timely execution and renewal of golf pro contracts prior to expiration

## Risk Summary

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Risk classification is based on criteria outlined in the *Standards for Internal Control in the Federal Government*—Compliance, Operational, Financial. The Government Auditing Standards citizen-focused criteria of Public Image was also considered. Each program is evaluated against these criteria, and the resulting risk classification reflects the program’s alignment with departmental goals as well as its overall significance to the community.

Classification	No.	Management’s Response
● High	3	Management agreed to 3 of 3 recommendations.
● Moderate		
● Low		

## Audit Results

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Both City Council Resolution No. 88-3428 and Administrative Directive 4-09, Internal Control, prescribe policies for the City to establish and maintain an internal control system. The audit observations in this report are offered to assist management in fulfilling their internal control responsibilities.

### Observation A: Fee Collections (Withheld From Public Release)

**Risk Rating:** ● High

This conclusion is currently withheld from public release. See [Report Classification](#).

## Observation B: Cost Recovery Progress

**Risk Rating:** ● High

Park and Recreation has identified strategic goals to implement cost recovery mechanisms, increase program revenue, and achieve financial self-sustainability. However, the department continues to rely on the general fund, indicating limited progress toward these objectives.

Park and Recreation commissioned third-party consultants to develop comprehensive, long-term planning in 2002 and 2016 (see **Exhibits 3 and 4**). These plans were intended to serve a 10–20-year period and included recommendations to increase cost recovery and reduce reliance on the general fund. Although these plans are now dated, both identify similar themes to implement cost recovery mechanisms and reduce reliance on the general fund.

**Exhibit 3:** Strategic Direction 4 in the 2016 Comprehensive Plan

Comprehensive Plan 2016			
The Comprehensive Plan identified 13 strategic directions, with Direction 4 focusing on fiscal sustainability.			
Strategic Action Item	Description	Time Frame	Performance Measure
4.1.1	Implement cost recovery standards with consistent methods of calculating cost recovery across the organization	0-5 years	Cost recovery policy updated/developed to specify standards  Cost recovery training and tools provided to employees
4.1.2	Set cost recovery targets for each core program area based on full direct and indirect costs and the degree to which it provides a public versus private good	0-5 years	Cost recovery targets specified for each Core Program Area  Cost of Service training and tools provided to employees

**Source:** 2016 Comprehensive Plan

**Exhibit 4: Renaissance Plan 2002****Renaissance Plan 2002**

In 2002, Park and Recreation commissioned a Renaissance Plan prepared by the consulting firm Carter & Burgess. The Renaissance Plan identified revenue development and partnership development as *two of five core values* and emphasized the need to establish policies, procedures, and *expand revenue generation through partnerships and permanent funding sources*. The Renaissance Plan also identified that:

- Tennis and golf centers collect sufficient revenues to support capital improvements; and,
- There is little incentive to provide programs with fees and develop a full activity-based costing approach.

**Source:** Renaissance Plan 2002

For instance, both plans identified corporate sponsorships as a strategic cost recovery opportunity. In January 2023, the City Council approved a consultant contract for sponsorship and naming rights development for \$249,650. As of February 2026, over three years after the consultant contract was approved, only one sponsorship agreement is under consideration. No documentation was provided to demonstrate implementation of a broader sponsorship strategy or measurable revenue outcomes.

The 2016 Comprehensive Plan also identified the following challenges:

- There is not a unified strategy or approach to golf and tennis
- Recreation centers do not understand the need for cost recovery
- Parochialism and the Park and Recreation Board structure make it difficult to plan for and implement regional facilities

Park and Recreation management has conducted informal analyses—such as aquatics cost-benefit analysis in 2025, business plans comparing revenues and expenses for select recreation centers, and a golf cost-benefit analysis without considering capital needs—but these efforts are incomplete and have not resulted in determining realistic and achievable cost recovery goals. Park and Recreation management identified that one contributing factor may be that fee adjustments have not kept pace with current economic conditions. However, it is not clear how much this impacts achieving some of the cost recovery goals.

Overall, while cost recovery and reduced reliance on the general fund have been longstanding strategic goals, Park and Recreation has not established measurable targets or implemented strategies that demonstrate meaningful progress toward these objectives.

## Criteria

- ◆ Dallas Park and Recreation Department Comprehensive Plan 2016
- ◆ A Renaissance Plan–Dallas Park and Recreation Department Long Range Development Plan
- ◆ *Standards for Internal Control in the Federal Government*–Principle 10 Design Control Activities

## Recommendations

We recommend the **Director of Park and Recreation**:

- B.1.** Revisit the long-term plan, including Comprehensive Plan 2016, and implement cost recovery options to enhance revenue

## Management Response

No	Concurrence	Action Plan	Implementation / Follow-Up Date
<b>B.1</b>	<b>Agree</b>	<p>The Dallas Park and Recreation Department Comprehensive Plan 2016 served as a guiding framework rather than definitive requirements and was influenced by operational considerations and departmental priorities. Park balanced cost-recovery priorities and resident access to Park services while ensuring sufficient revenue to support its operations.</p> <p>The director has determined that the 2016 comprehensive plan has been completed and has fulfilled its intended purpose. Accordingly, Park is developing its 2026 comprehensive plan, which will include an evaluation of cost-recovery options aligned with the department’s operational needs, financial considerations, and long-term objectives.</p>	6/30/2027 / 9/30/2027

## Observation C: Public-Private Partnerships Oversight

### Risk Rating: ● High

Park and Recreation participates in multiple public-private partnerships intended to support service delivery through the general fund. While not all partnerships are designed to generate revenue (e.g., cost avoidance arrangements), inadequate oversight of these partnerships may result in missed opportunities to increase revenue and reduce reliance on the general fund—an outcome that would support cost recovery objectives.

For example, several business partners identified operate under public-private partnership models in which the City provides general fund support to advance programmatic and public service goals. However, revenues associated with these partnerships were recorded outside of the annual operating budget process, limiting visibility into how those resources are reflected in current-year financial planning.

The City does maintain revenue-sharing agreements for golf course operations. Golf fees are governed primarily through public-private partnership agreements between the City and five contracted golf professionals (“golf pros”). Under these agreements, each golf pro operates a City-owned golf course and remits revenues to the City based on defined percentages established in individual contracts. However, Park and Recreation does not maintain consolidated or course-specific financial reporting that aligns revenues and expenses, both operating and capital expenses, for each individual golf course or pro shop. Thus, it was not possible to determine whether revenues generated through these agreements are sufficient to recover operating and capital expenses or whether individual courses operate at a surplus or deficit.

Additionally, all golf pro contracts expired for periods of up to six months before renewal. Park and Recreation management was aware of the contract expirations but did not initiate corrective action until notified by audit staff. While the City Attorney’s Office indicated that operations likely continued under implied contract terms, the Office of Risk Management noted that operating without active contracts exposes the City to increased liability, compliance, and financial risks.

Operating under expired contracts creates several risks:

- Reduces accountability for golf pro shops to comply with contractual requirements related to revenue reporting and remittance
- Increases the risk that revenue submissions may be incomplete or inaccurate and limit the City’s ability to enforce contract terms

The absence of active contracts and comprehensive financial reporting further reduces transparency and accountability over revenue completeness and accuracy for City-owned golf operations.

### Criteria

- ◆ Golf Pro Contracts
- ◆ *Standards for Internal Control in the Federal Government*–Principle 10 Design Control Activities

### Recommendations

We recommend the **Director of Park and Recreation**:

- C.1.** Review public-private partnerships and evaluate whether these agreements support the goal of reducing general fund support. If deemed not financially sustainable, further consideration should be made formally and shared with the City’s governing body
- C.2.** Ensure timely execution and renewal of golf pro contracts prior to expiration

### Management Response

No	Concurrence	Action Plan	Implementation / Follow-Up Date
<b>C.1</b>	<b>Agree</b>	<p>The primary objective of public-private partnerships is not solely to reduce General Fund support. Rather, these partnerships are evaluated against diverse criteria to ensure they provide value to the City and its residents, and this is monitored through robust performance measures.</p> <p>Park will document formal reviews of partnerships (e.g., in a memo) and, along with other criteria, explicitly consider the effect the agreement has on general fund revenues or on financial support from the City. If a partnership is deemed not financially sustainable, Park will formally notify the governing body.</p>	3/31/2027 / 9/30/2027
<b>C.2</b>	<b>Agree</b>	<p>Park will continue to emphasize the timely execution and renewal of golf contracts prior to expiration. Responsibility for the golf contracts renewals will transfer to the Park’s Contract Compliance group and will follow the process currently in place, which includes:</p> <ul style="list-style-type: none"> <li>• Initiating the renewal process at least 9 months before contract expiration to ensure adequate time for review, approvals, and execution.</li> <li>• Monitoring activities to identify delays and make necessary adjustments.</li> </ul>	9/30/2026 / 12/31/2027

## Observation D: Redacted Confidential Information

**Risk Rating:** ● High

This observation is to remain confidential and is protected from disclosure in accordance with the Texas Public Information Act, Texas Government Code § 552.139, Confidential Government Information Related to Security or Infrastructure Issues for Computers. See [Report Classification](#).

## Emerging Risks

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### Governmental Accounting Principles

This section is currently withheld from public release. See [Report Classification](#).

### Reimbursements

Park and Recreation records reimbursements that offset general fund expenditures for services provided to other City departments. These reimbursements exhibit characteristics of exchange-like transactions, including recurring activity, a high degree of certainty, and centralized management by Park and Recreation. Given their predictable and ongoing nature, these transactions may more closely resemble internal service activities than incidental reimbursements and could potentially be managed through an Internal Service Fund rather than netted against general fund expenditures.

The reimbursement activity is recurring and material, exceeding \$4 million in Fiscal Year 2024. A review of the reimbursement process identified several governance considerations:

- Significant variances exist between budgeted reimbursement amounts and actual reimbursements received
- Park and Recreation does not have formal policies or procedures governing the management of interdepartmental reimbursements, including how costs are calculated, reviewed, approved, or reconciled
- Park and Recreation does not routinely evaluate the cost, necessity, or efficiency of the services provided. Cost-effectiveness of the reimbursed services cannot be established

These factors may limit transparency over interdepartmental financial activity and make it difficult to assess the full cost of services provided across departments. As the activity continues to grow, the City may benefit from periodically evaluating whether the current reimbursement structure remains the most appropriate mechanism for managing these transactions.

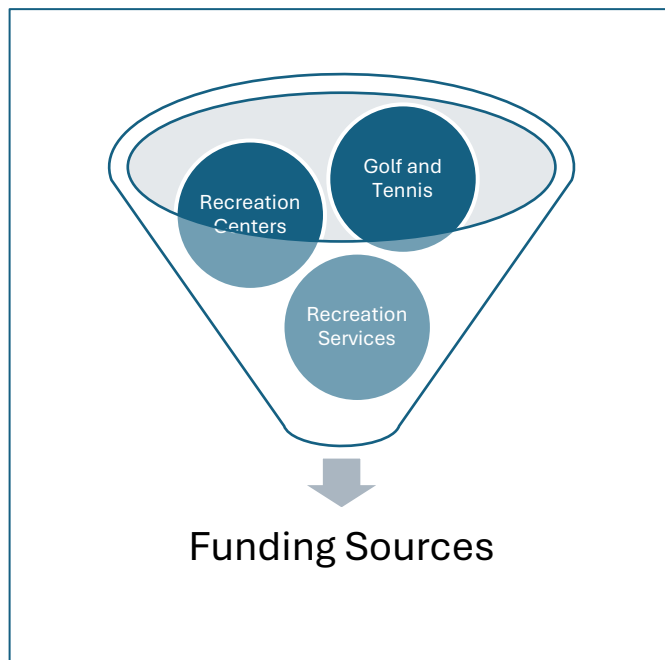
## Background

Park and Recreation’s mission is to champion lifelong recreation and serve as responsible stewards of the City’s parks, trails, and open spaces. Park and Recreation operates within a governance structure that includes oversight by the Park and Recreation Board and its subcommittees. The Park and Recreation Board provides policy direction and recommendations related to departmental operations, finances, and long-range planning, while day-to-day operations are managed by Park and Recreation staff.

The Park and Recreation Board has two active subcommittees: the Administration and Finance Committee and the Planning and Design Committee. The Administration and Finance Committee, which is relevant to this audit, provides recommendations to the full Park and Recreation Board and oversees matters related to the Department’s financial, administrative, and policy functions.

Park and Recreation is a general fund department, with the majority of its operations funded by the City’s general fund. This funding supports six core service divisions:

- CARES (Citywide Athletics, Reservations and Events services)
- Leisure Venue Management
- Park Land Maintenance
- Partnership and Strategic Initiatives
- Planning, Design and Construction–Environmental Compliance
- Recreation Services



Park and Recreation’s revenue structure is decentralized across multiple service divisions, fund types, and operational models, including fee-based programs, interdepartmental reimbursements, public-private partnerships, and capital-related reimbursements. Revenue collection, allocation, and reporting practices vary by service area and funding source, reflecting the diverse nature of the department’s operations.

## General Fund

### Citywide Athletics, Reservations and Events, and Recreation Services

Two of the six core service divisions—Citywide Athletics, Reservations, and Events (CARES) and Recreation Services—generated approximately \$15 million in revenue during Fiscal Year 2024. Park and Recreation maintains its own internal controls team responsible for cash management practices. As part of this audit, we reviewed these procedures and placed reliance on the department’s cash-handling processes.



responsibilities and help identify the true cost of operations. Reimbursements are funded from various sources, including federal and state funds, internal service departments, enterprise fund departments, and departmental support. Departmental support reflects interdepartmental transfers used to cover the cost of management oversight and administrative support within the department.

### Leisure Venue Management

The Leisure Venue Management division oversees contracts with business partners such as the Dallas Arboretum, Texas Discovery Gardens, Cedar Ridge Preserve, Trinity River Audubon Center, the Dallas Zoo, MoneyGram Soccer Complex, Fair Park, Klyde Warren Park, White Rock Boathouse, Elm Fork Shooting Range, and the skating rink. Revenues from several smaller-scale partners—such as White Rock Boathouse, Elm Fork Shooting Range, and the skating rink—which remit approximately \$100,000 annually, were recorded in various funds.

### **Planning, Design, and Construction—Environmental Compliance**

No services or revenue activity were identified during the audit period.

### **Internal Service Fund**

Internal Service Fund revenue primarily consists of reimbursements from the Office of Bond and Construction Management related to park capital projects. The Office administers capital improvement projects for Park and Recreation, including improvements to existing facilities, land acquisition for future parks, and the rehabilitation of 12 facilities at Fair Park.

### **Additional Sources**

The budget book identifies additional resources associated with various designated funding sources and long-term operational commitments. For Fiscal Year 2025, additional resources were projected at \$9,079,615. These resources included Community Development Block Grant funds, Fair Park Debt Service funds, two trust funds, and several maintenance funds.

### **Strategic Goals**

In 2002, Park and Recreation commissioned the Renaissance Plan, a long-range development plan prepared by Carter & Burgess. The plan identified revenue development and partnership development as two of five core values. These values emphasized establishing policies and procedures to expand revenue generation through partnerships and to develop permanent funding sources to support departmental operations and long-term objectives.

In 2016, Park and Recreation developed a Comprehensive Plan to reassess the condition and future needs of the City’s park system. The Comprehensive Plan was informed by approximately two years of research and public input and established thirteen strategic directions intended to guide the Department’s focus over a ten-year period ending in 2026. The plan is supported by a series of mini–Master Plans that outline tactical actions associated with each strategic direction.

The Comprehensive Plan identified several actions related to funding and revenue, including:

- Identifying and securing funding sources to develop new parks or upgrade existing parks and facilities
- Seeking opportunities to generate revenue along trails
- Establishing cost recovery goals for all recreation programs based on their classifications as “core/essential,” “important,” or “value-added”
- Identifying non-City funding sources to support capital improvements and programs
- Identifying areas in need of donor support and reaching out to donors for funding

## Public-Private Partnerships

Public-private partnerships play a significant role in Park and Recreation operations, particularly for golf courses and leisure venue partners. Under these arrangements, the City retains ownership of the property while private entities operate facilities or provide services under contractual agreements.

## Methodology

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The audit methodology included: (1) interviewing personnel from the Departments of Park and Recreation, Budget and Management Services and the City Controller's Office; (2) reviewing procedures, applicable Administrative Directives, and accounting standards; and (3) performing various analyses, including reconciling general ledger data. In addition, all five components of *Standards for Internal Control in the Federal Government* were considered. The audit focused on operational activities at the division level for internal controls.

## Government Auditing Standards Statement

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We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our observations and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our audit objectives.

## Report Classification

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### FINAL REPORT—FOR PUBLIC USE

Portions of this report are confidential and protected from disclosure and portions are currently withheld from public release as follows:

- Pending resolution of ongoing litigation and related legal considerations communicated by the City Attorney's Office. This limitation does not affect the Office of the City Auditor's conclusions or ongoing communication with City governance.
- Protection from disclosure in accordance with the Texas Public Information Act, Texas Government Code § 552.139, Confidential Government Information Related to Security or Infrastructure Issues for Computers.

This report is a product of the Office of the City Auditor and is issued in accordance with the Texas Public Information Act, Texas Government Code, Chapter 552.

## Major Contributors

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Shino Knowles, CPA—Engagement Manager

Nadia Gonzalez—Auditor

Natalie Martinez—Auditor

## Appendix A—Acknowledgement Letter

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### Audit of Park and Recreation Revenue Management

Management Audit Acknowledgement Letter begins on the following page.

# Memorandum



**CITY OF DALLAS**

**DATE:** May 29, 2026

**TO:** Mamatha Sparks – Interim City Auditor

**SUBJECT:** Response to Audit of Park and Recreation Revenue Management

This letter acknowledges the City Manager's Office received the *Audit of Park and Recreation Revenue Management* and submitted responses to the recommendations in consultation with the Department of Park and Recreation.

The Department of Park and Recreation (Park) appreciates the work of the auditors and their recommendations for enhancing revenue management.

Park would like to clarify that the *Dallas Park and Recreation Department Comprehensive Plan 2016* is a guiding framework rather than definitive requirements. Park remains committed to balancing cost recovery with offering diverse and affordable recreational options that sustain, inspire, and invigorate our residents. Park believes they have made progress towards achieving cost recovery goals for aquatic facilities and golf operations. However, we recognize there are opportunities to enhance revenue management and will include this in the upcoming 2026 comprehensive plan.

Specifically, Park agrees to:

- Evaluate cost-recovery options as part of Park's 2026 comprehensive plan;
- Formally review partnerships and, along with other criteria, explicitly consider the effect the agreements have on general fund revenue or on financial support from the City. Park will formally notify the governing body of partnerships that are not deemed financially sustainable; and
- Park will formalize its current process for ensuring the timely renewal of golf pro contracts.

Please let me know if you need additional information.

Service First, Now!

Response to Audit of Park and Recreation Revenue Management

May 29, 2026

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Sincerely,



Kimberly Bizer Tolbert  
City Manager



John D. Jenkins  
Director, Dallas Park and Recreation

C: Jack Ireland, Chief Financial Officer  
Liz Cedillo-Pereira, Assistant City Manager  
John D. Jenkins, Director, Dallas Park and Recreation