WHAT WE FOUND?
American Golf Corporation paid the proper amount of rent to the County on the concession agreement for the David L. Baker Golf Course with one minor exception.

In addition, we noted certain control findings related to concession agreement compliance or internal controls that if implemented will help to further ensure the complete and accurate reporting of future rent.

WHY WE DID THIS AUDIT?
We performed this audit to ensure the County is receiving the proper rent as defined by the concession agreement and to support OC Public Work’s review of the assignment of the concession agreement as described below.

WHY IS THIS AUDIT IMPORTANT?
Rent is paid to the County based on a percentage of gross receipts. We audit the underlying books and records to ensure gross receipts are complete. During the 12-months ended October 31, 2007, American Golf Corporation generated approximately $2.8 million in gross receipts and paid the County approximately $413,000 in rent.

On October 30, 2007, American Golf Corporation notified OC Public Works of their intent to transfer operating rights to another course operator and requested the County’s consent to assign the concession agreement. As of May 9, 2008, OC Public Works is working on the consent which is subject to the Board of Supervisors’ approval.

BACKGROUND INFORMATION (SEE COMPLETE AUDIT REPORT FOR DETAIL)
The County entered into a concession agreement with American Golf Corporation dated April 30, 1987, as amended, for the operation of a golf course, driving range, snack bar, and pro shop located at the County’s Mile Square Regional Park.

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