



# Internal Audit Department

O R A N G E C O U N T Y

## AUDIT HIGHLIGHT

JUNE 27, 2013

### REVENUE GENERATING LEASE AUDIT

#### OC PARKS

#### STRAWBERRY FARMS GOLF CLUB, LLC

Audit No. 1231

#### WHY IS THIS AUDIT IMPORTANT?

Strawberry Farms Golf Club, LLC (SFGC) maintains and operates an eighteen-hole golf course, driving range and pro shop on a parcel owned by the County of Orange (County) within Mason Regional Park and an adjoining parcel surrounding the Sand Canyon Reservoir owned by the Irvine Ranch Water District (IRWD) under the lease agreement with the County. The County and IRWD have agreed to combine said parcels for the purpose of the lease. The County manages this lease, and the rent due from SFGC is allocated equally between the County and IRWD.

We audited the underlying books and records to ensure reported gross receipts are supported and rent is properly paid as defined by the lease agreement. During the twelve-month audit period from January 1, 2012 through December 31, 2012, SFGC reported approximately **\$7.5 million** in gross receipts and paid approximately \$1.002 million in total rent for which the County received approximately **\$501,000** and IRWD received about \$501,000. The lease is estimated to generate over **\$5.01 million** in rent due to the County for the next ten years.

#### WHAT THE AUDITORS FOUND?

##### Successes

We found that Strawberry Farms Golf Club's records adequately supported the reported gross receipts and rent owed to the County was properly paid.