



OC Board of Supervisors' Internal Audit Department

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

AUDIT HIGHLIGHT September 23, 2009

INTERNAL AUDITOR'S REPORT TO THE BOARD OF SUPERVISORS

REVENUE GENERATING LEASE AUDIT: OC DANA POINT HARBOR DANA POINT YACHT CLUB Audit No. 2839

WHAT WE FOUND?

We found that overall the Dana Point Yacht Club's records adequately supported gross receipts of about **\$1.5 million** and rent of **\$82,405** was overall properly paid to the County in accordance with the lease agreement

We identified fifteen (15) **Control Findings** related to additional minor rent owed, recordkeeping, or lease compliance that if implemented will help further ensure the complete and accurate reporting of future rent. OC Dana Point Harbor agreed with fifteen (15) findings and recommendations and is working with the Dana Point Yacht Club to implement corrective actions.

WHY IS THIS AUDIT IMPORTANT?

For the period June 30, 1998 (lease assignment) through November 30, 2012 (lease expiration date), this lease is estimated to generate over **\$1 million** in rent to the County. We audit the underlying books and records to ensure gross receipts are complete and proper rent is paid as defined by the lease agreement. During the 12-month audit period of August 1, 2007 through July 31, 2008, the Dana Point Yacht Club reported approximately \$1.5 million in gross receipts and paid the County approximately \$82,405 in rent.

BACKGROUND INFORMATION (SEE COMPLETE AUDIT REPORT FOR DETAIL)

The County entered into a lease agreement with the Dana Point Yacht Club (DPYC), originally dated November 24, 1982, as amended and assigned to DPYC on June 30, 1998, for the operation of a yacht club with public banquet facilities located at the Dana Point Harbor.

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