

INTERNAL AUDIT REPORT

2025-01

Anchorage Golf Course Contract Compliance Review

Office of the Chief Administrative Officer

February 6, 2025

MUNICIPALITY OF ANCHORAGE
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MUNICIPALITY OF ANCHORAGE
MAYOR SUZANNE LAFRANCE

OFFICE OF INTERNAL AUDIT

February 6, 2025

Honorable Mayor and Members of the Assembly:

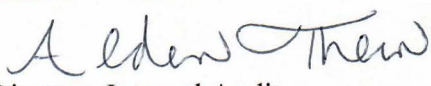
I am pleased to present for your review the **Internal Audit Report 2025-01, Anchorage Golf Course Contract Compliance Review, Office of the Chief Administrative Officer**. A summary of the report is presented below.

In accordance with the 2024 Audit Plan, we performed an audit of the Anchorage Golf Course Contract. The objective of this audit was to determine if Anchorage Cleek Corporation reported gross receipts during 2023 and 2024 accurately for each revenue generating activity at the Anchorage Golf Course and to verify the surcharge amount collected per round of golf played. Specifically, we reviewed the cash deposits and revenue recording process to determine if the transactions were properly updating the general ledger for the different activities. In addition, we reviewed their transaction recording system's general ledger to determine whether sales of discounted items were included in reported revenue and to identify any items excluded from revenue. From the revenue reported to the Municipality, we focused on the sample months selected December 2023 and May 2024 to compare the revenue between a typical off-season versus in-season when the course is open to the public. Furthermore, after verification of the monthly revenue, we verified the accuracy of the three percent (3%) rental fee paid quarterly to the Municipality. Additionally, we verified the number of rounds stated on the quarterly calculation sheets with the monthly logs obtained from Anchorage Golf Course's transaction recording system to verify the quarterly surcharge collected. Finally, we obtained Anchorage Golf Course's rate sheets for 2023 and 2024 to determine whether the greens fee charged is within the threshold established by the Lease Agreement.

Overall, based on our review, Anchorage Cleek Corporation reported gross receipts for each revenue generating activity at the Anchorage Golf Course. We reviewed and determined that items sold at discounted prices are included in gross revenue and exclusions appear legitimate. The surcharge amount paid to the Municipality on a quarterly basis was accurate. The greens fee set by the Anchorage Cleek Corporation were found to be in compliance with the Lease Agreement.

There was no finding in connection with this audit.

Alden P. Thern


Director, Internal Audit



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Introduction. The Municipality of Anchorage has a contract with Anchorage Cleek Corporation, Inc. (ACC) through a Lease and Operations Agreement to operate the Anchorage Golf Course (AGC) through August 2029. Rent for the term of this lease is calculated at the rate of three percent (3%) of the total annual gross receipts generated on the leased premises. Gross receipts include the aggregate total amount of sales made and services performed by ACC or the consignees, agents, sublessee or subtenants. Sales and services include, but are not limited to, green fees; tournament entry fees; driving range fees; golf cart rentals; club rentals; sales of golfing apparel or equipment; fees charged for any recreational activity on the premises; retail sales of other goods, services, food, or beverages; sales from vending or coin-operated equipment; and rental for any facilities for temporary uses such as conventions, banquets, or storage. In addition, an amendment to the Lease and Operations Agreement on September 30, 2006 implemented a per round(s) surcharge (\$1.50 per 9-hole game, \$3.00 per 18-hole game) to be collected by the Lessee and forwarded to the Municipality on a quarterly basis for future course improvements.

Objective and Scope. The objective of this audit was to determine if ACC reported gross receipts during 2023 and 2024 accurately for each revenue generating activity at the AGC and to verify the surcharge amount collected per round of golf played. Specifically, we reviewed the cash deposits and revenue recording process to determine if the transactions were properly updating the general ledger for the different activities. In addition, we reviewed their transaction recording system's general ledger to determine whether sales of discounted items were included in reported revenue and to identify any items excluded from revenue. From the revenue reported to the Municipality, we focused on the sample months selected December 2023 and May 2024 to compare the revenue between a typical off-season versus in-season when the course is open to the public. Furthermore, after verification of the monthly revenue, we verified the accuracy of the three percent (3%) rental fee paid quarterly to the Municipality. Additionally, we verified the number of rounds stated on the quarterly calculation sheets with the monthly logs obtained from AGC's transaction recording system to verify the quarterly surcharge collected. Finally, we obtained AGC's rate sheets for 2023 and 2024 to

determine whether the greens fee charged is within the threshold established by the Lease Agreement.

We conducted this performance audit in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Overall Evaluation. Based on our review, ACC reported gross receipts for each revenue generating activity at the Anchorage Golf Course. We reviewed and determined that items sold at discounted prices are included in gross revenue and exclusions appear legitimate. The surcharge amount paid to the Municipality on a quarterly basis was accurate. The greens fee set by the ACC were found to be in compliance with the Lease Agreement.

Discussion With Responsible Officials. The results of this audit were discussed with appropriate Municipal officials on January 14, 2025.

Audit Staff:
Kevin Song