

OC Board of Supervisors' Internal Audit Department

ORANGE COUNTY

AUDIT HIGHLIGHT May 22, 2009

INTERNAL AUDITOR'S REPORT TO THE BOARD OF SUPERVISORS

REVENUE GENERATING LEASE AUDIT: JOHN WAYNE AIRPORT CATERINA'S Audit No. 2832

WHAT WE FOUND?

We found that Caterina's records adequately supported gross receipts of **\$969,000** and rent of **\$213,000** was properly paid to the County in accordance with the lease agreement.

WHY IS THIS AUDIT IMPORTANT?

The County has received approximately \$2 million in rent from the lease inception date of March 1996 through March 2009. 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 and proper rent is paid as defined by the lease agreement. During the audit period of December 1, 2007 through November 30, 2008, Caterina's reported approximately \$969,000 in gross receipts and paid the County approximately \$213,000 in rent.

BACKGROUND INFORMATION (SEE COMPLETE AUDIT REPORT FOR DETAIL)

The County of Orange entered into a lease agreement with Caterina's, a California Corporation, dated February 1, 1996, as amended, for the operation of a nuts and candy concession establishment located in Terminal A at John Wayne Airport. The lease agreement expired on June 30, 2006 and currently Caterina's is on a month-to-month tenancy.

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