OC Board of Supervisors'
Internal Audit Department
ORANGE COUNTY

AUDIT HIGHLIGHT AUGUST 14, 2008

INTERNAL AUDITOR'S REPORT TO THE BOARD OF SUPERVISORS

REVIEW OF LEASE REVENUE
SUNSET AQUATIC PARK, LTD., dba SUNSET AQUATIC MARINA
Audit No. 2740

WHAT WE FOUND?

Sunset Aquatic Marina properly paid rent of approximately $717,000 to the County in accordance with the lease agreement.

However, we noted certain control findings related to lease 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 lease agreement.

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 audit period of September 1, 2006 through August 31, 2007, Sunset Aquatic Marina generated approximately $4.2 million in gross receipts and paid the County approximately $717,000 in rent.

BACKGROUND INFORMATION (SEE COMPLETE AUDIT REPORT FOR DETAIL)

The County of Orange entered into an amended and restated lease agreement with Sunset Aquatic Marina, dated December 20, 1994, for the operation of a marina, boat launch, dry boat storage, and marine repair facility located in Seal Beach. The marine repair facility is operated by Sunset Aquatic Marine Center, Ltd., a sublessee of Sunset Aquatic Marina.

For more information, please contact Dr. Peter Hughes, CPA, Director of the Internal Audit Department at (714) 834-5475 or peter.hughes@iad.ocgov.com