



Internal Audit Department

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

AUDIT HIGHLIGHT JUNE 28, 2012

REVENUE GENERATING LEASE AUDIT: JOHN WAYNE AIRPORT PARADIES-OC, LLC Audit No. 1133

WHY IS THIS AUDIT IMPORTANT?

Paradies-OC, LLC (Paradies) operates five (5) news and gift concessions at John Wayne Airport Terminals B and C and subleases the operation of one (1) specialty retail store. Over its ten (10) year term, this lease agreement is estimated to generate approximately **\$10.7 million** in rent to the County. Rent is paid based on a percentage of gross receipts. We audit the underlying books and records to ensure gross receipts are complete and rent is properly paid as defined by the lease agreement. During the 12-month audit period of March 1, 2011 through February 29, 2012, Paradies reported approximately **\$4.5 million** in gross receipts from airport customers and paid the County approximately **\$1.3 million** in rent.

WHAT THE AUDITORS FOUND?

Successes

We found that Paradies records adequately supported gross receipts of approximately \$4.5 million and rent of approximately \$1.3 million was properly paid to the County in accordance with the lease agreement.