



## Internal Audit Department

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

## AUDIT HIGHLIGHT SEPTEMBER 15, 2010

REVENUE GENERATING LEASE AUDIT:  
 OC DANA POINT HARBOR  
 DOLPHIN SAFARI, INC.  
 Audit No. 2936

### WHY IS THIS AUDIT IMPORTANT?

Dolphin Safari, Inc. operates charter vessels and related sales of merchandise, food, and beverages located at OC Dana Point Harbor. Over its five (5) year term, this lease agreement is estimated to generate approximately **\$788,000** in rent to the County. 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 rent is properly paid as defined by the lease agreement. During the 12-month audit period of September 1, 2008 through August 31, 2009, Dolphin Safari, Inc. reported approximately **\$823,000** in gross receipts and paid the County approximately **\$137,000** in rent.

This is the first audit of the lease to ensure the lessee has adequate records and complies with the financial related lease terms.

### WHAT THE AUDITORS FOUND?

#### Successes

We found that Dolphin Safari, Inc.'s records adequately supported gross receipts of approximately \$823,000 and rent of approximately \$137,000 was properly paid to the County in accordance with the lease agreement.

#### Audit Findings and Control Recommendations

We identified **three (3) Control Findings** related to improving recordkeeping and minor amounts of rent owed. OC Dana Point Harbor agreed with three (3) findings and recommendations and is working with Dolphin Safari, Inc. to implement corrective actions.