John M.W. Moorlach, Chairman

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ORANGE COUNTY

AUDIT HIGHLIGHT OCTOBER 18, 2012

REVENUE GENERATING LICENSE AGREEMENT AUDIT:

JOHN WAYNE AIRPORT Fox Rent A Car, Inc. Audit No. 1134

WHY IS THIS AUDIT IMPORTANT?

Fox Rent A Car, Inc. operates an off-airport car rental agency and has a license agreement with the County to pick-up customers with car rental reservations from the John Wayne Airport (JWA) terminals. Over its five (5) year term, this license agreement is estimated to generate approximately **\$1.05 million** in license fees to the County. Fees are paid based on a percentage of gross receipts derived from JWA customers. We audit the underlying books and records to ensure gross receipts are complete and fees are properly paid as defined by the license agreement. During the 12-month audit period of July 1, 2010 through June 30, 2011, Fox Rent A Car, Inc. reported approximately **\$2.8 million** in gross receipts from airport customers and paid the County approximately **\$250,000** in fees.

WHAT THE AUDITORS FOUND?

Successes

We found that Fox Rent A Car, Inc.'s records adequately supported reported gross receipts and fees owed were properly paid, except for 1) documentation of OC resident customers originating from JWA and 2) additional fees of \$10,003 owed to the County for the 12-month audit period and audit costs of \$5,940 that can be assessed.

Audit Findings and Recommendations

We identified one (1) Significant Weakness related to charging non-airport customers an 11.11% airport concession fee and eight (8) Control Findings related to the additional fees owed and/or compliance with the license agreement.