

**OFFICE OF THE CITY AUDITOR**

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GARY L. BURROUGHS, CPA
City Auditor

January 10, 2006

Phil T. Hester, Director, Parks, Recreation and Marine
Patrick H. West, Director of Community Development

At the request of Parks, Recreation and Marine, we have performed a review of Lease #20755 between the City of Long Beach (City) and Baja La Palapa Restaurant Group, Inc., (Baja La Palapa). This agreement governs the lease of a parcel of real property located in the City of Long Beach, commonly known as 4020 Olympic Plaza, Long Beach, California. The purpose of our review was to determine whether all payments to the City received from Baja La Palapa were in conformity with the terms of the Lease and that other contractual obligations were fulfilled in compliance with the Lease.

Our review procedures included:

- Obtaining an understanding of the Lease and its provisions.
- Discussions with Parks, Recreation and Marine, and other City personnel and Baja La Palapa management.
- Review of Baja La Palapa's general ledgers, sales reports, and other supporting documentation to verify reported Gross Receipts.
- Review of Baja La Palapa's payments to the City as recorded in the City's accounting system, FAMIS.
- Review of Baja La Palapa's bank statements for the years 2002, 2003 and 2004.
- Review of Baja La Palapa's Federal Income Tax returns for 2002, 2003 and 2004.

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Based on the results of the review procedures performed, we did not find any non-compliance with the terms of the lease between Baja La Palapa Restaurant Group, Inc. and the City of Long Beach. We would like to thank Parks, Recreation and Marine Department and Baja La Palapa management for their assistance during this review.

Sincerely,

Gary Burroughs, CPA
City Auditor

By: 

Sam A. Joumbat, CIA
Deputy City Auditor

JCC:ms

cc: Michael Conway, Manager, Property Services Bureau
Michael A. Killabrew, Director of Financial Management
Janet Day, Manger, Business Operations Bureau, Parks, Recreation, and Marine
Mark Sandoval, Manager, Marine Bureau, Parks, Recreation, and Marine
Gwendolyn Parker, Superintendent, Contract Management and Revenue Dev, Parks, Recreation, and Marine