



Transmitted via e-mail

January 30, 2015

Mr. John Donnelly, Executive Director
California Wildlife Conservation Board
1807 13th Street, Suite 103
Sacramento, CA 95811

Dear Mr. Donnelly:

Final Report—City of Arcata, Proposition 84 Grant Audits

The Department of Finance, Office of State Audits and Evaluations, has completed its audits of the City of Arcata's (City) grants WC-1126WG, WC-1127WG and WC-1232CM. These grants were issued by the California Wildlife Conservation Board.

The enclosed report is for your information and use. Because there were no audit observations requiring a response, we are issuing the report as final. This report will be placed on our website.

We appreciate the assistance and cooperation of the City. If you have any questions regarding this report, please contact Frances Parmelee, Manager, or Robert Scott, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

Richard R. Sierra, CPA
Chief, Office of State Audits and Evaluations

Enclosure

cc: Mr. Peter Perrine, Assistant Executive Director, California Wildlife Conservation Board
Mr. Patrick Kemp, Assistant Secretary for Administration and Finance, California Natural Resources Agency
Ms. Julie Alvis, Deputy Assistant Secretary, California Natural Resources Agency
Mr. Bryan Cash, Deputy Assistant Secretary, California Natural Resources Agency
Ms. Janet Luzzi, Interim City Manager, City of Arcata
Mr. Mark Andre, Director of Environmental Services, City of Arcata

City of Arcata
Proposition 84 Bond Program
Grant Agreements WC-1232CM, 1126WG and 1127WG



Arcata Community Forest
Source: City of Arcata Website

Prepared By:
Office of State Audits and Evaluations
Department of Finance

MEMBERS OF THE TEAM

Frances Parmelee, CPA
Manager

Robert Scott, MSA, CPA, CGMA
Supervisor

Staff
Randy Enriquez

Final reports are available on our website at <http://www.dof.ca.gov>

You can contact our office at:

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Office of State Audits and Evaluations
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(916) 322-2985

BACKGROUND, SCOPE, METHODOLOGY AND RESULTS

BACKGROUND

California voters approved the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84) for \$5.4 billion. The bond proceeds finance a variety of resource programs.

The City of Arcata (City) received three grants totaling \$2.8 million from the California Wildlife Conservation Board (WCB) to purchase additional forest land under the Forest Conservation Program. The City's Forest Management Unit manages 2,350 acres of forest lands owned by the City.¹

SCOPE

In accordance with the Department of Finance's bond oversight responsibilities, we audited the following grants:

<u>Grant Agreement</u>	<u>Audit Period</u>
WC-1232CM	March 11, 2013 through March 11, 2014
WC-1126WG	February 23, 2012 through September 28, 2012
WC-1127WG	September 13, 2011 through June 30, 2012

The audit objective was to determine whether the City's grant expenditures claimed were in compliance with applicable laws, regulations, and grant requirements; and to determine whether the grant deliverables were completed as required. We did not assess the efficiency or effectiveness of program operations.

The City's management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. WCB and the California Natural Resources Agency are responsible for the state-level administration of the bond program.

METHODOLOGY

To determine whether grant expenditures were in compliance with applicable laws, regulations, and the grant requirements; and if the grant deliverables were completed as required, we performed the following procedures:

- Examined the grant files, the grant agreements, and applicable laws, regulations, policies, and procedures.
- Determined whether claimed expenditures were allowable, grant-related, incurred within the grant period, adequately supported, and properly recorded.

¹ Source: www.cityofarcata.org

- Evaluated whether other revenue sources were used to reimburse expenditures claimed for reimbursement under the grant agreements.
- Evaluated whether the grant deliverables were met by reviewing supporting documentation and conducting site visits to verify the existence of the properties.

In conducting our audits, we obtained an understanding of the City’s internal controls that we considered significant within the context of our audit objectives. We assessed whether those controls were properly designed and implemented. Any deficiencies in internal controls that were identified during our audits and determined to be significant within the context of our audit objectives are included in this report.

We conducted these audits in accordance with generally accepted government performance auditing standards. Those standards require that we plan and perform the audits to obtain sufficient, appropriate evidence to provide a reasonable basis for our observations and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our audit objectives.

RESULTS

The results of the audits are based on our review of documentation, other information made available to us, and interviews with staff directly responsible for administering grant funds.

Based on the procedures performed, the grant expenditures claimed complied with the grant agreement requirements. Additionally, the grant deliverables were completed as specified in the grant agreements. The Schedule of Claimed Amounts is presented below.

Schedule of Claimed Amounts

Forest Land Acquisition	Claimed
Grant Agreement WC-1232CM	\$ 180,000
Grant Agreement WC-1126WG	630,000
Grant Agreement WC-1127WG	1,946,000
Total Project Expenditures	\$ 2,756,000