



Transmitted via email

December 1, 2010

Mr. Samuel Schuchat, Executive Director
California State Coastal Conservancy
1330 Broadway, Suite 1100
Oakland, CA 94612

Dear Mr. Schuchat:

Final Report—City of Pacifica Mahoney Property Grant Audit

The Department of Finance, Office of State Audits and Evaluations (Finance), has completed its audit of the City of Pacifica's (City) grant agreement 01-022 for the period December 31, 2001 through July 31, 2002.

The enclosed report is for your information and use. Because there were no audit findings or issues requiring a response, we are issuing the report as final.

In accordance with Finance's policy of increase transparency, this report will be placed on our website. Additionally, pursuant to Executive Order S-20-09, please post this report in its entirety to the Reporting Government Transparency website at <http://www.reportingtransparency.ca.gov/> within five working days of this transmittal.

We appreciate the assistance and cooperation of the City of Pacifica and the California State Coastal Conservancy. If you have any questions, please contact Susan M. Botkin, Manager, or Robert Scott, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

David Botelho, CPA
Chief, Office of State Audits and Evaluations

Enclosure

cc: Mr. Stephen A. Rhodes, City Manager, City of Pacifica
Ms. Ann Ritzma, Administrative Services Director, City of Pacifica
Mr. Neal Fishman, Deputy Executive Officer, California State Coastal Conservancy
Ms. Nadine Hitchcock, Deputy Executive Officer, California State Coastal Conservancy
Ms. Regine Serrano, Chief of Administrative Services, California State Coastal Conservancy
Ms. Terry Nevins, Manager, California State Coastal Conservancy
Mr. Patrick Kemp, Assistant Secretary, California Natural Resources Agency
Mr. Bryan Cash, Deputy Assistant Secretary, California Natural Resources Agency
Ms. Julie Alvis, Deputy Assistant Secretary, California Natural Resources Agency

A GRANT AUDIT
City of Pacifica
Mahoney Property Acquisition
Grant Agreement 01-022



Source: City of Pacifica

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

103760084

November 2010

MEMBERS OF THE TEAM

Susan M. Botkin, CGFM
Manager

Robert Scott, CPA
Supervisor

Staff
Ramon Juarez

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

You can contact our office at:

Department of Finance
Office of State Audits and Evaluations
300 Capitol Mall, Suite 801
Sacramento, CA 95814
(916) 322-2985

BACKGROUND

In June 1990, California voters passed Proposition 117 creating the Habitat Conservation Fund (Fund 0262) and providing funding of \$30 million a year for 30 years for the purpose of acquiring, enhancing, or restoring land for wildlife or open space.

In March 2000, California voters passed Proposition 12, the \$2.1 billion “Safe Neighborhood Parks, Clean Water, Clean Air and Coastal Protection Bond Act of 2000 (Act).” The Act authorized the sale of bonds to finance a variety of resource programs including local assistance programs for the acquisition, development, improvement, rehabilitation, restoration, and enhancement of open space and recreational areas.

California State Coastal Conservancy

The California State Coastal Conservancy (Conservancy) received both Propositions 117 and 12 funds for the aforementioned resource programs. The funds were subsequently made available to nonprofit and government entities.

City of Pacifica

The City of Pacifica (City) was incorporated on November 22, 1957 as a municipality providing the traditional municipal and public enterprise services. The City is governed by a five member city council elected to a term of four years, with a Mayor selected from among the city council by majority vote and serving a one-year term.

The City, located in coastal San Mateo County, received a grant from the Conservancy for acquisition of the Mahoney Property for restoration of wetlands at the mouth of San Pedro Creek.

SCOPE

In accordance with the Department of Finance’s bond oversight responsibilities, we conducted an audit of the following grant:

<u>Grant Agreement</u>	<u>Grant Period</u>	<u>Awarded</u>
01-022	December 31, 2001 through July 31, 2002	\$1,100,000

The audit objective was to determine whether the City complied with applicable laws, regulations, and grant requirements. In order to design adequate procedures to evaluate fiscal compliance, we obtained an understanding of the relevant controls. However, we did not assess the efficiency or effectiveness of operations.

The City’s management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements as well as evaluating the efficiency and effectiveness of the program. The Conservancy along with the California Natural Resources Agency is responsible for state-level administration of the bond programs.

METHODOLOGY

To determine whether expenditures were in compliance with applicable laws, regulations, and the grant requirements, we performed the following procedures:

- Interviewed key personnel to obtain an understanding of grant-related internal controls.
- Examined the grant files, the grant agreement, and applicable policies and procedures.
- Reviewed records for the land acquisition to determine if costs were allowable, grant related, incurred within the grant period, and supported.
- Conducted a site visit to verify the property existence.

The audit results are based on review of documentation, other information made available to us, and interviews with the staff directly responsible for administering the bond funds. Audit procedures were completed during March 2010, and evaluated compliance with applicable laws, regulations, and grant requirements through January 31, 2010. As bond grant funds were used to acquire real property to restore and enhance open space, the City will have ongoing maintenance and security requirements.

This audit was conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our observations and recommendations based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our observations and recommendations.

RESULTS

Based on the audit procedures performed, the City complied with applicable laws, regulations, and grant requirements and no findings or questioned costs are reported. The Schedule of Claimed, Audited, and Questioned Amounts is presented in Table 1.

Table 1: Schedule of Claimed, Audited, and Questioned Amounts

Grant Agreement 01-022			
December 31, 2001 through July 31, 2002			
Category	Claimed	Audited	Questioned
Land Acquisition	\$1,100,000	\$1,100,000	\$ 0