



Transmitted via e-mail

August 15, 2014

Mr. John Laird, Secretary  
California Natural Resources Agency  
1416 Ninth Street, Suite 1311  
Sacramento, CA 95814

Dear Mr. Laird:

**Final Report—Port San Luis Harbor District, Proposition 40 Grant Audit**

The Department of Finance, Office of State Audits and Evaluations, has completed its audit of the Port San Luis Harbor District's (District) grant 08-C4-48, issued by the California Cultural and Historical Endowment under Proposition 40.

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 District. 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. 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. Polly Escovedo, Executive Director (A), California Cultural and Historical Endowment  
Mr. Jim Blecha, Harbor Commission President, Port San Luis Harbor District  
Mr. Steve McGrath, Harbor Manager, Port San Luis Harbor District

# AUDIT REPORT

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## Port San Luis Harbor District Proposition 40 Bond Program Grant Agreement 08-C4-48



Point San Luis Lighthouse

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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Sacramento, CA 95814  
(916) 322-2985

# BACKGROUND, SCOPE, METHODOLOGY AND RESULTS

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## **BACKGROUND**

California voters approved the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 (Proposition 40). The \$2.6 billion of bond proceeds finance a variety of resource programs.

The Port San Luis Harbor District (District) received a \$649,228 grant from the California Cultural and Historical Endowment (CCHE) to restore the historic Point San Luis Light Station to its 1890 condition for public recreation and education use. The District's goal is to serve the public with an array of commercial and recreational boating, fishing, and coastal-related opportunities, while ensuring an environmentally responsible, safe, well-managed, and financially sustainable harbor that preserves the marine heritage and character.<sup>1</sup>

## **SCOPE**

In accordance with the Department of Finance's bond oversight responsibilities, we audited grant 08-C4-48 for the period July 16, 2009 through December 31, 2012.

The audit objectives were to determine whether the District'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 District's management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. CCHE 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:

- 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 the District's accounting records, subcontractor agreements, and subcontractor invoices.

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<sup>1</sup> Excerpt from [www.portsanluis.com](http://www.portsanluis.com).

- Selected a sample of claimed expenditures to determine if costs were allowable, grant-related, incurred within the grant period, supported by accounting records, and properly recorded.
- Performed procedures to determine if other revenue sources were used to reimburse expenditures already reimbursed with grant funds.
- Evaluated whether a sample of grant deliverables required by the grant agreement were met by reviewing supporting documentation and conducting a site visit to verify project existence.

We conducted this audit in accordance with generally accepted government performance auditing standards. Those standards require that we plan and perform the audit 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 audit 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 were in compliance with the requirements of the grant agreement, and the grant deliverables were completed as required. The Schedule of Claimed Amounts is presented below.

### Schedule of Claimed Amounts

<b>Grant Agreement 08-C4-48</b>	
<b>Task</b>	<b>Claimed</b>
Complete Restoration of Head Keeper's Quarters	\$ 90,000
Interior of Horn House Restoration/Display	5,000
Complete Restoration of the Oil House	7,000
Conversion/Repair of West Duplex for Visitors Center	118,008
Miscellaneous Small Structures	92,699
Utility Upgrades, Landscaping, and Public Access	234,000
Site Planning, Engineering, Architecture, and Permits	43,500
Grant Administration and Close-out	59,020
<b>Total Grant Funds</b>	<b>\$ 649,227</b>
Match Funds	902,398
<b>Total Project Expenditures</b>	<b>\$ 1,551,625</b>