



August 23, 2010

Mr. Sam Schuchat, Executive Officer
State Coastal Conservancy
1330 Broadway, Suite 1300
Oakland, CA 94612

Dear Mr. Schuchat:

Final Report—Monterey Peninsula Regional Park District Palo Corona Ranch Grant Audit

The Department of Finance, Office of State Audits and Evaluations (Finance), has completed its audit of the Monterey Peninsula Regional Park District's (District) grant agreement 03-105 for the period November 20, 2003 through December 31, 2009.

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 increased 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 District. If you have any questions regarding this report, 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: On following page

cc: Mr. Joseph Donofrio, General Manager, Monterey Peninsula Regional Park District
Mr. Joseph Splane III, Finance and Administrative Services Manager, Monterey Peninsula
Regional Park District
Ms. Regine Serrano, Chief of Administration, State Coastal Conservancy
Ms. Terry Nevins, Central Coast Project Manager, 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

Monterey Peninsula Regional Park District
Palo Corona Ranch Acquisition

Grant Agreement 03-105



Source: Monterey Peninsula Regional Park District

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

103760060

August 2010

MEMBERS OF THE TEAM

Susan M. Botkin, CGFM
Manager

Robert Scott, CPA
Supervisor

Staff
Michael West, CPA

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
300 Capitol Mall, Suite 801
Sacramento, CA 96814
(916) 322-2985

BACKGROUND

In March 2002 voters passed the \$2.6 billion California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 (Proposition 40). The proposition authorized the sale of bonds to finance a variety of resource programs including local assistance programs for the acquisition and development of neighborhood, community, and regional parks and recreation areas. The California State Coastal Conservancy (Conservancy) is one of many state departments that administer Proposition 40 funds. The funds were subsequently made available to nonprofit and government entities to promote the proposition's goals.

The Monterey Peninsula Regional Park District (District) was founded in 1972 to acquire land to preserve open space and provide recreational opportunities, public benefit, and enjoyment. The District protects approximately 20,000 acres of open space and acquired or helped acquire 24 parks and open spaces. The District is governed by a five member elected Board of Directors representing distinct areas, or wards, who serve four year terms.

The District is financed through the allocation of one-half percent of property taxes collected within the District to achieve its goals. For every \$100,000 of property value, the District receives approximately \$5 for open space acquisition and operations. In 2004, District voters approved and created the District Parks, Open Space, and Coastal Preservation benefit assessment district. The voters agreed to an assessment of approximately \$19 per year per single family dwelling for continued District funding of parks and open spaces.

The District received a grant from the Conservancy for acquisition of a portion of the Palo Corona Ranch to provide habitat and resource protection, open space preservation, and public access.

SCOPE

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

<u>Grant Agreement</u>	<u>Audit Period</u>	<u>Awarded</u>
03-105	November 20, 2003 through December 31, 2009	\$12,200,000

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

The District'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 and the California Natural Resources Agency are responsible for state-level administration of the bond programs.

METHODOLOGY

To determine whether the District complied with applicable laws, regulations, and the grant requirements, we performed the following procedures:

- Interviewed key personnel
- Obtained an understanding of the grant-related controls
- Examined the grant files
- Reviewed the District's accounting and other records
- Performed a site visit at the Front Ranch portion of the Palo Corona Regional Park
- Determined whether District expenditures were:
 - Allowable
 - Grant related
 - Incurred within the grant period
 - Supported by accounting records
 - Properly recorded

The results of the audit are based on our review of documentation, other information made available to us, and interviews with the staff directly responsible for administering bond funds. The audit procedures were completed between January 2010 and June 2010.

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 District 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 03-105			
For the Period November 20, 2003 through December 31, 2009			
Category	Claimed	Audited	Questioned
Real Property Acquisition	\$12,200,000	\$12,200,000	\$ 0