



Transmitted via e-mail

June 25, 2013

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

Mr. Thomas Howard, Executive Director
State Water Resources Control Board
P. O. Box 100
Sacramento, CA 95812-0100

Major General Anthony L. Jackson, Director
Department of Parks and Recreation
P. O. Box 942896
Sacramento, CA 94296-0001

Dear Mr. Laird, Mr. Howard, and Major General Jackson:

Final Report—City of Yreka Propositions 40 and 50 Grant Audits

The Department of Finance, Office of State Audits and Evaluations, has completed its audits of the following City of Yreka (City) grants awarded by the Natural Resources Agency (Resources), State Water Resources Control Board (SWRCB), and Department of Parks and Recreation (Parks):

<u>Awarding Agency</u>	<u>Grant Agreement</u>	<u>Audit Period</u>
SWRCB	06-144-551	December 15, 2006 through October 1, 2010
Resources	R81726	January 8, 2007 through May 1, 2010
Resources	R81727	January 8, 2007 through September 30, 2010
Parks	C0207508	July 1, 2003 through June 30, 2011
Parks	C0214081	July 1, 2004 through June 30, 2011
Parks	C0231182	July 1, 2011 through September 30, 2011

The enclosed report is for your information and use. Because there were no audit observations or issues 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 Kimberly Tarvin, Manager, 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. Patrick Kemp, Assistant Secretary for Administration and Finance, Natural Resources Agency
Ms. Julie Alvis, Deputy Assistant Secretary, Natural Resources Agency
Mr. Bryan Cash, Deputy Assistant Secretary, Natural Resources Agency
Ms. Jennifer Taylor, Budget Officer, State Water Resources Control Board
Ms. Pam Biggins, Administration and Financial Section Manager, State Water Resources Control Board
Ms. Leslie Laudon, Manager, Division of Finance and Local Assistance, State Water Resources Control Board
Ms. Kim Gossen, Fiscal Unit Manager, State Water Resources Control Board
Mr. Sedrick Mitchell, Deputy Director, External Affairs, Department of Parks and Recreation
Mr. Aaron Robertson, Deputy Director for Administration, Department of Parks and Recreation
Mr. Steve Baker, City Manager, City of Yreka
Ms. Rhetta Hogan, Finance Director, City of Yreka
Mr. Steve Neill, Public Works Director, City of Yreka

AUDIT REPORT

City of Yreka Proposition 40 and 50 Bond Programs Grant Agreements 06-144-551, R81726, R81727 C0207508, C0214081, and C0231182



Reservoir at Greenhorn Park

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

MEMBERS OF THE TEAM

Kimberly Tarvin, CPA
Manager

Staff
Dennis Solheim, CPA

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
915 L Street, 6th Floor
Sacramento, CA 95814
(916) 322-2985

BACKGROUND, SCOPE, METHODOLOGY AND RESULTS

BACKGROUND

California voters approved the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 (Proposition 40) and the Water Security, Clean Drinking Water, Coastal and Beach Protection Bond Act of 2002 (Proposition 50) for \$2.6 billion and \$3.44 billion, respectively. The bond proceeds finance a variety of resource programs.

The City of Yreka (City) received the following bond funding:

- Proposition 40 grant for \$5,000,000 from the State Water Resources Control Board (SWRCB) for storm water control and floodplain restoration.
- Two Proposition 50 grants from the Natural Resources Agency (Resources) in the amounts of \$1,429,000 and \$72,000 for creek greenways and parkways development.
- Three Proposition 40 grants from the Department of Parks and Recreation (Parks) in the amounts of \$439,100, \$296,000, and \$59,200 to complete various parks projects within the City.

SCOPE

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

<u>Awarding Agency</u>	<u>Grant Agreement</u>	<u>Audit Period</u>
SWRCB	06-144-551	December 15, 2006 through October 1, 2010
Resources	R81726	January 8, 2007 through May 1, 2010
Resources	R81727	January 8, 2007 through September 30, 2010 ¹
Parks	C0207508	July 1, 2003 through June 30, 2011
Parks	C0214081	July 1, 2004 through June 30, 2011
Parks	C0231182	July 1, 2011 through September 30, 2011

The audit objectives were 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.

City management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. The awarding agencies are responsible for the state-level administration of the bond programs.

¹ An interim audit was conducted on grant R81727 as the grant period ends May 1, 2016.

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 the grant-related internal controls.
- Examined the grant files, the grant agreements, and applicable policies and procedures.
- Reviewed the City's reimbursement claims, accounting records, vendor contracts, and invoices.
- Selected a sample of 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.
- Conducted a site visit to verify project existence.
- Evaluated whether grant deliverables required by the grant agreements were met.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings 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 were in compliance with the requirements of the grant agreements, and grant deliverables were completed as required. The Schedules of Claimed Amounts are presented in Table 1.

Table 1: Schedules of Claimed Amounts

SWRCB Grant Agreement 06-144-551²	
Task	Claimed
Professional Consulting Services	\$ 906,307
Construction	3,511,461
Property Acquisition	43,380
Personnel Services	235,143
Equipment	3,722
Total Expenditures	\$ 4,700,013

² SWRCB awarded \$5,000,000 and the grantee claimed \$4,700,013.

Resources Grant Agreement R81726	
Task	Claimed
Property Acquisition	\$ 20,170
Development	44,459
Acquisition Review	7,371
Total Expenditures	\$ 72,000

Resources Grant Agreement R81727 (Interim Audit)	
Task	Claimed
Planning and Design	\$ 218,885
Permits, Fees, and Other	28,099
Direct Project Management	27,806
Total Expenditures	\$ 274,790

Parks Grant Agreement C0207508	
Task	Claimed
Greenhorn Park Land	\$ 39,340
YMCA Senior Trail	35,000
Ringe Park Playground	48,780
Lewis Park Playground	48,060
Miner Street Restrooms	206,970
Greenhorn Park Trail	60,950
Total Expenditures	\$ 439,100

Parks Grant Agreement C0214081³	
Task	Claimed
Greenhorn Park Accessibility Improvements	\$ 236,800
Total Expenditures	\$ 236,800

Parks Grant Agreement C0231182	
Task	Claimed
Greenhorn Park Accessibility Improvements	\$ 59,200
Total Expenditures	\$ 59,200

³ Parks awarded \$296,000 in grant C0214081. However, the City claimed \$236,800. The remaining balance of \$59,200 was reawarded in grant C0231182.