



Transmitted via e-mail

April 17, 2012

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

Mr. Mark Cowin, Director  
California Department of Water Resources  
P.O. Box 942836, Room 1115-1  
Sacramento, CA 94236-0001

Ms. Ruth Coleman  
California Department of Parks and Recreation  
P.O. Box 942896  
Sacramento, CA 94296-0001

Dear Mr. Laird, Mr. Cowin, and Ms. Coleman:

**Final Report—City of West Sacramento Proposition 40 and 50 Grant Audits**

The Department of Finance, Office of State Audits and Evaluations, has completed its audit of the following City of West Sacramento's (City) grants:

<u>Grant Agreement</u>	<u>Grant Period</u>	<u>Award</u>
4600004232	April 24, 2006 through October 15, 2008	\$324,551
R81756-0	April 1, 2008 through April 15, 2011	\$1,727,748
R81610-0	January 1, 2007 through December 31, 2009	\$977,000
02-57-007	July 1, 2003 through June 30, 2011	\$220,000

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 City's assistance and cooperation with the audit. If you have any questions, please contact Diana Antony, Manager, or Lisa Negri, 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. Patrick Kemp, Assistant Secretary for Administration and Finance, California Natural Resources Agency  
Mr. Bryan Cash, Deputy Assistant Secretary, California Natural Resources Agency  
Ms. Julie Alvis, Deputy Assistant Secretary, California Natural Resources Agency  
Ms. Katherine Kishaba, Deputy Director, California Department of Water Resources  
Ms. Gail Chong, Deputy Assistant DWR Executive, Bond Accountability, California Department of Water Resources  
Ms. Tracie Billington, Chief, Financial Assistance Branch, California Department of Water Resources  
Mr. Jeffrey Ingles, Chief Auditor, California Department of Water Resources  
Mr. Sedrick Mitchell, Deputy Director, California Department of Parks and Recreation  
Ms. Patti Keating, Chief, Office of Grants and Local Services, California Department of Parks and Recreation  
Mr. Toby Ross, City Manager, City of West Sacramento  
Mr. Philip Wright, Director of Administrative Services, City of West Sacramento  
Ms. Carol Richardson, Interim Finance Director, City of West Sacramento  
Ms. Claire Connor, Supervising Accountant, City of West Sacramento

City of West Sacramento  
Propositions 40 and 50 Bond Programs



West Sacramento River Walk  
Source: City of West Sacramento

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

**MEMBERS OF THE TEAM**

Diana Antony, CPA  
Manager

Lisa Negri  
Supervisor

Staff  
Richard Faust

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, SCOPE, METHODOLOGY AND RESULTS

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## BACKGROUND

In 2002, California voters passed two bond measures totaling \$6.04 billion: the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act (Proposition 40); and the Water Security, Clean Drinking Water, Coastal and Beach Protection Act (Proposition 50). Administered by a number of state departments, agencies, boards, and conservancies, the bond proceeds support a broad range of programs that protect, preserve, and improve California's water quality and resources.

The City of West Sacramento (City) received the following grants from the California Department of Water Resources (DWR), the California Natural Resources Agency (Resources), and the California Department of Parks and Recreation (DPR):

- *Grant 4600004232*—Proposition 50 grant from DWR totaling \$324,551 to improve water use efficiency in several City parks.
- *Grants R81756-0 and R81610-0*—Proposition 50 grants from Resources totaling over \$2.7 million for the Sacramento River Walk expansion project.
- *Grant 02-57-007*<sup>1</sup>—Proposition 40 grant from DPR totaling \$220,000 to complete the Patwin and Summerfield Parks project.

## SCOPE

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

<b><u>Grant Agreement</u></b>	<b><u>Grant Period</u></b> <sup>2</sup>	<b><u>Award</u></b>
4600004232	April 24, 2006 through October 15, 2008	\$324,551
R81756-0	April 1, 2008 through April 15, 2011	\$1,727,748
R81610-0	January 1, 2007 through December 31, 2009	\$977,000
02-57-007	July 1, 2003 through June 30, 2011	\$220,000

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. In order to design adequate procedures to conduct our audit, we obtained an understanding of the relevant internal controls. We did not assess the efficiency or effectiveness of program operations.

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<sup>1</sup> Contract number is C0207572; however all DPR and City records reflect grant project number of 02-57-007. For consistency, project number 02-57-007 is used herein.

<sup>2</sup> An interim audit was conducted on grants 4600004232 and R81756-0. The grant period ended October 15, 2008 and May 1, 2011, respectively; however, both grants are pending submission and approval of final reports and final reimbursement requests.

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. Resources, DWR, and DPR are responsible for state-level administration of their 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 the grant-related internal controls.
- Examined grant files, grant agreements, and applicable policies and procedures.
- Reviewed the City's project files, accounting records, vendor invoices, and bank statements.
- 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.

The audit results are based on our review of documentation, other information made available to us, and interviews with the staff directly responsible for administering grant funds. The audit was conducted from August 2011 through March 2012.

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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## RESULTS

Based on the audit procedures performed, the grant expenditures claimed complied with applicable laws, regulations, and grant requirements and no findings or questioned costs were identified. The Schedules of Claimed Amounts are presented in Table 1.

**Table 1: Schedules of Claimed Amounts**

<b>Grant Agreement 4600004232 For the Period April 24, 2006 through October 15, 2008</b>	
<b>Category</b>	<b>Claimed</b>
Administration	\$ 8,296
Materials/Installation/Implementation	282,679
Total Expenditures	\$290,975

<b>Grant Agreement R81756-0</b>	
<b>For the Period April 1, 2008 through April 15, 2011</b>	
<b>Category</b>	<b>Claimed</b>
Sitework	\$ 175,554
Materials	1,218,889
Other Costs	321,334
<b>Total Expenditures</b>	<b>\$1,715,777</b>

<b>Grant Agreement R81610-0</b>	
<b>For the Period January 1, 2007 through December 31, 2009</b>	
<b>Category</b>	<b>Claimed</b>
Riverwalk Expansion	\$977,000
<b>Total Expenditures</b>	<b>\$977,000</b>

<b>Grant Agreement 02-57-007</b>	
<b>For the Period July 1, 2003 through June 30, 2011</b>	
<b>Category</b>	<b>Claimed</b>
Playground Construction	\$220,000
<b>Total Expenditures</b>	<b>\$220,000</b>