

AUDITOR-CONTROLLER/ TREASURER/TAX COLLECTOR



COUNTY OF SAN BERNARDINO

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LARRY WALKER
Auditor-Controller/
Treasurer/Tax Collector

December 4, 2012

David H. Slaughter
Real Estate Services
385 North Arrowhead Avenue, 3rd Floor
San Bernardino, CA 92415

SUBJECT: AGRICULTURAL AND OPEN SPACE LAND ACQUISITION AND PRESERVATION PROGRAM

Introductory Remarks

In compliance with Article V, Section 6, of the San Bernardino County Charter and the Board of Supervisor's Policy Statement on Internal Operational Auditing, we have completed an audit of the Agricultural and Open Space Land Acquisition and Preservation Program (Program) in accordance with the International Standards for the Professional Practice of Internal Auditing. We have also prepared the financial statements for the program.

Background

In 1988, California voters approved Proposition 70, known as the California Wildlife, Coastal, and Park Land Conservation Act (the Act). The Act, codified in the Public Resources Code (PRC) §5900-5938, reads that it is in the public interest and is necessary to keep wildlife, coastal, and park land conservation areas in open-space, natural, and recreational uses, to provide clean air and water, to protect significant environmental and scenic values of wildlife and plant habitat, riparian and wetland areas, and other open-space lands, and to provide opportunities for the people of California to enjoy, appreciate and visit natural environments and recreational areas.

Twenty million dollars (\$20,000,000) was awarded to the County of San Bernardino (the County) for acquisition of land and to dedicate conservation easements within the Chino Agricultural Preserve. The County preserves all lands and conservation easements acquired or dedicated in perpetuity for agricultural preservation, including community gardens, agricultural heritage projects, agricultural and wildlife education or wildlife habitat, or for open space conservation purposes.

Objectives, Scope, and Methodology

The objectives of this audit were: (1) to determine whether the lands acquired with grant funds provided by the Act are being used for the purpose set forth in the Act (2) to determine whether land was sold/exchanged/purchased, and (3) to prepare financial statements for Fiscal Year's 2007/08, 2008/09, and 2009/10. To achieve these objectives, we:

Objectives, Scope, and Methodology (Continued)

- Reviewed existing laws and regulations related to this grant program (PRC §5900-5938).
- Obtained and reviewed copies of lease agreements.
- Conducted a field visit to determine whether properties are being used in accordance with the Act.
- Reviewed the Financial Accounting System (FAS) and inquired with Real Estate Services Department to determine whether there have been any land transactions during the audit period.
- Prepared the financial statements with FAS data from the County system.

Conclusion

Lease restrictions were within the scope of the Act and we found no instance of the properties being used for purposes outside of the Act or lease agreements. The Real Estate Services Department did not sell, exchange, or purchase any land within the audit period. We prepared the financial statements for Fiscal Years 2007/08, 2008/09, and 2009/10.

Respectfully submitted,

Larry Walker
Auditor-Controller/Treasurer/Tax Collector
San Bernardino County

By: _____

Mark W. Cousineau, CPA, CIA, CFE, CGAP, CGFM, CITP
Chief Deputy Auditor
Internal Audit Division

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COUNTY OF SAN BERNARDINO
AGRICULTURAL AND OPEN SPACE LAND ACQUISITION AND PRESERVATION PROGRAM
STATEMENT OF NET ASSETS
JUNE 30, 2008, 2009 AND 2010

	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 7,105,030	\$ 8,200,645	\$ 8,908,202
Accounts receivable	-	-	12,845
Total current assets	<u>7,105,030</u>	<u>8,200,645</u>	<u>8,921,047</u>
Noncurrent assets:			
Capital Assets			
Land	<u>20,974,025</u>	<u>20,974,025</u>	<u>20,974,025</u>
Total noncurrent assets	<u>20,974,025</u>	<u>20,974,025</u>	<u>20,974,025</u>
Total assets	<u>28,079,055</u>	<u>29,174,670</u>	<u>29,895,072</u>
LIABILITES			
Current liabilities:			
Deferred revenue	<u>-</u>	<u>-</u>	<u>1,000</u>
Total current liabilities	<u>-</u>	<u>-</u>	<u>1,000</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>1,000</u>
NET ASSETS			
Invested in capital assets	20,974,025	20,974,025	20,974,025
Restricted	<u>7,105,030</u>	<u>8,200,645</u>	<u>8,920,047</u>
Total net assets	<u>\$ 28,079,055</u>	<u>\$ 29,174,670</u>	<u>\$ 29,894,072</u>
Total liabilities and net assets	<u>\$ 28,079,055</u>	<u>\$ 29,174,670</u>	<u>\$ 29,895,072</u>

COUNTY OF SAN BERNARDINO
AGRICULTURAL AND OPEN SPACE LAND ACQUISITION AND PRESERVATION PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEARS ENDED JUNE 30, 2008 THRU JUNE 30, 2010

	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>
REVENUES			
Rent	\$ 1,052,585	\$ 968,907	\$ 762,142
Interest	321,895	260,942	100,185
Other	-	116	-
Total revenues	<u>1,374,480</u>	<u>1,229,965</u>	<u>862,327</u>
EXPENSES			
Services and supplies	174	3,421	1,908
Professional and specialized services	72,158	6,665	14,684
Maintenance	114,434	76,876	88,196
Real estate service charges	10,425	19,793	17,769
Taxes and assessments	11,859	27,595	20,368
Total expenses	<u>209,050</u>	<u>134,350</u>	<u>142,925</u>
Change in net assets	1,165,430	1,095,615	719,402
Net assets - beginning	<u>26,913,625</u>	<u>28,079,055</u>	<u>29,174,670</u>
Net assets - ending	<u>\$ 28,079,055</u>	<u>\$ 29,174,670</u>	<u>\$ 29,894,072</u>