

# **Mountains Recreation and Conservation Authority**

Los Angeles, California

## *Single Audit Report*

*For the year ended June 30, 2012*



**Mountains Recreation and Conservation Authority**  
**Single Audit Report**  
**For the year ended June 30, 2012**

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors  
of the Mountains Recreation and Conservation Authority  
Los Angeles, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mountains Recreation and Conservation Authority (the "Authority"), as of and for the year ended June 30, 2012, and have issued our report thereon dated March 27, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

To the Board of Directors  
of the Mountains Recreation and Conservation Authority  
Los Angeles, California  
Page 2

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, others within the Authority, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Paul J. McGeady LLP". The signature is written in a cursive, slightly slanted style.

Irvine, California  
March 27, 2013



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM, ON  
INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors  
of the Mountains Recreation and Conservation Authority  
Los Angeles, California

**Compliance**

We have audited the Mountains Recreation and Conservation Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2012. The Authority's major federal programs are identified in the summary of the auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

**Internal Control over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

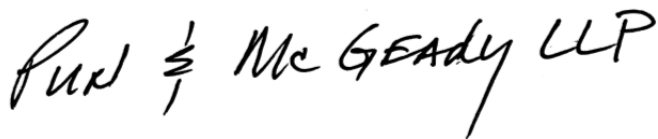
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

**Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Authority, as of and for the year ended June 30, 2012, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated March 27, 2013, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

This report is intended solely for the information and use of management, the Board of Directors, others within the Authority, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Handwritten signature in black ink that reads "Paul J. McGeady LLP". The signature is written in a cursive, flowing style.

Irvine, California  
March 27, 2013



**Mountains Recreation and Conservation Authority**  
**Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2012**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures
<b>U.S Department of Interior:</b>			
<i>Direct programs:</i>			
National Park Service Centennial Challenge	15.406	J8544080082	\$ 511,780
Natural Resource Stewardship	15.944	J8542090043	53,581
Natural Resource Stewardship	15.944	J8542110003	53,837
Natural Resource Stewardship	15.944	P11AT83752	173,237
Subtotal Natural Resource Stewardship			280,655
Cooperative Research & Training Programs - Resources of the National Park System	15.945	J854809033	204,800
Cultural Resources Management	15.946	J8540550051	9,540
Cultural Resources Management	15.946	J8544080051	4,320
Cultural Resources Management	15.946	J8544080052	80,000
Cultural Resources Management	15.946	J8546080012	43,878
Cultural Resources Management	15.946	J8547090019	24,753
Cultural Resources Management	15.946	J8548090048	90,000
Subtotal Cultural Resources Management			252,491
<b>Total U.S. Department of Interior</b>			1,249,726
<b>U.S. Department of Transportation:</b>			
<i>Pass-through State of California, Department of Transportation:</i>			
<i>Highway Planning and Construction Cluster</i>			
Highway Planning and Construction	20.205	07-4744A-1	164,802
<b>Total U.S. Department of Transportation</b>			164,802
<b>Total Expenditures of Federal Awards</b>			\$ 1,414,528

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**Mountains Recreation and Conservation Authority**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2012**

**A. REPORTING ENTITY**

The financial reporting entity, as defined by the Governmental Accounting Standards Board (“GASB”) Codification, consists of the primary government, which is the Mountains Recreation and Conservation Authority (the “Authority”), organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the Authority’s financial statements to be misleading or incomplete.

**B. BASIS OF ACCOUNTING**

Funds received under the various grant programs have been recorded within the General Fund of the Authority. The Authority utilizes the modified accrual method of accounting for the General Fund. The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) is presented in accordance with the requirements of Office of Management and Budget (“OMB”) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in, the preparation of the Authority’s basic financial statements.

**C. RELATIONSHIP OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TO FINANCIAL STATEMENTS**

The accompanying Schedule presents the activity of all federal financial assistance programs of the Authority. Federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through the State of California is included in the Schedule. The Schedule was prepared from only the accounts of various grant programs and, therefore, does not present the financial position or results of operations of the Authority.

**Mountains Recreation and Conservation Authority**  
**Schedule of Findings and Questioned Costs**  
**For the year ended June 30, 2012**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Types of auditors' report issued:	<b>Unqualified</b>
Internal control over financial reporting:	
• Material weakness(es) identified?	<b>No</b>
• Significant deficiency(ies) identified?	<b>None Reported</b>
Noncompliance material to financial statements noted?	<b>No</b>

**Federal Awards**

Internal control over major programs:	
• Material weakness(es) identified?	<b>No</b>
• Significant deficiency(ies) identified?	<b>None Reported</b>
Type of auditor's report issued on compliance for major programs	<b>Unqualified</b>
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	<b>No</b>

Identification of major programs:

Major Program	Federal CFDA #	Federal Expenditures
National Park Service Centennial Challenge	15.406	\$ 511,780
Cooperative Research & Training Programs - Resources of the National Park System	15.945	204,800
<b>Total expenditures of all major federal programs</b>		<b>\$ 716,580</b>
<b>Total expenditures of federal awards</b>		<b>\$ 1,414,528</b>
<b>Percent of total expenditures of federal awards</b>		<b>50.66%</b>

Dollar threshold for distinguishing Type A and B programs	\$300,000
Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133?	No

**Mountains Recreation and Conservation Authority**  
**Schedule of Findings and Questioned Costs, Continued**  
**For the year ended June 30, 2012**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

No financial statement findings were noted for the year ended June 30, 2012.

**SECTION III- FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

**A. Current Year Findings and Questioned Costs - Major Federal Award Program Audit**

No findings or questioned costs were noted on the Authority's major programs for the year ended June 30, 2012.

**Mountains Recreation and Conservation Authority**  
**Schedule of Findings and Questioned Costs, Continued**  
**For the year ended June 30, 2012**

**SECTION III- FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED**

**B. Prior Year Findings and Questioned Costs - Major Federal Award Program Audit**

**2011-02 Davis Bacon Act - Review of Certified Payrolls**

**Program:**

Disaster Grants - Public Assistance (Presidentially Declared Disasters) (CFDA Number 97.036, U.S. Department of Homeland Security, California Emergency Management Agency, Award Number 037-91157)

**Condition:**

During our testing of the program, we noted that the Authority did not request the certified payroll for the contractors used for these projects to monitor/review for compliance with the Davis Bacon Act.

**Recommendation:**

We recommended the Authority establish proper internal control to monitor compliance requirements to ensure required review/monitoring is being performed by a responsible person at the Authority.

**Status:**

The finding was resolved during the fiscal year ended June 30, 2012.

**Mountains Recreation and Conservation Authority**  
**Schedule of Findings and Questioned Costs, Continued**  
**For the year ended June 30, 2012**

**SECTION III- FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED**

**B. Prior Year Findings and Questioned Costs - Major Federal Award Program Audit, Continued**

**2011-03 Procurement/Suspension & Debarment - Verification Check Against the EPLS**

**Program:**

Disaster Grants - Public Assistance (Presidentially Declared Disasters) (CFDA Number 97.036, U.S. Department of Homeland Security, California Emergency Management Agency, Award Number 037-91157)

**Condition:**

During our testing of the program, we noted that the Authority did not verify the contractors used against the EPLS to ensure they were not suspended or debarred from federally-funded projects.

**Recommendation:**

We recommended the Authority establish proper internal control to monitor compliance requirements to ensure contractors used are not prohibited from federally funded projects.

**Status:**

The finding was resolved during the fiscal year ended June 30, 2012.

**Mountains Recreation and Conservation Authority**  
**Schedule of Findings and Questioned Costs, Continued**  
**For the year ended June 30, 2012**

**SECTION III- FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED**

**B. Prior Year Findings and Questioned Costs - Major Federal Award Program Audit, Continued**

**2011-04 Reporting**

**Condition:**

The Authority did not submit the Single Audit report and data collection form within nine months of its fiscal year end.

**Recommendation:**

We recommended the Authority improve its internal controls to ensure prompt release of the Authority financial statements along with the Single Audit Report and data collection form in order to be in compliance with OMB Circular A-133.

**Status:**

The finding was resolved during the fiscal year ended June 30, 2012.