



**Audit of the Monitoring of CERP Land Acquisition
Costs Incurred by Organizations other than the District**

Report # 08-04

Prepared by
Office of Inspector General

John W. Williams, Esq., Inspector General
J. Timothy Beirnes, CPA, Director of Auditing
Jankie Bhagudas, CPA, Lead Consulting Auditor



SOUTH FLORIDA WATER MANAGEMENT DISTRICT

October 8, 2008

Audit and Finance Committee Members:

Mr. Charles J. Dauray, Chair
Mr. Eric Buermann, Member
Mr. Michael Collins, Member
Mr. Paul Huck, Member

Re: Review of General
Engineering & Professional
Services Contracts
Report # 08-12

This audit was performed pursuant to the Inspector General's authority set forth in Chapter 20.055, F.S. The audit focused primarily on determining whether General Engineering & Professional Services work orders are awarded in an equitable manner and whether prime contractors are utilizing SBE subcontractors. In addition, we reviewed the cost effectiveness of using contract workers in situations where the scope of work entails performing on-going activities. This report was prepared by Jankie Bhagudas and Tim Beirnes.

Sincerely,

John W. Williams, Esq.
Inspector General

TABLE OF CONTENTS

BACKGROUND.....	1
OBJECTIVE, SCOPE AND METHODOLOGY.....	3
AUDIT RESULTS.....	4
Executive Summary.....	4
Adequate Process in Place to Identify Land Acquisitions for CERP Projects.....	7
Improve Communications between Land Acquisition and the Accounting Division	9
<i>Tracts with District and External Ownership Interests Recorded Incorrectly in the District's Accounting Records</i>	9
<i>Tracts Acquired with Non-Interest Contributions by Local Government not Accurately Recorded.....</i>	11
<i>State-Owned Tracts Recorded as District-Owned.....</i>	12
<i>Tract Changes and Disposals not Reflected in the Accounting Division's Records</i>	12
Other Issues.....	14
<i>Discrepancies between Land Acquisition's and the Accounting Division's Records.....</i>	14
<i>Some Land Donations not Reflected in the Accounting Division's Records.....</i>	15
Recommendations.....	15

BACKGROUND

In accordance with the Office of Inspector General’s Fiscal Year 2007 Audit Plan, we conducted an audit of the South Florida Water Management District’s (District) process for identifying and monitoring land acquisition costs incurred by other organizations (i.e., other than the District and the Federal Government) for the Comprehensive Everglades Restoration Plan (CERP) projects. It should be noted our initial objective was to audit all costs incurred by other organizations in connection with the CERP projects. However, based on discussions with Everglades Restoration staff, to date, these organizations have only made contributions towards land acquisition for CERP projects. As a result, our audit primarily focuses on procedures in place to ensure adequate accounting for these contributions for land since the District may be entitled to cost share credits for qualified contributions.

The primary purpose of CERP is to restore, protect, and preserve the South Florida ecosystem while providing for other water-related needs of the region. Principal features of CERP include the creation of 217,000 acres of new reservoirs and wetland-based water treatment areas. CERP is being implemented through a partnership between the U.S. Army Corps of Engineers and the State of Florida, primarily through the District and the Florida Department of Environmental Protection. CERP consists of approximately 68 project components that are grouped into 50 projects. The Water Resource Development Act of 2000 requires that the implementation of CERP be equally cost shared between the federal government (U.S. Army Corps of Engineers) and non-federal sponsors.

As the local sponsor (non-federal sponsor) for most of the CERP projects, the District’s share of the cost could include expenditures incurred by the State and local governments. The District is charged with the responsibility of acquiring the real estate needed for the construction, monitoring, and operation of the CERP projects. The Land Acquisition and Land Management Department (Land Acquisition), situated within Everglades Restoration, is responsible for acquiring lands needed for CERP projects. As of September 30, 2007, the District had acquired 217,584 (56%) of the 388,166 acres of

land needed to implement CERP. Approximately \$1.5 billion has been expended to acquire these lands with funding from the State's Florida Forever Program, Save Our Rivers Program, and by other funding provided by the District, Federal, State, and local governments. Local governments have contributed over \$78 million for CERP land acquisition and the District may be entitled to request cost-share credit for these contributions.

The execution of a project cooperation agreement between the District and the U.S. Army Corps of Engineers will be required for the District to receive credit for any land acquisition costs. The project cooperation agreement is a legally binding agreement that essentially defines the purpose of the agreement, the obligations of the parties, and the costs that are eligible for cost share. According to District staff, a master agreement covering construction costs for all the CERP projects should be in place by July 2008 and the first individual agreement should be executed by October 2008. It should be noted that the U.S. Army Corps of Engineers and the District executed a Design Agreement on May 12, 2000, where the federal government and the District will be responsible for contributing 50 percent of the costs for the design elements of the CERP projects.

OBJECTIVE, SCOPE, AND METHODOLOGY

Our overall audit objective focused on determining whether the District has a process in place for identifying and monitoring land acquisition costs incurred by other organizations (i.e., other than the District and the Federal Government) for the Comprehensive Everglades Restoration Plan (CERP) projects, since the District would be responsible for requesting credit from the U.S. Army Corps of Engineers for all eligible non-federal costs.

To accomplish our objective we obtained an understanding of the land acquisition process by interviewing key personnel of the Land Acquisition Management Section, and the Accounting and Financial Services Division (Accounting Division). We also reviewed relevant policies and procedures, and various other records (e.g., reports and databases maintained by Land Acquisition and the District's financial system). We assessed whether Land Acquisition had an adequate process in place for identifying CERP projects' land acquisitions that were made with contributions from other organizations and whether these acquisitions are accurately reflected in the District's accounting records.

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.

AUDIT RESULTS

Executive Summary

Overall, our audit revealed that Land Acquisition has procedures in place to identify all tracts within the boundary area of each CERP project and the details pertaining to these tracts (e.g., District-owned, State-owned, and funding sources). Acquisition data is maintained in Land Management's various information systems including; the geographic information system (GIS), the ATLAS database, and the IRIS database. Data is also tracked on various spreadsheets and reports. The processes in place provide assurances that when a project cooperation agreement is executed between the District and the U.S. Army Corps of Engineers, data will be available to request in-kind credit for eligible land acquisition costs.

We compared Land Acquisition's records to the Accounting Division's records to ensure that acquisitions were accurately reflected in the Accounting Division's records. We concluded that certain acquisitions are not accurately reflected in the Accounting Division's records and that the two departments need to improve communications to ensure that all acquisitions are accurately reflected in the District's accounting records. Specifically, we noted the following:

- Martin County partnered with the District for the acquisition of several tracts by contributing over \$47 million towards the land costs for specific percentages in the title interests; however, these tracts are recorded in the Accounting Division's at the total acquisition cost incurred by Martin County and the District. Consequently, the District's land costs are overstated by over \$47 million. Further, we noted an instance where ownership interests are equally shared with Martin County; however Martin County's contribution for its percentage of ownership was not equitable when compared to the percentage of interest received. It appears that this instance is not properly reflected in the accounting records.
- Martin County contributed \$4,648,171 to the District towards the acquisition of two tracts and did not want any ownership interests. Thus, the accounting records

should reflect the total acquisition costs, however; only the portion of the acquisitions paid with District funds were recorded. During our audit, we brought this to the Accounting Division's attention and the tract costs have been increased to reflect Martin County's contributions.

- The Accounting Division's records include five State-owned tracts totaling \$338,508.
- Certain tract changes and disposals by Land Acquisition were not communicated to the Accounting Division; thus, the accounting records have not been updated. Specifically, a 13,186 acre tract of land costing \$29,667,465 was acquired in March 2002 with funds from the Save Our Everglades Trust Fund and Martin County. Subsequently, in January 2003, 461.36 acres of the tract was re-sold to the prior owner for \$1,337,944. This disposal resulted in a gain of \$299,884 to the District. However, after more than five years, the tract is still reflected at 13,186 acres and at the initial cost, and the gain had not been recorded in the Accounting Division's records because the Accounting Division was not notified. Further, since the acquisition was made with funds from the Save Our Everglades Trust Fund, the State would be entitled to a credit on the disposal. Land Acquisition intended to credit the State for the \$1,337,944; however, due to an oversight the State was not credited. Land Acquisition has taken steps to make the necessary adjustments.
- Land Acquisition's records for the C-44 projects disclosed that several tracts were either merged or split in July 2007; however, as of early January 2008, the Accounting Division's records reflected only the historical tract data. Accounting Division's staff explained that they are not routinely notified of these types of non-financial transactions.

Since we found discrepancies between the locally funded acquisition costs in Land Acquisition's and the Accounting Division's records, we performed a cursory review of other tracts not acquired with local funding to determine whether the costs were accurately reflected in both sets of records. Our review disclosed the following:

- A tract of land purchased for \$1.9 million in August 2000 was indicated in Land Acquisition's records but not in the Accounting Division's record. As a result of our review, this tract has been recorded by the Accounting Division. In addition, Land Acquisition's records indicated that a tract acquired for \$1,080,682, however; in the Accounting Division's records the cost is indicated as \$260,601.
- Based on the Land Acquisition's and the Accounting Department's records, the District acquired six tracts of land via condemnation for \$33 million. However, a comparison of the individual tract cost disclosed that the tracts were overstated by as much as \$2.2 million and understated by as much as \$6.6 million in the Accounting Division's records when compared to Land Acquisition's records due to inaccurate data.
- Seven donated tracts totaling 202.27 acres were not included in the Accounting Division's records because the Accounting Division was not aware of the donations. We requested that Land Acquisition determine the fair market value of each of the tract at the time of donation so that that the values can be included in the District's financial records.

Land Acquisition and the Accounting Division have already taken steps to address many of the issues identified in this report.

In summary, we found that land values are overstated in the accounting system by a net of \$41.8 million as shown in the following table:

Audit Issues	<i>Effect on Land Value in District's Accounting Records</i>	
	Overstated	Understated
Contributions by local government for ownership interests recorded entirely as District-owned	\$47,508,141	
Tract disposal not reflected in Accounting's records	1,337,944	
Five State-owned tracts included in Accounting's records	338,508	
Tracts acquired with non-interest contributions by external partner not accurately recorded		\$4,648,171
District-owned tract included in Land Acquisition's records but not in Accounting's records		1,900,000
Tract acquired for \$1,080,062 recorded as \$260,601 in Accounting's records		820,081
Total Overstatement / Understatements	\$49,184,593	\$7,368,252
Net Overstatement (see Note)	\$41,816,341	

NOTE: Correcting the above balances merely requires journal entry adjustments in order to comply with accounting principles and will have no effect on cash balances; however, it will have an effect on the fund balances.

Adequate Process in Place to Identify Land Acquisitions for CERP Projects

Land for the CERP projects is primarily acquired with funding from the State through Florida Forever funds, Save Our Everglades Trust Fund, and the District's ad valorem taxes. However, there are cases where land within the boundaries of certain projects that is owned by or being acquired by a local government entity. For example; Miami-Dade County is acquiring certain lands needed for the Biscayne Bay Coastal Wetland project. In some cases the District is acquiring land with funds contributed from local governments (primarily Martin County) where the local government may, or may not, choose to retain an interest in the title. Our review disclosed that Land Acquisition has procedures in place to identify all tracts within the boundary area of each CERP project and the details pertaining to these tracts (e.g., District-owned, State-owned, and associated acquisition costs). Specifically, we noted the following:

- Land data is maintained in the Geographic Information Services (GIS), Integrated Real Estate Information System (IRIS), and Advanced Technology Land Acquisition System (ATLAS) databases. Typical information maintained for each tract includes the following: tract identification number, corresponding CERP project identification number, prior and current landowner, number of acres, purchase price, percentage of District ownership interest, any external partner ownership interests, and funding sources. There are nightly interfaces between the GIS and IRIS databases that update both database with new information or changes to existing data.
- An excel worksheet is maintained for each tract acquired for CERP using the District's financial records.
- A Summary Spreadsheet categorized by CERP project that includes information such as tract numbers, acres acquired, land costs, associated land costs, funding sources, e.g., District/State, local, or federal.
- A quarterly report, *CERP Master Report*, is maintained using the data maintained by Land Acquisition and includes the following data for each project: number of acres required, the number of acres acquired, potential surplus acres, total costs, and ownership interests. This report is distributed to relevant District staff and stakeholders (e.g., the U.S. Army Corps of Engineers and the Audubon Society).

As part of our tests, we selected a sample of seven CERP projects with publicly held ownership interests and reconciled the data on the CERP Master Report (dated September 30, 2007) to data on the Summary Spreadsheet (dated September 30, 2007) and the IRIS and ATLAS databases. No major exceptions were noted. Consequently, we concluded that there processes in place to adequately identify lands acquired for CERP projects and the funding sources used for each acquisition. This provides assurances that when a project cooperation agreement is executed between the District and the U.S. Army Corps of Engineers the data will be available to request in-kind credit for eligible land acquisition costs.

Improve Communications between Land Acquisition and the Accounting Division

Land acquisition transactions originate in Land Acquisition. As a result, Land Acquisition is responsible for ensuring that details regarding each transaction are accurately communicated to the Accounting Division. The Accounting Division maintains the District's official financial records and is responsible for ensuring consistent transaction processing, accurate record-keeping and timely reporting of financial positions and activities to management and other District stakeholders, while adhering to all statutory requirements. Further, the Accounting Division is required to follow generally accepted accounting principles for governmental entities.

Since Land Acquisition maintains its own set of records, we compared Land Acquisition's records to the Accounting Division's records to ensure that acquisitions made with external partners (e.g., local governments) were accurately reflected in the Accounting Division's records. Based on the results, we concluded that certain acquisitions are not accurately reflected in the Accounting Division's records.

Detailed in the following sections are the discrepancies we noted during our review.

Tracts with District and External Ownership Interests Recorded Incorrectly in the District's Accounting Records

Several land acquisitions for CERP were made with contributions from local governments where the local government partnered with the District for a percentage of ownership interests. In these instances, Land Acquisition's records should reflect the full cost of the acquisition and the sources of funding since land certifications will be done by Land Acquisition. However, the Accounting Division's records (i.e., SAP Fixed Asset Module) should only reflect ownership interest received by District in connection with the acquisitions. Our review disclosed that Land Acquisition's records reflected most of the local governments' contributions. This provides assurances that when a project cooperation agreement is executed with the U.S. Army Corps of Engineers, Land Acquisition will be able to identify acquisitions made with local contributions and request

cost share credit for eligible costs. However, we noted that Land Acquisition did not always allocate contributions to the tracts as intended by the local government.

Our review of the Accounting Division’s records disclosed that the cost of several tracts acquired with contributions from Martin County for ownership interests are overstated. Specifically, Martin County contributed over \$47 million for title fee interests in various tracts; however, the costs of these tracts are recorded at the total acquisition cost in the Accounting Division records instead of the District’s percentage of the title interest. As a result, District’s land values are overstated as indicated in the following table.

Project/Tract Numbers	SAP Asset Numbers	Percentage of Title Interest		Amount Paid by Martin County for its Title Interest
		District	Martin County	
Palmar/23-100-084	6235			
Palmar/23-100-085	6373 (0), (1)	94 %	6%	\$1,472,085
Allapattah Ranch /GM-100-005	854	88%	12%	2,504,018
Allapattah Ranch /GM-100-007	987	75%	25%	7,416,866
Palmar/23-116-018	331			
Palmar/23-116-019	224			
Palmar/23-116-022	6329			
Palmar/23-116-023	24			
Palmar/23-116-024	6238 (0), (1)	50%	50%	8,692,315
C-44 Basin/JE-100-030; JE-100-031; JE-100-032	SAP asset data is historical; update required	83.8%	16.2%	27,422,857
Total Overstatement in the Accounting Division’s Records				\$47,508,141

Based on the Accounting Division’s records, as of September 30, 2007, the District owned about \$2.22 billion in land. Although the overstatement is immaterial (2.15%), every effort should be made to ensure that the District’s records are accurate.

Further, we noted an instance where ownership interests are equally shared with Martin County; however Martin County’s contribution for its percentage of ownership

was not equal the percentage of interest received. It appears that this instance is not properly reflected in the accounting records. Specifically, for the Palmar Project referenced in the table above, 2,886.49 acres were purchased at \$14,000 per acres for a total cost of \$40,410,860. Based on a funding agreement between the District and Martin County and other documentation, Martin County received an undivided 50% interest in the land by contributing \$8,692,315 (over \$11.5 million less than 50% of the acquisition cost). In this instance, the District's financial records did not reflect the fact that Martin County contributed less than the actual value of the interest it received.

It appears that the joint ownership interests with Martin County may not have been clearly communicated by Land Acquisition to the Accounting Division and in some instances Martin County's contributions were received subsequent to the closings, which further complicated matters.

**Tracts Acquired with Non-Interest Contributions
by Local Government not Accurately Recorded**

Local governments have also contributed funds towards the acquisition of land in an effort to assist with the implementation of CERP and did not want any ownership interests in the title. For example, Broward County contributed funds through its Land Preservation Bond Program and Martin County contributed funds through its one percent Sales Tax Referendum Fund. In these instances, the cost of land in Land Acquisition's and the Accounting Division's records should reflect the total acquisition cost since the District retains 100 percent of the title interest in the acquisitions.

There were two instances where Martin County's contributions of \$4,648,171 towards the acquisition of two tracts are reflected in Land Acquisition records and not in the Accounting Division's records. Specifically, the cost of these tracts in SAP reflects only the portion of the acquisitions paid with District funds. Martin County wired its contributions directly to the closing agent and it appears that the contributions may not have been clearly communicated to the Accounting Division. During our audit, we brought this to the Accounting Division's attention and the asset costs have been increased to reflect the District's ownership interests.

State-Owned Tracts Recorded as District-Owned

The State, through its Trustees of the Internal Improvement Trust Fund (TIITF), has acquired over 194 tracts of land totaling 6,378 acres for CERP and retained title for most of the acquisitions. Since the acquisitions are within the boundaries of the CERP projects, the tracts are recorded in Land Acquisition's databases and included in the acquisition reports maintained by Land Acquisition. As part of our tests, we reconciled the State-owned lands listed in Land Acquisition's records to the Accounting Division's records to ensure that the State-owned tracts are not included in the District's records. Our review disclosed that the Accounting Division's records included four State-owned tracts at a total cost of \$231,000. These tracts should be removed from the Accounting Division's records since the District does not have any title interests.

We also noted some cases where the District and the State jointly acquired land by contributing 50 percent of the cost for 50 percent in the title interest in the acquisitions. Our review disclosed one instance where a tract was jointly acquired for a total cost of \$215,015, however; the entire acquisition is listed in the Accounting Division's records. The District's record should only reflect \$107,508. In sum, the District records include \$368,508 in State-owned land.

Tract Changes and Disposals not Reflected in the Accounting Division's Records

Land tracts are sometimes split into multiple tracts, merged with other tracts, or disposed of after acquisitions have been recorded by the Accounting Division. Land Acquisition is required to inform the Accounting Division of any such subsequent changes. Our review of Land Acquisition's records disclosed a few instances where tracts were changed; however, the Accounting Division's records did not reflect the changes because the Accounting Division was not notified.

Based on Land Acquisition and the Accounting Division's records, a 13,186 acre tract of land costing \$29,667,465 (\$2,250 per acre) was acquired in March 2002 with funds from the Save Our Everglades Trust Fund and Martin County. Subsequently, in January 2003, 461.36 acres of the tract was re-sold to the prior owner for \$1,337,944

(\$2,900 per acre) that was credited towards the cost of another acquisition by the District. This disposal resulted in a gain of \$299,884 to the District. As a result of the disposal, Land Acquisition created a new tract number for the remaining 12,724.18 District-owned acres. However, our review and discussion with Accounting Division staff revealed that, after more than five years, the tract is still reflected at 13,186 acres and at the initial cost, and the gain had not been recorded.

Further, since the acquisition was made with funds from the Save Our Everglades Trust Fund, the State would be entitled to a credit. Land Acquisition staff explained that they intended to credit the State for the \$1,337,944 and explained that in instances where a credit is due to the State they would reflect the credit in a subsequent reimbursement request for monies from the for Save Our Everglades Trust Fund. However, due to an oversight the State was not credited. As a result of our review, Land Acquisition met with the Budget and Accounting Divisions to correctly record this acquisition.

In addition, Land Acquisition's records for the C-44 projects disclosed that several parcels of the tracts were either merged or split in July 2007; however, as of early January 2008, the Accounting Division records reflected only the historical tract data. In this case, Land Acquisition's summary spreadsheet was also not updated to reflect the new tracts.

Land Acquisition explained that they have taken steps to enhance communications with the Accounting Division, for example, beginning in mid-2006 Land Acquisition began sending monthly reports of all closings and disposals to the Accounting Division, which are being used to update asset records. In addition, Land Acquisition has set up a committee comprising mostly of Land Acquisition, Budget, and Accounting staff to address various real estate financial issues. It should be noted that most of the discrepancies related to acquisitions that occurred a few years ago. Based on our review, we have made several recommendations to improve communications between the two departments and ensure that the District's accounting records are accurate.

Other Issues

Since we found discrepancies between the locally funded acquisition costs in Land Acquisition's and the Accounting Division's records, we performed a cursory review of other tracts not acquired with local funding to determine whether the costs were the same in both sets of records. Our review disclosed the following:

Discrepancies between Land Acquisition's and the Accounting Division's Records

- We noted that a tract of land purchased for \$1.9 million was indicated in Land Acquisition's records; however, the tract was not included in the Accounting Division's record. At our request, the Accounting Division researched this acquisition and determined it should be included in the financial records. In addition, we noted that Land Acquisition's records indicated that a tract acquired for \$1,080,682, however; in the Accounting Division's records the cost is indicated as \$260,601. This is an understatement of \$820,081. Further, the previous land owner information in the Accounting Division's records did not correspond to Land Acquisition's records. We confirmed that Land Acquisition's records were correct.
- Based on the two Department's records, the District acquired six tracts of land via condemnation for \$33 million. However, a comparison of the individual tract cost per the Accounting Division's records disclosed that the tracts were overstated by as much as \$2.2 million and understated by as much as \$6.6 million when compared to Land Acquisition's records. Since these tracts were acquired via condemnation, initial deposits (payments) were made to the owner and a final payment was determined by a court. In the check request for the final payment to the Accounting Division, Land Acquisition allocated the requested amount evenly to the six tracts even though most of the tracts were different in size; the tracts ranged from 9.58 acres to 46.52 acres. In Land Acquisition's records, the final payment was correctly prorated among the six tracts based on tract size. However, it appears that Land Acquisition did not inform the Accounting

Division of the correct cost of each of the tract. As a result, the Accounting Division used the check request to determine the final cost that should be allocated to each tract. Consequently, the tract cost per the Accounting Division's and Land Acquisition's records are different.

**Some Land Donations not Reflected
in the Accounting Division's Records**

A comparison of the donated tracts per Land Acquisition's records to the Accounting Division's records disclosed that seven donated tracts totaling 202.27 acres were not included in the Accounting Division's records. The Accounting Division explained that Land Acquisition is responsible for informing them of all donated tracts as donated assets are required to be recorded in the accounting records at the estimated fair market value on the date of the donation. We requested that Land Acquisition determine the fair market value of each of the tract at the time of donation so that they can be included in the District's financial records.

Recommendations

- 1. Reduce the cost of the tracts identified in this audit report as being overstated in the District's accounting records.**

Management Response: Management concurs with the recommendation and will research the tracts identified in the audit and adjust the carrying values accordingly.

Responsible Department: Finance and Administration/Accounting and Financial Services

Estimated Completion: January 1, 2009

- 2. Develop and document procedures to ensure that the Accounting Division is made keenly aware of tracts acquired with contributions from external partners and the details regarding the contributions (e.g., whether contributions were**

made for title interest, whether contributions were not proportionate to the percentage of title interest given up for the contribution).

Management Response: Management concurs with the recommendation. The Land Acquisition Department together with the Accounting Division will work together to develop procedures that will ensure that land is recorded properly.

Responsible Department: Land Acquisition Department and the Accounting and Financial Services Division

Estimated Completion: February 1, 2009

3. Remove all State-owned tracts from the District's asset records.

Management Response: Management concurs with the recommendation and will write-off the purchase price of land that is not owned by the District

Responsible Department: Finance and Administration/Accounting and Financial Services

Estimated Completion: January 1, 2009

4. Ensure that the Accounting Division's records have been adjusted to reflect all CERP land disposals by Land Acquisition and that the appropriate gains or losses have been recorded.

Management Response: Management concurs with the recommendation. Land Acquisition Department will provide the list of all disposals to the Accounting Division and the Accounting Division will write-off the purchase price of land that has been disposed and record the gain or loss.

Responsible Department: Land Acquisition Department and Finance and Administration/Accounting and Financial Services

Estimated Completion: March 31, 2009

- 5. Ensure that Land Acquisition notifies the Accounting Division for all tracts that have been either merged, split or disposed of, so that the accounting records reflect updated tract information.**

Management Response: Agree. Land Acquisition will develop a procedure for notifying the Accounting Division of tracts that have been merged, split or disposed.

Responsible Department: Land Acquisition Department

Estimated Completion: March 1, 2009

- 6. Compare Land Acquisition's listing of tracts acquired for CERP to the SAP Asset Module to ensure that all tracts are accurately reflected in the Accounting Division's records.**

Management Response: Management concurs with the recommendation. The Accounting Division and Land Acquisition will work together to reconcile Land Acquisition's records to records within SAP.

Responsible Department: Land Acquisition Department and Finance and Administration/Accounting and Financial Services

Estimated Completion: April 1, 2009

- 7. Develop procedures to ensure that all donated tracts are properly recorded in the District's accounting records.**

Management Response: Management concurs with the recommendation. Land Acquisition will develop a procedure notifying the Accounting Division of donated tracts.

Responsible Department: Land Acquisition Department and Finance and Administration/Accounting and Financial Services

Estimated Completion: February 1, 2009