



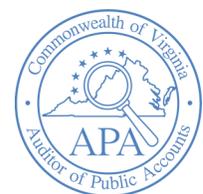
VIRGINIA LAND CONSERVATION FOUNDATION

AUDIT OF REVENUE AND OTHER TRANSFERS JUNE 30, 2017

Auditor of Public Accounts
Martha S. Mavredes, CPA

www.apa.virginia.gov

(804) 225-3350



AUDIT SUMMARY

Our audit of the revenue and other transfers of the Virginia Land Conservation Foundation (Foundation) for the fiscal year ended June 30, 2017, found:

- material compliance with the transfer requirements in the Appropriation Act and the Code of Virginia; and
- adequate corrective action with respect to the prior audit finding titled “Obtain Total Revenues and Administrative Costs for the Land Preservation Tax Credit Program.”

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AUDIT SCOPE OVERVIEW

The Foundation provides state funding in the form of grants for the purchase of permanent conservation easements, open spaces and parklands, lands of historic or cultural significance, farmlands and forests, and natural areas. The Foundation uses the Virginia Land Conservation Fund (Conservation Fund) to fulfill its mission. The Department of Conservation and Recreation (DCR) administers the Conservation Fund and is the fiscal agent for the Foundation.

The Conservation Fund has two major sources of funding. The Appropriation Act and the Code of Virginia govern the amount of annual funding available for the Conservation Fund. Following the requirements in the Appropriation Act and Code of Virginia, the Conservation Fund received an \$8 million transfer from the General Fund and \$873 thousand from the Land Preservation Tax Credit fees collected by the Department of Taxation (Taxation) in fiscal year 2017. As required by the Code of Virginia § 10.1-1020 C.1., the Foundation transferred \$2 million to the Virginia Outdoors Foundation's Open-Space Lands Preservation Trust Fund.

Taxation collects fees associated with the Transfer of Land Preservation Tax Credits program. The State Comptroller transfers a portion from the Land Preservation Fund to the General Fund. Taxation then splits the remaining revenues in half to determine the minimum required transfer of revenues to the Foundation, which was approximately \$873,000 for fiscal year 2017, and the total maximum allowance that collectively DCR and Taxation can use to cover their associated costs.

Both the minimum transfer to the Foundation and the maximum allowance for covering associated costs are set by §58.1-512 of the Code of Virginia. The Code of Virginia states that revenues generated by the Land Preservation Tax Credit fees shall first be used by Taxation and Conservation for their administration costs but shall not exceed 50 percent of the total revenues. The remainder of the revenues shall be transferred to the Foundation for distribution to the public or private conservation agencies or organizations. Under a memorandum of understanding between Conservation and Taxation, Taxation transfers \$350,000 to Conservation each year to support their costs of administering the Conservation Fund on behalf of the Foundation.



Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

July 23, 2018

The Honorable Ralph S. Northam
Governor of Virginia

The Honorable Thomas K. Norment, Jr.
Chairman, Joint Legislative Audit
and Review Commission

We have audited the revenue and other transfers of the **Virginia Land Conservation Foundation** for the year ended June 30, 2017. 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 Scope and Objectives

The objective of this audit was to analyze the accounts and records of the Foundation to ensure that its funds were transferred as required by the Code of Virginia and the Appropriation Act. We also reviewed corrective actions for the prior year audit finding titled "Obtain Total Revenues and Administrative Costs for the Land Preservation Tax Credit Program."

Audit Methodology

We considered significance and risk and performed an analysis of the accounts and records associated with the Foundation to determine the extent of our audit procedures. Our procedures included inquiries of appropriate personnel and inspection of documents and records. We reviewed the Code of Virginia and the Appropriation Act and compared the Foundation's practices to the requirements set forth in the laws and regulations as they pertain to our audit objectives.

Conclusions

Our audit of the accounts and records for the two major revenue streams for the Conservation Fund found that the Foundation receives and properly records the General Fund transfers from Conservation as prescribed by the Appropriation Act and properly calculates and distributes the required funding to the Virginia Outdoors Foundation as prescribed by the Code of Virginia. For the other revenue stream, the Land Preservation Tax Credit fees, we substantiated that the transfers materially adhered to the requirements as set forth in the Code of Virginia and the Appropriation Act.

The Foundation has taken adequate corrective action with respect to the audit finding reported in the prior year that is not repeated in this letter.

Report Distribution

We provided management with a copy of this report on August 8, 2018. This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

GDS/clj

VIRGINIA LAND CONSERVATION FOUNDATION

as of June 30 2017

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