**Grand Jury Report**

**RESPONSE FORM**

***Grand Jury Report Title* :****Mendocino Coast Recreation and Park District and Their Field of Dreams**

***Report Dated :*** 6/27/17

***Response Form Submitted By:***

Lloyd Weer, Auditor-Controller

County of Mendocino

501 Low Gap Road

Ukiah, CA 95482

***Response MUST be submitted, per Penal Code §933.05, no later than:***

60 days – 8/27/17. Asked and granted an extension until 9/12/2017.

***I have reviewed the report and submit my responses to the FINDINGS portion of the report as follows:***

* I (we) agree with the Findings numbered:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

X I (we) disagree wholly or partially with the Findings numbered below, and have ***attached, as required***, a statement specifying any portion of

the Finding that are disputed with an explanation of the reasons therefore.

\_\_\_\_F3, F4, and F5\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

***I have reviewed the report and submit my responses to the RECOMMENDATIONS portion of the report as follows:***

* The following Recommendation(s) have have been implemented and ***attached, as required***, is a summary describing the implemented actions:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

* The following Recommendation(s) have not yet been implemented, but will be implemented in the future, ***attached, as required*** is a time frame for implementation:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

GRAND JURY REPORT

RESPONSE FORM

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* The following Recommendation(s) require further analysis, and ***attached as required,*** is an explanation and the scope and parameters of the planned analysis, and a time frame for the matter to be prepared, discussed and approved by the officer and/or director of the agency or department being investigated or reviewed: (This time frame shall not exceed six (6) months from the date of publication of the Grand Jury Report)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

X The following Recommendations will NOT be implemented because they are not warranted and/or are not deemed reasonable, ***attached, as required*** is an explanation therefore:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_R4, R5, and R6\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

*I have completed the above responses, and have attached, as required the following number of pages to this response form:*

Number of Pages attached: \_\_\_2\_\_

*I understand that responses to Grand Jury Reports are public records. They will be posted on the Grand Jury website: www.mendocinocounty.org/grandjury. The clerk of the responding agency is required to maintain a copy of the response.*

*I understand that I must submit this signed response form and any attachments as follows:*

First Step: E-mail (word documents or scanned pdf file format) to:

* The Grand Jury Foreperson at: [grandjury@mendocinocounty.org](mailto:grandjury@co.mendocino.ca.us)
* The Presiding Judge: grandjury@mendocino.courts.ca.gov

Second Step: Mail all originals to:

Mendocino County Grand Jury

P.O. Box 939

Ukiah, CA 95482

Printed Name: \_\_\_\_\_\_\_\_\_\_Lloyd Weer\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title: \_\_\_\_\_Auditor-Controller\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signed:\_\_\_\_\_\_\_\_\_\_ C:\Users\desktop\Desktop\weerl.tif\_\_\_\_\_\_\_ Date: \_\_9/11/2017\_

**Auditor-Controller’s response to the Grand Jury Report**

**Mendocino Coast Recreation & Park District (MCRPD)**

**Finding #3 –** Pursuant to Government Code (GC) 23010, the county board of supervisors may lend any of it’s available funds to a recreation and park district in order to enable the district to perform its functions and meet its cbligations. The loan shall not exceed 85 percent of the district’s anticipated revenue for the fiscal year, and shall be repaid (including interest) out of that revenue prior to the payment of any other obligation of the district. Since the repayments are deducted up front from the district’s tax revenue distributions, the county is made whole before the district receives their funds.

The MCRPD has received a loan from the county in each of the last 9 years. In recent years the annual loan amount has been reduced to $50,000, which is 11% of the district’s anticipated revenue for 2017/18. This loan is used to help with the district’s cash flow during the first 6 months of the year, as the majority (55%) of the districts property tax revenues are not distributed until December of each year. The loan proceeds for MCRPD are sent to the district using the same process we use when sending them their property tax revenues and appears to be included in the districts total revenue amount for property taxes. Since all 2018 tax revenues are sent in 2018 it is not likely the district can spend them in 2017. According to the most recent MCRPD audit for 6/30/2016, the general fund revenues exceeded the expenditures by $70,442 and therefore would not indicate the district has a “serious deficit in budget planning” as the grand jury has suggested.

**Finding #4 –** Pursuant to GC 26909, a special district is required to send a copy of their audit report to the county auditor-controller within 12 months of the end of the district’s fiscal year. The auditor-controller’s office is in receipt of the MCRPD audit reports for 2015 and 2016. The MCRPD 2017 audit report will be due by June 30, 2018. After reviewing and approving the required documents provided by the district for the loan, the auditor-controller places the request on the board of supervisor’s consent calendar for approval. At the boards decretion, any board member can pull a consent item for further discussion and/or call for a separte vote. According to the most recent MCRPD audit for 6/30/2016, the general fund revenues exceeded the expenditures by $70,442 and therefore would not indicate the district has a “structural deficit” as the grand jury has suggested.

**Finding #5 –** It is quite common for a county special district audit to take from 6 months to a year to complete. The 2015 and 2016 MCRPD audit reports were complete and sent to the auditor-controller’s office within 12 months as required, therefore, we consider them completed in a timely manner.

According MCRPD’s most recent audit report, the district entered into a lease with WestAmerica Bank secured by real property to be used for the contribution of regional park/golf course. The capital lease is currently in defualt and the district filed for relief under Chapter 9 in 2011. The bank in turn has filed an appeal with the Ninth Circuit Court of Appeals. The appeal is pending but the briefing is stayed while the two parties attempt to resolve the matter. Any resolution will include the sale of the real property subject to the lease.

Also noted in the audit, the district entered into a note with Ray Roeder Living Trust secured by future receipts of the district. The $200,000 note is in default since 2012 but the district has recently been making large annual principle payments and the outstanding principle balance is $130,000 as of 6/30/2016.

**Recommendation #4 –** This recommendation is not warranted since all policy and procedures for making a loan to a county recreation and park district are spelled out for the board in Government Code 23010.

**Recommendation #5 –** This recommendation will not be implemented since the MCRPD already completes an annual audit that is preformed by an independent CPA and sends a copy to the county auditor-controller on an annual basis.

**Recommendation #6 –** This recommendation is not warranted because MCRPD already completes an annual audit and supplies the auditor-controller with a copy within 12 months of the end of the district’s fiscal year as required by Government Code 26909.