

# Response to Grand Jury Report

Report Title: **PROPOSITION 172 FUNDS**

Report Date: February 22, 2016

Response by: Carmel J. Angelo, Chief Executive Officer

## Findings

I (we) agree with the findings numbered: xxx

I (we) disagree wholly or partially with the findings numbered: F1,2,3,4

*Attach a statement specifying the findings or portions of the findings that are disputed, and include an explanation of the reasons therefor.*

## Recommendations

Recommendations numbered R1,2 have been implemented.

*Attach a statement describing the implement actions.*

Recommendations numbered R3 have not yet been implemented, but will be implemented in the future.

*Attach a statement with the schedule for implementation(s).*

Recommendations numbered xxx require further analysis.

*Attach an explanation, and the scope and parameters of the analyses or studies, and a timeframe for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This timeframe shall not exceed six months from the date of publication of the grand jury report.*

Recommendations numbered xxx will not be implemented because they are not warranted or are not reasonable.

*Attach an explanation.*

Signature:  Date: 4/21/16

## **FINDINGS**

**F1. The current method of budgeting the distribution of Proposition 172 funds to County government public safety is not transparent, either to the public or to the County agencies eligible to receive these funds.**

The CEO disagrees partially with this finding. The current method of budgeting for Proposition 172 funds is compliant with State law. Proposition 172 revenue is identified in the County's budget book, in Budget Unit 1000, line item 821510. In an effort to be more transparent and assist the public and Public Safety agencies receiving funds, the County will change the format in the budget book to clearly identify the four public safety departments that receive Proposition 172 funds. The CEO incorporates by reference the Auditor-Controller's response to F1.

**F2. This lack of transparency violates the spirit of the original proposition and could be easily rectified by a simple alteration to the format of the County budget.**

The CEO disagrees partially with this finding. The current method of budgeting for Proposition 172 is compliant with State law. Proposition 172 revenue is identified in the County's budget book, in Budget Unit 1000, line item 821510. In an effort to be more transparent and assist the public and Public Safety agencies receiving funds, the County will change the format in the budget book to clearly identify the four public safety departments that receive Proposition 172 funds. The CEO incorporates by reference the Auditor-Controller's response to F2.

**F3. The Auditor-Controller has been able to demonstrate the appropriate distribution of Proposition 172 Funds to municipalities within the County. However, the Auditor-Controller has been unable to demonstrate that the remaining Proposition 172 revenues have been entirely distributed to County public safety agencies as required.**

The CEO partially disagrees with the finding. The County Proposition 172 revenues are deposited into Budget Unit 1000 Non Departmental Revenues, line item 821510. From there the funds are distributed to the four Public Safety departments through their annual Net County Cost (NNC). The Maintenance of Effort (MOE) calculation confirms that the Proposition 172 funds have been properly distributed. To further assist the public and Public Safety agencies, beginning in Fiscal Year (FY) 2016/17, a line item for Proposition 172 will be included in each Public Safety agency Budget Unit receiving Proposition 172 funds.

**F4. The failure to update the MOE calculation annually as required, has placed the County in a position of non-compliance with State requirements.**

The CEO disagrees with this finding. The MOE calculations performed by the Auditor-Controller have been prepared as required by State law. Each MOE calculation has shown the County is in compliance with State requirements. The CEO incorporates by reference the Auditor-Controller's response to F4.

## **RECOMMENDATIONS**

**R1. The CEO and the Auditor-Controller adopt a method of budgeting Proposition 172 funds to County government public safety in a manner that is transparent to the public and to affected agencies, and employ this method for FY2016-2017 and subsequent budget cycles. (F1-F3)**

The recommendation has been implemented. As directed by the Board of Supervisors, beginning in FY 2016/17 Proposition 172 funds will have a separate revenue line item in each Public Safety Budget Unit to demonstrate distribution of funds for each Public Safety agencies. The CEO incorporates by reference the Auditor-Controller's response to R1.

**R2. The new budgeting method clearly demonstrates the full distribution of Proposition 172 funds to County public safety agencies. (F1-F3)**

This recommendation has been implemented. Beginning in FY 2016/17 Proposition 172 funds will have a separate revenue line item in each Public Safety Budget Unit to clearly demonstration the full distribution. The CEO incorporates by reference the Auditor-Controller's response to R2.

**R3. The Auditor-Controller resume performing the MOE calculation annually and report on its completion to the Board of Supervisors annually as well. (F4)**

This recommendation has not yet been implemented, but will be in the future. The CEO incorporates by reference the Auditor-Controller's response.