

Grand Jury Report

RESPONSE FORM

Grand Jury Report Title : A Report on the Teeter Plan

Report Dated : March 21, 2012

Response Form Submitted By:

Lloyd Weer,
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County of Mendocino
501 Low Gap Rd., Room 1080
Ukiah, CA 95482

**Response MUST be submitted, per Penal Code §933.05, no later than:
July 7, 2012**

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:
2,4,5,6,8,9,11,17,18,19,20,21,22,23,24,25,26,27,28,29,30

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.
1,3,7,10,15,31

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

The following Recommendation(s) have been implemented and **attached, as required**, is a summary describing the implemented actions:
4,5,6,7

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:

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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)

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:

1,2,3

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

Number of Pages attached: 3

I understand that responses to Grand Jury Reports are public records. They will be posted on the Grand Jury website: www.co.mendocino.ca.us/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@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: Assistant Auditor Controller

Signed: 

Date: 6/27/12

Findings:

1. County Counsel recommended in a memo to the CAO in 1993 that written agreements to participate in a Teeter Plan be obtained from two-thirds of the participants in the Pool before adopting the Teeter Plan.

Auditor Controller: Disagree – The reference to “two-thirds” of the participating districts is required for the discontinuance of the Teeter Plan.

3. The County never sought judicial approval in adopting the Teeter Plan as suggested in the *California Debt Issuance Primer*.

Auditor Controller: Disagree – The Teeter Plan was adopted by the Board of Supervisors as required under the California Revenue and Taxation Code Sections 4701-4717.

(The CDIP mentioned above is a resource document used to secure debt financing through Municipal Bonds. The County has always used legal council to secure any bond financing or refinancing)

7. Interest payments on the Plan debt are computed on a short-term basis.

Auditor Controller: Disagree – The interest payments on the Teeter debt are calculated using the County’s “pool” rate. The County’s Investment Pool invests in both medium term (2-5 years) notes and short term (less than 1 year) certificate of deposits.

10. Long-term notes are issued for periods of over one year.

Auditor Controller: Disagree – Long term debt usually has a maturity of over 10 years. Intermediate or Medium term debt usually has a maturity of 2-10 years.

15. The numbers supplied to the Board of Supervisors in anticipation of the November 8, 2011, meeting, which were prepared on October 4, 2011, were not in agreement with the printout of the actual Teeter Receivable worksheet supplied to the GJ.

Auditor Controller: Disagree – This can be reconciled. During the fiscal year, the Teeter debt is constantly being adjusted for supplemental corrections and refunds that post back to a prior year. Once the Auditor closes the fiscal year, the Teeter Receivable Worksheet is prepared for the Final Budget Hearings.

31. The County is currently paying interest on the Plan debt at a taxable short-term rate.

Auditor Controller: Disagree – The County is currently paying interest on the Plan debt at a taxable pool rate.

Recommendations:

1. The County hires a Bond Counsel to advise them on how to handle the historical Plan debt. (Findings all)

Auditor Controller: Not implemented – Bond counsel is the attorney, or firm of attorneys that assist counties in securing Municipal bond financing.

Since 2008-2009, the County has been committed to aggressively paying down the Teeter debt. By the end of 2011-2012 the Auditor's office projects the Teeter debt to be below \$8.0MIL. Continuing on this pace the County is scheduled to have the debt paid off in 5-7 years.

2. If the Bond Counsel so advises, the Board of Supervisors issue formal recognition of the Plan debt as a long-term obligation of the County. (Findings 4-5, 8-10, 28-31)

Auditor Controller: Not implemented – The Board of Supervisors has adopted a Teeter Plan debt amortization schedule. Scheduled payments are budgeted in BU 1930 each year and the debt is scheduled to be paid off in 5-7 years.

3. If the Bond Counsel so advises, the Board of Supervisors corrects the historical underpayment of interest to the Pool. (Findings 7-11, 24-31)

Auditor Controller: Not implemented – All interest payments on the Teeter debt have been paid in full on a quarterly basis.

4. The Board of Supervisors continues to pay off the Plan debt as quickly as possible using the current repayment plan. (Findings 28-30)

Auditor Controller: Implemented.

5. If the Bond Counsel so advises, the Board of Supervisors provide for the payment of the proper amount of interest to the Pool for all future years reflecting the fact that the County's current long-term credit rating is BBB-. (Findings 7-13, 24-31)

Auditor Controller: Implemented – The Auditor Controller will continue to pay the proper amount of interest to the pool in all future years.

6. In all presentations to the Board of Supervisors, the respective elected County Officials provide accurate, concise and meaningful documentation for the Board of Supervisors regarding the Teeter Plan debt and particular areas of exposure to increases in defaults. (Findings 12-20)

Auditor Controller: Implemented – The Auditor Controller will continue to provide accurate, concise and meaningful documentation for the Board of Supervisors regarding the Teeter Plan.

7. The Plan debt continues to be reflected in the budget as a separate line item until eliminated by the completion of the current payment plan in the interest of transparency. (Findings 15-18, 28-30)

Auditor Controller: Implemented.