

Grand Jury Report

RESPONSE FORM

Grand Jury Report Title: [The Mendocino County Free Library – How is it doing after Measure A?](#)

Report Dated: [June 9, 2014](#)

Response Form Submitted By:

[Lloyd Weer, Auditor-Controller](#)

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

[August 8, 2014](#)

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: [Auditor-Controller](#)

Signed: _____

Date: _____

Findings -

F2. The A-87 costs charged to the County Free Library are not clearly identified in the budget and the amount charged is questionable.

Auditor-Controller Response: Disagree partially - The amount of A-87 costs charged to the Library is correct. Beginning with the 2014/15 budget we will more clearly identify these charges in Library Budget Unit 6110 under the line item 862194 titled "A-87 Costs".

F3. The County Free Library is being deprived of its dedicated funds due to improper A-87 charges, thus unjustly enriching the General Fund.

Auditor-Controller Response: Disagree – The amount of A-87 costs charged to the Library is correct and the library is not being deprived of its funds. The County's entire A-87 Cost Plan is certified annually by the State Controller's Office. The State also performs an audit on the plan once every two years.

F4. The Board of Supervisors and the CEO have historically and continuously fail to recognize or treat the County Free Library as a Special District.

Auditor-Controller Response: Agree – The County treats the Mendocino County Library as a "County Free Library" and not as a "Special District" (Library District). The Mendocino County Library does receive a pro rata share of property tax revenue, and is treated the same as a special district for revenue and tax purposes only. The County maintains the Library's funds in a Special Revenue fund.

F5. The property tax apportionment due the County Free Library is not clearly identified and the amount provided is questionable. The current method of computing the apportionment leads to the compounding of errors and underfunding.

Auditor-Controller Response: Disagree – The Library's pro rata share of property tax revenue comes in the form of general fund support and is the only amount in BU 6110 line item 827802. It seems clearly identified to me. The agreed upon method is based on changes to the Tax Roll's assessed valuation, year after year.

F6. The accounting methods and procedures used by the County for the County Free Library do not follow either the intent or requirements of law.

Auditor-Controller Response: Disagree – The County’s accounting methods follow federal and state law. The County’s accounting methods are performed in accordance with U.S. Generally Accepted Accounting Principles (GAAP). The County’s financial transactions are audited each year by an outside independent certified accounting firm (see Auditor’s web site for the reports).

F8. Contrary to the intent and utility of having an advisory board, the Board of Supervisors and the CEO neither sought nor took the advice of the Library Advisory Board.

Auditor-Controller Response: Disagree – Defer to the BOS and CEO for response. The Auditor-Controller has no direct knowledge of this.

F9. The County has deprived the County Free Library of at least \$1,000,000 for the period 1998 through 2013, contrary to statements made by the CEO to the Board of Supervisors.

Auditor-Controller Response: Disagree – We assume the bulk of this amount refers to the County Free Library Law (Education Code 19147) that requires the salary of the County Librarian be paid at the same time and in the same manner and out of the same fund as the salaries of other County officers are paid.

All Mendocino county officers (Department Heads) are paid in the same manner and out of the fund in which they work. For example, the General Services Agency Director is paid out of the general fund, the Director of Transportation is paid out of the road fund, the Air Pollution Control Officer is paid out of the air quality fund and... the Librarian is paid out of the library fund. The County Free Library law (Education Code 19147) does not require that the Librarian’s salary come out of the “general fund” and therefore, the county has not deprived the Library of any funding.

F10. The Board of Supervisors is not following State law regarding County Free Libraries.

Auditor-Controller Response: Disagree – Defer to the BOS for a response. The Auditor-Controller has no direct knowledge of this.

F12. The A-87 equipment costs currently assessed are erroneous.

Auditor-Controller Response: Disagree – The A-87 Cost Plan provides that a grantee be compensated for the use of equipment through a “use allowance”. Use allowance is the method of allocating the cost of fixed assets to specific time periods in which the County benefits from the use of the assets. A standard percentage of the total cost of each fixed asset may be claimed each year that the asset is in use. The Library must certify their fixed asset listing annually with the County and this list is used to determine the library’s equipment use allowance. The Library’s A-87 equipment use allowance is correct and has been approved by the State Controller’s Office.

Recommendations -

R1. The County Free Library be recognized and treated as a special district in the budget documents, on the county website, in accounting systems and in management. (F3, F4, F5, F6, F10)

Auditor-Controller Response: Will not be implemented - The County is correct in treating the Mendocino County Library as a County Free Library, and not as a Special District. The Library is a Special Revenue Fund.

R3. The County Auditor, CEO, Board of Supervisors, and the new County Librarian together establish the Library’s legal pro rata share of property taxes. The legal pro rata amount be reflected in detail in the County budget documents. (F4, F5, F6, F10)

Auditor-Controller Response: Will not be implemented – This was already established long ago after Prop. 13 laws were passed. The Library receives the agreed upon pro rata share plus or minus the current year assessed valuation, year after year. This amount appears in the budget book under the Library’s BU 6110 line item 827802 and the detail is located in the Auditor’s Office.

R6. The County Auditor immediately develop an accounting system that differentiates between the General Fund and the Library’s dedicated tax revenues. (F6)

Auditor-Controller Response: Will not be implemented – The County must account for all the Library’s transactions together in one budget unit, regardless of the funding source. The ability for departments to track their own transactions at different levels already exists within the County’s finance system. The Library can choose to track their funds separately through the use of “programs” or “projects”.

R10. The records in the books of the Auditor and the General Services Agency pertaining to fixed assets and buildings be changed to reflect, as accurately as possible, the historical reality of which expenditures came from the General Fund and which from donations, grants, and Library dedicated funds. (F2, F3, F6, F9, F12)

Auditor-Controller Response: Will not be implemented – Per the A-87 cost plan requirements, the Library’s use allowance is calculated on the Library’s equipment and building fixed asset listings... regardless of the source of funding.

R11. The Auditor use the proper cost figures when developing the County-wide Cost Plan and accompanying narrative. (F2, F3, F6, F12)

Auditor-Controller Response: Will not be implemented – The amount of A-87 costs charged to the Library is correct. The County’s entire A-87 Cost Plan is certified annually by the State Controller’s Office. The State also performs an audit on the plan once every two years.

R12. No A-87 charges be levied for purchases or improvements after FY 2010-2011 and any that were levied be reimbursed. (F2, F3, F6, F9, F12)

Auditor-Controller Response: Will not be implemented – See response for R11 above.

R13. After implementation of new accounting procedures, proper and accurate A-87 service costs be paid but care taken that County decisions do not inflate these charges. (F2, F3, F6, F9, F10)

Auditor-Controller Response: Will not be implemented – See response for R11 above.