

# MENDOCINO COUNTY BOARD OF SUPERVISORS' RESPONSE TO GRAND JURY REPORT TITLED:

## PROPOSITION 172 FUNDS: A NEED FOR TRANSPARENCY

Discussion: The Mendocino County Board of Supervisors welcomes this opportunity to respond to the Grand Jury report titled Proposition 172 Funds: A Need for Transparency. The Grand Jury correctly notes that the current method of accounting for Proposition 172 funds is not easily understood by the public or public safety agencies, which are the recipients of the funds. On November 17, 2015, the Board of Supervisors appointed a Fire-EMS Ad Hoc Committee to work with County staff and local fire departments to review funding of fire departments and emergency medical services. On March 14, 2016, the ad hoc committee presented its recommendations to the Board of Supervisors, including that staff prepare the FY 2016-17 County budget illustrating the allocation of Proposition 172 funds, as well as the County's maintenance of effort (MOE) for funding public safety departments, as required by AB 2788. This recommendation was unanimously endorsed by the Board of Supervisors which is doing everything it reasonably can to ensure that the accounting of Proposition 172 funds is transparent and understandable. Despite the questions that have been raised, the Board of Supervisors believes, as can be confirmed by reviewing the adopted County budgets, that all Proposition 172 funds, the required MOE, and millions of dollars of General Fund revenue have been, and continue to be allocated to public safety annually.

**Pursuant to the request of the Grand Jury, the Board is responding to the following:**

- 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 Board of Supervisors agrees that all Proposition 172 funds must be accounted for and budgeted in a transparent manner that readily shows the distribution of such funds to the municipalities and public safety agencies which receive them.***

- 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 Board of Supervisors agrees that the format of the County budget be changed to clearly account for the receipt and distribution of all Proposition 172 funds.***

- 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.

***Partially disagree. The Board of Supervisors is not in a position to know what the Auditor-Controller was able to demonstrate to the Grand Jury. The Board of Supervisors agrees that Proposition 172 funds have been properly distributed to local municipalities. The Board of Supervisors also believes that the remaining Proposition 172 revenues have been entirely distributed to County public safety agencies as required by law. For fiscal year 2014/15, the total amount of Proposition 172 funds was \$7,170,301.47. The amount distributed to cities was \$121,041.85 and to the County was \$7,049,259.62. The Maintenance of Effort (MOE), required to be given to public safety agencies was \$15,333,516. The amount given to Mendocino County public safety agencies from the general fund was \$35,956,373, (including Proposition 172 funds) which is \$20,622,857 above the required amount. Additionally, from the General Fund and other revenue, the County contracts with the California Department of Forestry and Fire Protection for emergency medical, fire and emergency medical dispatch services.***

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

***Agree. The Board of Supervisors supports the intention of the Auditor-Controller to update the maintenance of effort calculation, and keep it updated, and published annually in the County budget.***

**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 FY 2016-2017 and subsequent budget cycles.

***This recommendation will be incorporated into the FY 2016-17 budget as directed by the Board of Supervisors.***

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

***This recommendation will be incorporated into the FY 2016-17 budget as directed by the Board of Supervisors.***

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

***This recommendation will be incorporated into the FY 2016-17 budget as directed by the Board of Supervisors.***