

# The County Of Yuba


## PROBATION DEPARTMENT

STEPHEN L. ROPER  
CHIEF PROBATION OFFICER



(530) 749-7550  
FAX (530) 749-7364

The Honorable Dennis J. Buckley  
Judge of the Superior Court  
County of Yuba  
215 5<sup>th</sup> Street  
Marysville, CA 95901

AUG 22 2005  
**FILED**  
YUBA COUNTY SUPERIOR COURT  
H. STEPHEN KONISHI  
SUPERIOR COURT CLERK  
BY   
Court Clerk

SUBJECT: Response to the 2004/2005 Final Report of the Grand Jury

Dear Judge Buckley,

In compliance with Penal code section 933.05(b) the following responses are submitted to the findings and recommendations of the Grand Jury regarding the Probation Department.

### **Probation Department Report**

#### **Recommendation:**

The policy manual used by the probation Department should be reviewed for the purpose of removing outdated material and correcting the language errors.

#### **Response:**

The recommendation has been fully implemented. The policy manual has been reviewed and updated including removal of all grammatical errors. A copy of the updated manual will be provided to the Grand Jury for their resource library.

### **Ad Hoc Committee Report on Yuba County Response to Runaway Youth**

#### **Finding # 6:**

Yuba County Probation received over \$1,000,000 from CYSA/TANF funding between 1997 and 2004. The documentation provided by the Probation Department was not sufficient for a complete review of the Departments use of funds.

#### **Response:**

Agree in part. The department received substantial TANF revenue between 1997 and 2004 which was used to fund eligible program elements. Expenditure plans were developed annually documenting service elements. Revenue was deposited directly with

the Treasurer by the Health and Human Services Department. All funds were utilized to staff programs elements with expenditures being made for salary and benefits of the professionals providing the services. Information provided to the Grand Jury included annual plans, time records for personnel providing the service and outcome data in the form of statistical reports for the period requested.

**Recommendation # 3:**

The Probation Department needs to clarify the way their programs meet funding sources guidelines. Sufficient documentation needs to be maintained in order to account for revenue income and expenditures.

**Response:**

The recommendation is fully implemented. TANF Plans are developed annually within the guidelines of the twenty-three eligible service areas, approved by the Children's Council in June, and approved by the Board of Supervisors in July. Records documenting revenue and expenditures are maintained for a period of seven years. Annually the department is included in the County's Independent Audit.

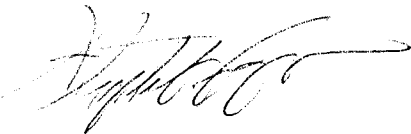
**Recommendation #4:**

The Grand Jury recommends an increase in outreach to the public about the availability of services to runaways or potential runaways, such as public announcements in newspapers and radio, posters in schools and where youth may gather, and a youth hotline.

**Response:**

This recommendation will be implemented. Face sheets on all runaways reported to law enforcement are received by the probation department. Parents of runaways will be sent letters defining available services and method of contact. Every effort will be made to develop additional outreach programs including but not limited to making the provision of services to status offenders a priority of officers placed in local schools, posters placed at gather places for local youth and additional outreach as appropriate.

Sincerely,

A handwritten signature in black ink, appearing to read 'Stephen L. Roper', with a stylized flourish at the end.

Stephen L. Roper  
Chief Probation Officer

# The County of Yuba

OFFICE OF THE SHERIFF - CORONER

*"DEDICATED TO OUR COMMUNITY"*



VIRGINIA R. BLACK  
Sheriff - Coroner

(530) 749-7777

FAX (530) 741-6445

August 19, 2005

TO: The Honorable Dennis J. Buckley  
2004/2005 Grand Jury Presiding Judge

FR: Sheriff Virginia R. Black *RB*

RE: Grand Jury Final Report 2004-2005 Response

AUG 23 2005

**FILED**

YUBA COUNTY SUPERIOR COURT  
H. STEPHEN KONISHI  
SUPERIOR COURT CLERK

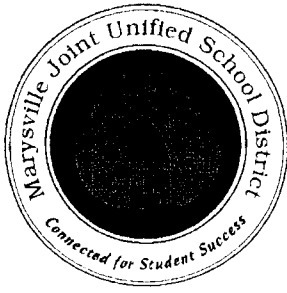
BY *[Signature]*

Court Clerk

This memo is in response to the Grand Jury report relating to Runaway Youth.

**Recommendation #2:** "The Grand Jury encourages the Sheriff's Department to continue their vigilance in looking for runaway children. It is recommended that they refer parents and children to the Probation Department for counseling.

**Response to Recommendation #2** Reports of runaway juveniles are always active until the youth is located and returned to their homes/caretakers. The face sheet of each report is sent to the Probation Department and that is how the Sheriff's Department **reports** the runaway to the Probation Department. Chief Probation Officer Steve Roper and I have met and discussed his plan to further follow up on these types of cases and I am in complete agreement with his plan.



## *Marysville Joint Unified School District*

1919 B Street Marysville, CA 95901

(530) 741-6000 • FAX (530) 742-0573

August 10, 2005

Mr. Howard Coffey, Foreman  
2004-05 Grand Jury  
Superior Court of California  
215 Fifth Street  
Marysville, CA 95901

The Honorable Dennis J. Buckley  
2004-05 Grand Jury Presiding Judge  
Superior Court of California  
215 Fifth Street, Department 5  
Marysville, CA 95901

RE: Response to the 2004-05 Final Report of the Grand Jury

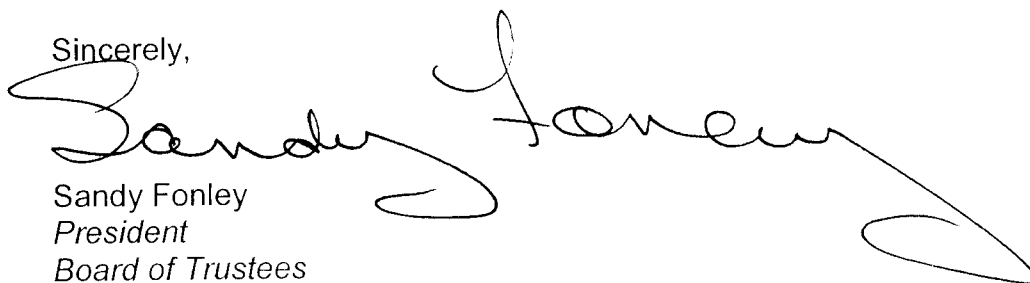
Dear Mr. Coffey and Judge Buckley:

Attached is the response to the findings included in the 2004-05 Yuba County Grand Jury Report relating to the Marysville Joint Unified School District. The district has reviewed the report specific to the MJUSD and given significant consideration to the one finding and one recommendation made by the Grand Jury.

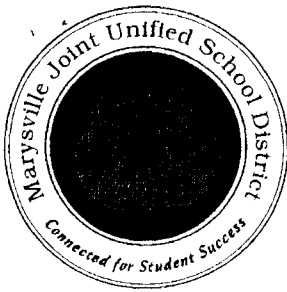
I have directed Dr. Gay Todd, Superintendent of the Marysville Joint Unified School District to submit the response on behalf of the MJUSD Board of Trustees.

Should you need further information, please do not hesitate to contact the Superintendent at 749-6102.

Sincerely,



Sandy Fonley  
President  
Board of Trustees

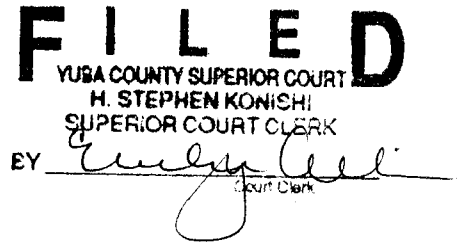


# *Marysville Joint Unified School District*

1919 B Street Marysville, CA 95901

(530) 741-6000 • FAX (530) 742-0573

AUG 26 2005



August 22, 2005

The Honorable Dennis J. Buckley  
2004-05 Grand Jury Presiding Judge  
Superior Court of California  
215 Fifth Street, Department 5  
Marysville, CA 95901

RE: Response to the 2004-05 Final Report of the Grand Jury

Dear Judge Buckley:

The 2004-05 Yuba County Grand Jury Schools' committee continued the 2003-04 investigation concerning the embezzlement of the MJUSD computer equipment and the assessment of the MJUSD inventory practices. As a result of that investigation, the Grand Jury listed one finding and one recommendation in its final report.

In compliance with Penal code section 933.05(b), I am submitting the following response on behalf of the MJUSD:

**Response to the Finding:**

The finding reads:

*"The Marysville Joint Unified School District has made no significant changes in its inventory practices and procedures, even though it has suffered a substantial loss of valuable inventory. The MJUSD relies too heavily on the auditing firm it retains for checks and balances of inventory."*

**District Response:**

The MJUSD continues to monitor inventory practices and procedures at both the site and district level and will recommend changes as circumstances dictate. Current inventory practices are closely monitored by the Purchasing Department, the Warehouse, and site level management. The district auditors are a final check, not the only means of inventory control.

**Response to the Recommendation:**

The recommendation reads:


*"The Grand Jury recommends that the Marysville Joint Unified School District implement a method of inventory that will ensure better accountability of*

*valuable equipment. The money lost from the current method is substantial, and the district cannot afford these kinds of losses."*

District Response:

The MJUSD has not suffered any significant equipment/inventory losses over the past two years. The current inventory has been closely monitored and all possible precautions have been taken to ensure that the MJUSD maintains accurate inventory lists and continues to implement accurate/comprehensive accounting procedures. We share with you your concern for protecting district assets to mitigate against further losses.

Sincerely,

A handwritten signature in black ink, appearing to read "Gay Todd". The signature is fluid and cursive, with the first name "Gay" and last name "Todd" clearly distinguishable.

Gay Todd  
Superintendent



# City of Wheatland

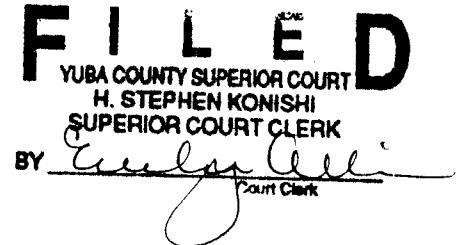
313 MAIN STREET • WHEATLAND, CALIFORNIA 95692

TELEPHONE (530) 633-2761

FAX (530) 633-9102

AUG 26 2005

August 24, 2005



Hon. James L. Curry  
Presiding Judge  
Yuba County Superior Court  
215 Fifth Street, Ste. 200  
Marysville CA 95901

Re: City of Wheatland Response to Grand Jury Report

Dear Judge Curry:

This letter responds to the recent report of the Yuba County Grand Jury relating to the City of Wheatland. This response constitutes the joint comments of the City Council and Mayor Enita Elphick on the Grand Jury's findings and recommendations.

Grand Jury Findings. There were no findings that required a written response.

Grand Jury Recommendations. The City responds as follows:

Recommendation 1 – The City should hire permanent staff, including a building inspector, city manager and financial officer, as soon as it becomes financially feasible.

Response 1 – We concur. The recommendation has been implemented in part. A new Building Inspector has been hired on a regular part-time basis. An interim professional Finance Director has been hired as a first step towards a permanent solution. Likewise the City has hired a professional interim City Manager as a first step to “put our administrative house in order.” Planned follow-up actions include recruiting for permanent staff – likely within one year. The City intends to implement the balance of this recommendation as and when feasible based on the City's revenues and financial condition.

Recommendation 2 – The possibility of acquiring the buildings vacated by the elementary school for the use of the City should be explored.

Response 2 – We concur and are currently in discussions with the school district on this issue. The City intends to implement this recommendation.

Recommendation 3 – In cooperation with Caltrans, the City should continue to pursue the installation of the traffic signals.

Response 3 – We concur. This recommendation will be implemented. With the State Department of Transportation as the lead agency, the timing of construction depends on the state. The City is “encouraging” them as much as possible. These are critical projects for public safety.

Recommendation 4 – The City should assure that the fees for water usage are properly charged and collected.

Response 4 – This recommendation has been implemented. In June 2005, the City Council reviewed and established new water rates, which included a consumption component in the rate structure. New billings/rates began effective August 1, 2005.

Recommendation 5 – The City should continue to explore all available grants or loans to finance the sewer system repair and modernization of the sewer system.

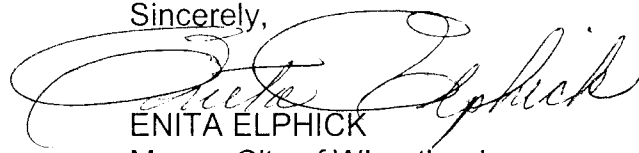
Response 5 – We concur. This recommendation is being implemented. The City has now obtained a series of low interest loans (\$50,000, \$600,000 and \$4 million) to address sewer system repairs as well as long-term plant replacement. We continue to pursue grants as well.

Recommendation 6 – The City Council should implement the recommendations contained in the Assessment and Findings Report submitted by the panel.

Response 6 – We concur and that work effort is underway as can be seen by the responses above. The City intends to implement this recommendation as and when feasible based on the City's revenues and financial condition.

Thank you for the opportunity to comment on the Grand Jury report. Please contact us if you have any questions or if you would like any additional information.

Sincerely,



ENITA ELPHICK  
Mayor, City of Wheatland



**2005 Council Chair**  
Sally Sokoloski, YCOE  
749-4871  
[sally.sokoloski@yubacoe.k12.ca.us](mailto:sally.sokoloski@yubacoe.k12.ca.us)

**Criminal Justice**  
Steve Roper  
Yuba Co. Probation  
749-7550  
[sroper@co.yuba.ca.us](mailto:sroper@co.yuba.ca.us)

**Mental Health/SA**  
Joan Hoss  
Sutter-Yuba Mental Health  
822-7200  
[jhoss@co.sutter.ca.us](mailto:jhoss@co.sutter.ca.us)

**Community Governance**  
John Nicoletti  
Yuba Co. BOS  
749-7510  
[jnicoletti@co.yuba.ca.us](mailto:jnicoletti@co.yuba.ca.us)

**Education & Early Care**  
Gay Todd  
MJUSD  
749-6158  
[gtodd@mjud.k12.ca.us](mailto:gtodd@mjud.k12.ca.us)

**Social Services**  
**Council Chair Elect**  
Joyce Ash  
Yuba Co. Health & Human Svcs.  
749-6351  
[jash@co.yuba.ca.us](mailto:jash@co.yuba.ca.us)

**Health**  
Dennis Bissell  
MJUSD  
749-6182  
[dbissell@mjud.k12.ca.us](mailto:dbissell@mjud.k12.ca.us)

**Law Enforcement**  
Virginia Black  
Yuba County Sheriff  
749-7777  
[vblack@co.yuba.ca.us](mailto:vblack@co.yuba.ca.us)

**Faith Community**  
Bob Cordier  
1<sup>st</sup> Presbyterian Church  
742-5541  
[firstpres@jps.net](mailto:firstpres@jps.net)

**Community Based Org.**  
Janet Siller  
Friday Night Live  
742-5483  
[fnl@svix.com](mailto:fnl@svix.com)

**Community**  
Cathy LeBlanc  
YCCHC  
741-1499  
[cathy@cville.k12.ca.us](mailto:cathy@cville.k12.ca.us)

**Employment & Training**  
Bill Simmons  
YCOE/Regional Career Ctr.  
749-4801  
[bill.simmons@yubalstop.org](mailto:bill.simmons@yubalstop.org)

**Council Secretary**  
Bev Dal Porto  
822-7505  
[bdalporto@co.sutter.ca.us](mailto:bdalporto@co.sutter.ca.us)



# YUBA COUNTY CHILDREN'S COUNCIL

*"Improving the well being of children in Yuba County"*

AUG 29 2005

**FILED**  
YUBA COUNTY SUPERIOR COURT  
H. STEPHEN KONISHI  
SUPERIOR COURT CLERK  
BY *[Signature]*  
Court Clerk

The Honorable Dennis J. Buckley  
Judge of the Superior Court  
215 5<sup>th</sup> Street  
Marysville, CA 95901

**SUBJECT:** Response to the 2004/2005 Final Grand Jury Report

Dear Judge Buckley,

The following response is forwarded to the Grand Jury Recommendation regarding runaway youth.

**Recommendation #1:**

Local government entities represented on the Children's Council need to communicate with each other about their protocol and services for runaways and their families.

**Response:**

The issue of runaway youth has been added by Chief Probation Officer Steve Roper to the list of council priorities for the coming year. It will be incorporated into the strategic planning process and discussed at the council's monthly meetings. Agency protocols regarding responses and services to runaway youth will be shared by council participants during discussion.

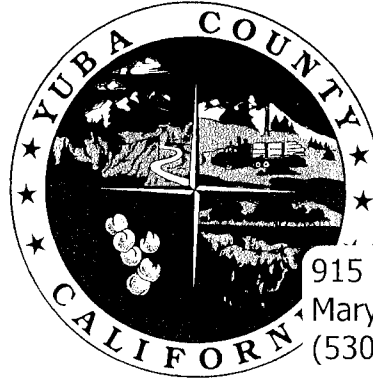
Sincerely,

*Sally Sokoloski*

Sally Sokoloski  
Children's Council Chair

# The County of Yuba

AUDITOR - CONTROLLER



DEAN E. SELLERS

915 8th Street Suite 105  
Marysville CA 95901-5273  
(530) 749-7810

August 24, 2005

AUG 29 2005

Honorable Dennis J. Buckley  
2004 -05 Grand Jury Presiding Judge  
215 5th Street Suite 200  
Marysville CA 95901

**FILED**  
YUBA COUNTY SUPERIOR COURT  
H. STEPHEN KONISHI  
SUPERIOR COURT CLERK  
BY *[Signature]*  
2005

Dear Judge:

All funds transferred are approved by the Board of Supervisors, by budget hearings, or by budget transfer form.

All special funds are deposited daily. If I do not know where they need to be directed, they are placed in the Treasurer's Suspense fund. Once I know where the money belongs, a new fund is set up, or transferred to the proper revenue account.

My office is open to anyone wanting information about the County of Yuba. I am audited every year and have a clean report.

Very truly yours,

*Dean E. Sellers*

Dean E. Sellers,  
Auditor-Controller

Pc: County Administrator

# The County of Yuba

## OFFICE OF THE BOARD OF SUPERVISORS



915 8<sup>th</sup> Street, Ste 109  
Marysville, California 95901  
(530) 749-7510  
(530) 749-7353 FAX

The Honorable Dennis Buckley  
Yuba County Superior Court  
215 Fifth Street  
Marysville, CA 95901

SEP 23 2005

**FILED**  
YUBA COUNTY SUPERIOR COURT  
H. STEPHEN KONISHI  
SUPERIOR COURT CLERK  
BY *[Signature]*  
COURT CLERK

RE: RESPONSE TO 2004/05 GRAND JURY FINAL REPORT

Dear Judge Buckley:

Provided pursuant to Penal Code Section 933(c) are the comments of the Board of Supervisors related to the findings and recommendations contained in the 2004/05 Grand Jury Final Report. Consistent with Section 933(c), responses do not address departments under control of elected officials or outside agencies, except where a specific response was solicited and then our response is consistent with provisions of Penal Code Section 933.05(c). Therefore, we incorporate the responses of the various departments with our responses.

### YUBA COUNTY ECONOMIC DEVELOPMENT

Findings #1: The Grand Jury finds that Mr. Fleming is under-funded by the County, hampering his ability to provide the services of his office to existing industries and businesses within the County and to industries and businesses outside the County.

1)Response (BOS): Disagree. Economic Development efforts are pursued on the basis of a plan adopted annually by the Board of Supervisors consistent with the availability of funds which must be allocated among numerous important, but competing priorities.

### YUBA COUNTY BOARD OF SUPERVISORS

Findings #1: The Yuba County Board of supervisors and the Economic Development office have no specific plan to effectively increase commerce within the Linda, Olivehurst and Plumas Lake areas.

2)Response (BOS and Economic Development): Disagree. Each year, the Board, as a whole, adopts an annual plan setting economic development goals for the unincorporated areas of the county during that fiscal year.

Findings #2: The Yuba County Board of Supervisors does not sufficiently fund the Economic Development Office to enable it to effectively attract new consumer services,

### SUPERVISORS

Dan Logue - District 1 • John Nicoletti - District 2 • Mary Jane Griego - District 3 • Don Schrader - District 4 • Hal Stocker - District 5

retail business or to attract new industries and commerce to the Yuba County Rancho Road Industrial and Commercial Park.

**3)Response (BOS):** Disagree. Economic development efforts are budgeted annually in the context of numerous important competing priorities.

**Findings #3:** Poor communication has lead to the hiring of outside attorneys at additional cost to Yuba County.

**4)Response (BOS):** Comment. There is insufficient specificity as to how this conclusion was reached and therefore no basis on which to frame a response. We look forward to meeting with the 2005/2006 Grand Jury to further explore this issue.

**Findings #4:** Documentation indicates that the Yuba County Board of Supervisors received legally questionable advise on budgetary matters (see letter to BOS, Attachment 11).

**5)Response (BOS):** Comment. See the BOS response **4)** above.

**Findings #5:** At present, the INS Jail Bed Revenue Sharing MOU is out of date. Its dollar values expressed are from the 1995 contract. It shows no review by the Sheriff or the Board of Supervisors. The terms of the MOU are not being followed. Specifically, the division of funds and the use of the Sheriff's share to provide "Allocation for Sheriff's Department for additional personnel, safety equipment and fixed assets..." In addition, the MOU indicates revenues are to be used at the end of the fiscal year and are not to replace the Sheriff's annual budget (Attachments 12A and 12B). Further, there is indication that the Yuba County Board of Supervisors is using the monies to supplant the Sheriffs current year budget (Attachments 13 and 14).

**6)Response (BOS):** Agree and disagree. The agreement is out of date. The General Fund was to have received 35.5 % of the revenue, but it went to pay jail expenses instead. Rather than supplanting Sheriff's revenues, General Fund subsidies to the Jail expenses have increased from \$1.67 million in 93/94 fiscal year to \$7.1 million in 03/04 fiscal year (more than 300%) while the General Fund discretionary revenues increased from \$12.5 million to \$18.2 million (46%). We look forward to meeting with the 2005/2006 Grand Jury to further explore this issue.

**Recommendation #1:** The Board of Supervisors and the Economic Development office should develop a specific plan to effectively increase commerce within the Linda, Olivehurst and Plumas Lake areas as well as a plan to promote economic development within the Yuba County Research and Development Park and the Yuba County Rancho Road Industrial and Commercial Park.

**7)Response (BOS and Economic Development):** Agree. Economic development efforts are undertaken in the context of the economic development plan adopted for the year and the available funds.

Recommendation #2: The Board of Supervisors should fund additional officers for Sheriff's Department to provide traffic patrols.

**8)Response (BOS):** Comment. The Board of Supervisors has consistently increased the General Fund Contribution to the Sheriff's Patrol Division for the past ten years; from \$3 million in 93/94 to more than \$7.3 million in 03/04, an increase of 143%. State law forbids the Supervisors from mandating to the Sheriff how that allocation will be spent once the appropriation is made. The Sheriff has stated on numerous occasions, that traffic enforcement is the responsibility of the Highway Patrol in the unincorporated areas.

Recommendation #4: The Board of Supervisors needs to review and update the INS Jail Bed Revenue Sharing MOU.

**9)Response (BOS):** Agree.

Recommendation #5: The Board of Supervisors needs to review the annual budget to ensure that monies budgeted are from and for the current year.

**10)Response (BOS):** Agree. The annual budget process insures this is accomplished prior to the adoption of the annual budget.

Recommendation #6: The Board of Supervisors needs to review the Sheriff's budget to ensure that it is correctly budgeted out of the County General Fund and to ensure that other revenue sources are not being used to supplant the Sheriff's budget. (i.e. AB 443 funds and Jail bed revenue)

**11)Response (BOS):** Agree. See the BOS response 10 above.

YUBA COUNTY SHERIFF/CORONER

Findings #1: Communication between the Board of Supervisors, Yuba County Administrator and Sheriff needs to be improved.

**12)Response (BOS):** Agree.

Findings #2: Yuba County Administrator's budget advisement authority needs to be reviewed by the Yuba County Board of Supervisors (Attachment 36).

**13)Response (BOS):** Comment. See the BOS response 4 above.

Findings #3: The INS Jail Bed Revenue Sharing agreement is out of date and needs to be reviewed.

**14)Response (BOS):** Agree.

Findings #4: The INS Jail Bed Revenue Sharing agreement is not being complied with. Further, there is indication that the Board of Supervisors is not distributing the monies correctly and is using the monies to supplant the Sheriff's current year's budget.

**15)Response (BOS):** Agree and Disagree. See the BOS response 5 above.

Recommendation #1: The Board of Supervisors needs to review and update the Jail Bed Revenue Sharing Agreement.

**16)Response (BOS):** Agree.

Recommendation #2: The Board of Supervisors needs to review the annual budget to ensure that budgeted monies are from and for the year of use.

**17)Response (BOS):** Agree. See the BOS response 10 above

Recommendation #3: The Yuba County Board of Supervisors needs to review the Sheriff's budget to ensure that it is funded correctly by the County General Fund and that other revenue sources, such as AB 443 funds and jail bed revenues, are not being used to supplant the Sheriff's budget.

**18)Response (BOS):** Agree. This is done as part of the annual budget process. Rather than supplanting the Sheriff's budget, the General Fund subsidy of the Sheriff and Jail budgets has grown from \$4.7 million in 93/94 to \$14.4 million in 03/04 an increase of more than \$9.7million (more than 206%). In addition, the General Fund has not received jail bed revenues as proscribed by the agreement cited in BOS response 6 above.

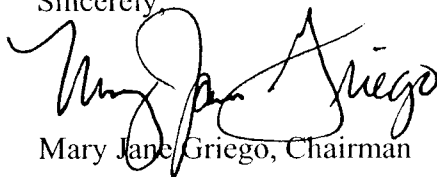
YUBA COUNTY GRAND JURY 2004/2005 YOUTH PROJECT  
YUBA COUNTY RESPONSE TO RUNAWAY YOUTH

Recommendation #6: The Grand Jury recommends that a countywide policy be developed concerning at-risk youth.

**19)Response (CAO):** Agree.

The Board of Supervisors would like to express their gratitude to the members of the 2004/05 Grand Jury for their dedication and commitment to improving government in Yuba County. Citizens such as you, who are willing to devote their time to community efforts, help make Yuba County a better place for us all.

Sincerely,



Mary Jane Griego, Chairman

RECEIVED

AUG 23 2005



# The County of Yuba ADMINISTRATION

Office of the County Administrator

SEP 23 2005

FILED

To: Charles K. McClain, CAO  
From: John L. Fleming, Economic Development Coordinator  
Subject: Response to Grand Jury Report  
Date: August 22, 2005

YUBA COUNTY SUPERIOR COURT  
H. STEPHEN KONISHI  
SUPERIOR COURT CLERK  
BY COURT CLERK

This memorandum is a response to the findings made by the Yuba County Grand Jury in 2004/05.

## **Grand Jury Recommendations (1), Grand Jury Final Report, p. 35**

1. *"The Board of Supervisors and the Economic Development office should develop a specific plan to effectively increase commerce within the Linda, Olivehurst, and Plumas Lake areas as well as a plan to promote economic development within the Yuba County Research and Development Park and the Yuba County Rancho Road Industrial and Commercial Park."*

## **Economic Development Recommendations Response**

Since 2000 the Economic Development Coordinator has created, updated, and annually presented the Economic Development Strategic Plan to the Board of Supervisors in public meetings. The 2005 Strategic Plan contains eight program areas with defined goals and objectives staff addresses as funding allows; these areas include Business Marketing, Business Attraction, Business Retention, Business Development, Education, Communication, Tourism, and Research, pages 3 – 10. The Strategic Plan is also available and posted online at [www.yubacounty.org](http://www.yubacounty.org).

Economic Development activities are conducted through the eight program areas by participating in tradeshows and conferences, producing Economic and Retail Profiles, print advertising, and marketing flyers illustrating the Yuba County Airport, Research and Development Park, the Sports and Entertainment Zone, Rancho Road Industrial and Commercial Park, and the Plumas Specific Plan Area.

Marketing is also promoted through maintaining and updating an economic development, Airport, and Yuba-Sutter Enterprise Zone website at [www.yubacounty.org](http://www.yubacounty.org), providing regular press releases to the media, developing local, regional and statewide partnerships, meeting with businesses and developers to encourage attraction and expansion, creating and providing presentations for development interests, creating and publishing tourism information connecting visitors to local businesses, and networking with economic development professionals through affiliations with numerous organizations including the Yuba-Sutter Economic

Development Corporation, UpState California Economic Development Council, California Association of Local Economic Development, and SACTO.

Existing challenges to industrial and commercial development at the Rancho Road Industrial Park and Research and Development Park areas include proximity to major corridors and distance to existing infrastructure. Staff has developed infrastructure studies, coordinating meetings with property owners, and interfaced with local utility districts to encourage the extension of adjacent water and wastewater lines to serve these sites.

### **Grand Jury Findings (2), Grand Jury Final Report, p. 32**

2. *"Mr. Fleming has not provided the County Board of Supervisors with a plan that will specifically target an industry nor a specific business base."*

### **Economic Development Findings Response**

A "targeted industries" list containing eight major industry sectors can be found on page three of the 2005 Economic Development Strategic Plan. This list was originally generated as a result of a 1997 Sedway Group consulting study providing targeted industry recommendations for the Yuba-Sutter Region.

Since then, the Yuba-Sutter Economic Development Corporation and Yuba County Economic Development Coordinator have made additional refinements to the recommendations. Recent attraction, retention, and expansion activities within Yuba County have included a number of industry sectors on this targeted industries list, including Agriculture and Food Processing (Shoei Food's warehouse expansion), Wood Products (Hanson Truss, D & D Cabinets, Packaging Specialists), and construction (Century Cedar Log Homes, Concrete Inc., Patterson Construction), to name a few.

Although not cited specifically in the Strategic Plan, attracting and encouraging retail and commercial development within the south Yuba County area has also become a priority for the Economic Development Coordinator. This concept has been introduced and expanded in reports, memorandums, and presentations to the County Administrator and Board of Supervisors, most recently in a public meeting Tuesday, August 16, 2005 as a 15-minute overview of Yuba County economic development business marketing and attraction strategies.

To encourage retail and commercial building, economic development staff has developed economic and retail profiles, targeted International Council of Shopping Centers (ICSC) tradeshow for meeting and encouraging development interests, coordinated a Linda/Olivehurst sales tax leakage study through CSU Chico's research division, Center for Economic Development, and targeted trade publications for editorials and print advertising to elevate Yuba County's image and recognition.



RECEIVED

AUG 22 2005



# The County of Yuba

ADMINISTRATION

Office of the County Administrator

SEP 23 2005

To: Charles K. McClain, CAO  
From: John L. Fleming, Economic Development Coordinator  
Subject: Response to Grand Jury Report  
Date: August 22, 2005

**FILED**  
YUBA COUNTY SUPERIOR COURT  
H. STEPHEN KONISHI  
SUPERIOR COURT CLERK  
BY *[Signature]*  
COURT CLERK

This memorandum is a response to the findings made by the Yuba County Grand Jury in 2004/05.

## Grand Jury Findings

1. The Grand Jury finds that Mr. Fleming is under-funded by the County, hampering his ability to provide the services of his office to existing industries and businesses within the County and to industries and businesses outside the County.

## Response

The economic development position falls under the office of the County Administrator, and reports directly to the County Administrator. Program funding for eight identified economic development activities within the Yuba County Economic Development Strategic Plan, other than grants obtained for specific programs or projects, relies on departmental discretion and the health of the General Fund.

Each budget season the Economic Development Coordinator submits a proposed budget to the Assistant County Administrator. The proposal receives analysis by fiscal staff for a final recommendation.

As a brief summary of funding history, economic development program activities in Yuba County were not funded with the exception of travel reimbursements during FY's 1999/00 and 2000/01. In FY 2001/02 an economic development budget was established for \$32,275. Over FY's 2002/03 and 2003/04 the budget was subsequently reduced to \$25,118 and in 2004/05 to \$24,618. The combined economic development travel and marketing budget in FY 2005/06 is \$23,618.

Although declining in recent years due to departmental and County-wide fiscal constraints, the current budget reflects greater latitude than the initial two years of establishing an economic development program for Yuba County. Economic Development staff has accomplished numerous projects with virtually no budget, and significantly more with available funding over the last few years.

2. Grand Jury Finding: Mr. Fleming has not provided the County Board of Supervisors with a plan that will specifically target an industry nor a specific business base.

### Response

Since 2000 the Economic Development Coordinator has created, updated, and annually presented the Economic Development Strategic Plan to the Board of Supervisors in public meetings. The Strategic Plan contains eight program areas with defined goals and objectives staff addresses as funding allows; these areas include Business Marketing, Business Attraction, Business Retention, Business Development, Education, Communication, Tourism, and Research. The Strategic Plan is also available and posted online at [www.yubacounty.org](http://www.yubacounty.org).

A "targeted industries" list containing eight major industry sectors can be found on page three of the 2005 Strategic Plan. This list was originally generated as a result of a 1997 Sedway Group consulting study providing targeted industry recommendations for the Yuba-Sutter Region. Since then, the Yuba-Sutter Economic Development Corporation and Yuba County Economic Development Coordinator have made additional refinements to the recommendations. Recent attraction, retention, and expansion activities within Yuba County have included a number of industry sectors on this targeted industries list, including Agriculture and Food Processing (Shoei Food's warehouse expansion), Wood Products (Hanson Truss, D & D Cabinets, Packaging Specialists), and construction (Century Cedar Log Homes, Concrete Inc., Patterson Construction), to name a few.

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**OLIVEHURST PUBLIC UTILITY DISTRICT** / / / /

**BOARD OF DIRECTORS**

Catherine A. Hollis  
Michael Morrison  
James Carpenter  
Philip R. Miller  
Larry D. Patty

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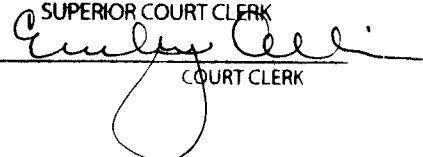
**GENERAL MANAGER**

Timothy R. Shaw

October 3, 2005

Evelyn Allis  
Deputy Court Executive Officer  
Yuba County Courthouse  
215 Fifth Street, Suite 200  
Marysville, CA 95901

OCT 03 2005

**FILED**  
YUBA COUNTY SUPERIOR COURT  
H. STEPHEN KONISHI  
SUPERIOR COURT CLERK  
BY   
COURT CLERK

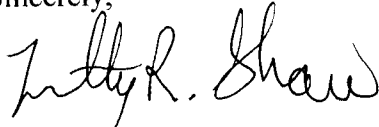
Re: 2004/2005 Grand Jury Final Report Response

Dear Evelyn,

In accordance with your September 23, 2005 letter, the Olivehurst Public Utility District (the District) submits the enclosed copy of the REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING... (pages 26-31 of the OPUD 2003/2004 Audit). The format of this report includes a delineation of "Reportable Conditions"; including the cause, effect, recommendation, and response to each Reportable Condition. The District believes the format of this report effectively addresses the concerns detailed in the 2004/2005 Grand Jury Final Report.

Please contact me with any questions on concerns.

Sincerely,



Timothy R. Shaw  
General Manager  
OLIVEHURST PUBLIC UTILITY DISTRICT

Enclosure

cc: Jeff Meith, OPUD General Counsel

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING  
STANDARDS***

Members of the Board of Directors  
Olivehurst Public Utility District  
Olivehurst, California

We have audited the financial statements of the governmental activities, business-type activities and each major fund of the Olivehurst Public Utility District (District) as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 25, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize, and report financial information consistent with the assertions of management in the financial statements. These reportable conditions are described below as items 04-01 and 04-02.

**04-01 Cash Disbursement Processing**

Condition: Board members sign warrants for cash disbursements made on behalf of the District but the Board members do not review the documentation supporting the disbursements prior to the signing of the warrants. Not all supporting documentation for cash disbursements indicated the approval of the person authorized to approve payment.

Criteria: Prudent business practices dictate that signators have reasonable written assurance that documentation supporting disbursements has been reviewed by

appropriate District officials to assure proper approvals have been obtained and that a correct accounting has been made of disbursements.

Cause: The prior General Manager reviewed all disbursements prior to warrant requests being made and was confident warrant requests actually made were correct. Board members assumed that the General Manager had already reviewed the supporting documentation and approved the disbursements. The prior General Manager felt it was unnecessary to document his approval of routine cash disbursements of the District.

Effect: Neither the General Manager nor the Board members can be certain that warrants issued match the supporting documentation or that all cash disbursements are authorized and approved. It is possible that unauthorized cash disbursements could be made for apparently routine cash disbursements.

Recommendation: Approvals for disbursements should be noted on the documentation supporting cash disbursements by the individual authorized to approve the disbursement on behalf of the District.

Response: A system is being implemented whereby the General Manager and/or the District Accountant approves each disbursement and notes this approval prior to the disbursement being made. Approved documents are now available for Board members to inspect prior to signing warrants.

#### 04-02 **Budget Comparisons**

Condition: The District prepares and adopts an annual budget for revenues and expenditures for each fiscal year. The District's accounting system consolidates many of the budgetary line items and is not set-up to do budget-to-actual comparisons for functional categories. Monthly reports to the Board provide a comparison between budgeted and actual expenditures on a departmental basis but not on a functional basis with each department.

Criteria: Good business practice dictates regular comparisons of actual results to the budgeted amounts so that the Board, management, and the public can assess the financial performance and so the Board and management can make adjustments to the budget or operations to avoid unfavorable variances.

Cause: The District's accounting system is not set-up to make budget-to-actual comparisons by functional category.

Effect: Neither the Board nor management know when a budgetary line item has been exceeded. As the prior auditor advised the Board, revenues received by the Water and Sewer departments have not covered the fully allocated costs of those systems and, therefore, those departments have been running substantial deficits. The impact of those deficits on the financial condition of the District is unknown. Monthly comparisons to

budgets would have alerted the Board as to why these deficits were being incurred and might have provided an opportunity to adjust operations. Cash flows used to fund these deficits have been provided by primarily by capital improvement funds and by reductions in the deposits normally made to the Replacement and Expansion funds. Restoration of these funds to eliminate the deficits referred to can only occur from revenues not needed to pay current expenses in the water and sewer operations. The Board needs to consider if rate increases are needed in order to replace the cash used to fund operating deficits in utility operations and to insure adequate funding for any anticipated capital improvement projects, and if, so, it will have to take steps to restore those depletions of the capital improvement funds and the Replacement and Expansion fund which were, in large part, used to fund these deficits.

Recommendations: 1) The District should modify its accounting system to provide regular budget-to-actual comparisons by functional category.

2) The District should thoroughly analyze current and expected water and sewer operations in setting service charges that recover fully allocated costs including maintenance of reasonable capital repair and replacement funds. The District should routinely evaluate cash flows throughout the budget year to insure that reasonably established capital replacement funds, including depreciation and replacement and expansion are being properly funded and are not reduced to fund deficits in the operations budgets of its utility departments.

3) The District should review the current level of its capital replacement funds to determine if rate adjustments are needed to restore all or a portion of the funds used to fund operations in deficit years so that capital funds will be available as needed.

Response: The accounting system is being modified to allow for budget to actual comparisons. The District is in the process of reviewing the financial results for both water and sewer operations.

Additionally, the District is studying all potential revenue sources that might augment water / sewer revenues or reduce expenditures to reduce the budget deficit.

#### 04-03 **Accounting for Developer Funds**

Condition: Funds received from developers were accounted for in the general ledger by establishing an asset and liability account for each developer and posting transactions to these accounts. Often the amounts recorded in these balance sheet accounts were revenues to the District and should have been posted to revenue accounts and reflected in the income statement for the District.

Cause: Developers gave funds to the District without identifying the purpose for which the funds were being paid. District personnel did not know what funds were collected and could not correctly categorize the amounts received.

Effect: The District did not recognize \$61,750 of restricted CAP charges, \$32,785 in Park Improvement Fees, and \$20,496 in revenues to the District. If the errors had not been detected, there would be insufficient funds to provide the services paid for by these funds and they might have been incorrectly refunded to developers.

Recommendation: We recommend that the asset and liability accounts for the developers be analyzed to determine which funds are actually revenues of the District and that those revenues be booked in the general ledger. We further recommend that the District establish a method of collecting funds from developers which clearly identifies for what each payment is being made so that it can be correctly recorded in the District's books and records.

Response: The District has analyzed the developer accounts and has identified and accounted for revenues to the District. The District has also established a method to assure that future payments from developers are correctly posted to the books and records of the District.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions, and, accordingly, would not necessarily disclose all reportable conditions that are also material weaknesses. However, of the reportable conditions described above in items 04-01 through 04-03, we believe all items to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described below as items 04-04 and 04-05.

#### **04-04 Fire Mitigation Fees**

Condition: The District receives fire mitigation fees assessed and collected by the Yuba County under California Government Code Section 66000.5 (implementing AB 1600 passed by the California State Legislature in 1987). Yuba County does not require and the District's accounting system does not account for and report these funds separately with the detailed information required by Government Code Section 66006.

Criteria: Government Code Section 66006 sets forth the requirements for depositing and accounting for mitigation fees collected under Government Code Section 66000.5.

Cause: Funds collected under this statute were not material to the District's financial statements until fiscal year 2003-2004, and thus, avoided evaluation of compliance with this statute. District's counsel opines that these fees are assessed as development fees by Yuba County and that Yuba County is responsible for compliance with Government Code Section 66006. District's counsel further opines that if the District is held liable for non-compliance with Government Code Section 66006 that Yuba County, in a 1982 agreement, has indemnified the District against "all loss and liability which Fire Protection Agency may incur by any suit, action, claim or procedure challenging the legality of Yuba County Ordinance 11.50.180, or its implementation with this agreement."

Effect: Whether the District in addition to Yuba County is responsible for compliance with the deposit and reporting requirements of Government Code Section 66006, or not, the accounting system used by the District is not currently following the requirements of Government Code Section 66006 and could neither report directly in accordance with this statute nor provide Yuba County the information required so Yuba County could report in compliance with this statute.

Recommendations: 1) The District should confirm with the Yuba County how it is expected to maintain an accounting system for fire mitigation fees to insure that the reporting of Fire Mitigation Funds is maintained in compliance with Government Code Section 66006.

Response: The District is in the process of confirming with Yuba County how it is expected to maintain an accounting system for fire mitigation fees and will maintain these accounts consistent with the County's accounts.

#### **04-05 Deferred Compensation Plan**

Condition: The Board passed Resolution 2018 12-20-01 adopting "the 457 Plan and Trust/Custodial Documents" for the District's Deferred Compensation Plan. The "Restated and Amended Plan Trust and Custodial Document" was never completed for the changes required by the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) and plan participants were not notified as the significant changes in deferral limits, catch-up allowances, coordination with qualified plans, and constructive receipt.

Criteria: As the fiduciary for the District's Deferred Compensation Plan the Board should assure itself that all plan amendments are prepared timely and that participants are promptly notified of significant plan changes.

Cause: The prior General Manager assumed that the documents included in the November 28, 2001 letter from the District's pension administrator had been modified



specifically for the District and did not realize they were a conforming prototype for the District to use when restating its actual deferred compensation plan to be in conformity with the EGTRRA.

Effect: While the Board has adopted a resolution bringing its deferred compensation plan into compliance with EGTRRA, the Plan Document does not incorporate the required changes and plan participants were not informed of changes in maximum deferral amounts, catch-up amounts, coordination with qualified plans, and the issues of constructive receipt. It is unknown if any plan participants would have increased participation because of new higher limits or whether they were limiting contributions because of coordination with qualified plans.

Recommendation: The District should restate its Deferred Compensation Plan to be in compliance with EGTRRA and the Board resolution and should inform plan participants of the required changes. The District should establish a procedure to review communications from the Plan Administrator, determine what actions are necessary because of these communications, and assure the required documentation is completed and employees promptly informed of Plan changes.

Response: The District is in the process of updating its Deferred Compensation Plan to be in compliance with EGTRRA and is also in the process of notifying plan participants of the required changes.

This report is intended solely for the information and use of the Board of Directors of the District, management, the State of California State Controller's Office, others within the organization, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

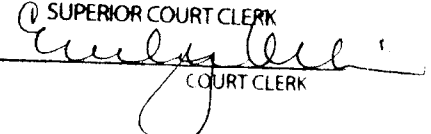


Johnson, Smith & Associates, CPAs  
Lincoln, California 95648  
May 25, 2005

# YUBA COUNTY WATER DISTRICT

*Domestic and Irrigation Water  
"At Your Service"*

OCT 21 2005

**FILED**  
YUBA COUNTY SUPERIOR COURT  
H. STEPHEN KONISHI  
SUPERIOR COURT CLERK  
BY   
COURT CLERK

October 19, 2005

Honorable Dennis J. Buckley  
Yuba County Superior Court  
215 5<sup>th</sup> Street, Suite 200  
Marysville, CA 95901

Re: Response of Yuba County Water District to 2004/05 Grand Jury Final Report

Dear Judge Buckley:

On behalf of the Board of Directors of the Yuba County Water District, I write to respond to the Grand Jury report's discussion of our District. I apologize for failing to respond within the 90 days established by the Penal Code, but our Board was without full membership and our District without legal counsel until quite recently. This letter replies, as the Grand Jury report suggests, to Findings 1 through 6 and Recommendations 1 through 4 of the provisions of the report regarding our District.

*Finding 1:* The Board disagrees with the Grand Jury's finding that District equipment has been misused. The District does maintain logs of vehicles use, although these are maintained in the District office and not in the vehicles themselves. Moreover, the Grand Jury did not interview our Field Supervisor, which may explain why they were not aware that logs are maintained. In addition, the District's staffmembers respond to emergencies on a weekly basis throughout our geographically large district, as is common for a water treatment system with aging infrastructure, such as the District's. In light of the Grand Jury's concern, however, the District has directed its staff to recirculate the existing vehicle use policy to all employees.

*Finding 2:* The Board disagrees with the Grand Jury's finding that District funds have been misused. The report appears to be based on one instance of personal use of a District credit card, subsequently repaid to the District, of some two or three years ago. Following that incident, the District established a policy forbidding any personal use of District credit cards and the Board is unaware of any violation of that policy since it was established. As to the District's policy of reimbursing employee lunches, this practice is limited to employees whose duties take them away from their usual work location – as trips into Marysville for parts and supplies – that prevent an employee from using the District's lunch room. This policy is in compliance with wage and hour laws and with the memorandum of understanding with the union that represent the District's employees. In light of the Grand Jury's concerns, however, the District will recirculate its credit card policy to all employees and will raise the lunch reimbursement policy in negotiations with its employees to see if this policy can be clarified to avoid further misunderstandings.

*Finding 3:* The Board's response to this finding, regarding alleged misuse of compensatory time by the District's General Manager in violation of the terms of his contract, is necessarily limited due to the privacy rights of the District's General Manager. The District is consulting legal counsel regarding the Manager's rights under his current employment agreement and will seek an amended agreement with the Manager to address this and other issues.

*Finding 4:* The majority of the Board does not agree that Brown Act violations have occurred. However, the Board unanimously recognizes the important principles reflected in the Brown Act, which is intended to ensure that government functions in the open, and with the participation of its constituents. The District affirms its commitment to the spirit and the letter of the Brown Act and has directed its newly retained General Counsel to conduct training for Boardmembers, staff, and the public on the Brown Act. The Board has also directed its General Counsel to attend Board meetings for the near future, concluding that the expense of this support is warranted to ensure that his assistance with meeting management and Brown Act requirements is available to the Board and the community we serve.

*Finding 5:* The District agrees with this finding. Correction of these incomplete annexations will be expensive and time-consuming, but the District is committed to achieving it. Our Board has unanimously directed our General Counsel to work with staff to develop an action plan to address this problem.

*Finding 6:* The Board agrees that relations among its members have not been what they should be in recent months. All Boardmembers have recommitted themselves to conducting the public's business in a civil and respectful manner. The recent election of a fifth director to fill a vacant Board position should also end the deadlock which has characterized some of our discussions and facilitate our work on behalf of the people we serve.

*Recommendation 1:* The Board accepts this recommendation. Preparation of a policy manual is under way. Brown Act training is to occur in the next month and the Boardmembers will also receive the training required by A.B. 1234, which takes effect in January. We have directed our newly retained General Counsel to attend our Board meetings for the near future.

*Recommendation 2:* The Board accepts this recommendation and, as noted above, will begin discussions with our General Manager regarding a new employment contract.

*Recommendation 3:* The Boardmembers have unanimously affirmed their commitment to respecting the roles of Board and staff and to set policy rather than micromanage the implementation of policy. The Boardmembers are also unanimously committed to appropriate oversight of the General Manager to ensure that his major responsibilities, including the preparation of an annual budget, apportionment of Board divisions, and the uncompleted annexations, are fulfilled.

*Recommendation 4:* While the Boardmembers do not believe that they have been ineffective, we are committed, as noted above, to work together to conduct the people's business in a civil and respectful manner.

Thank you for the opportunity to respond to the Grand Jury's findings. Whether or not we agree with every detail of the Grand Jury's report, we accept its constructive criticism in the spirit it was offered and look forward to addressing the concerns it raises. We share the Grand Jury's commitment to the people we both serve.

Very truly yours,



Loren M. Olson

President

Yuba County Water District

c: Board of Directors, Yuba County Water District  
Dennis Parker, General Manager  
Michael G. Colantuono, General Counsel