

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

166



FROM: Executive Office

SUBMITTAL DATE:
July 17, 2014

SUBJECT: Response to the 2013-14 Grand Jury Report: Political Reform and the Riverside County Board of Supervisors

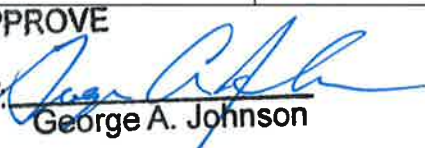
RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve with or without modification, the attached response to the Grand Jury's recommendation regarding Political Reform and the Riverside County Board of Supervisors. Direct the Clerk of the Board to immediately forward the Board's finalized responses to the Grand Jury, to the Presiding Judge and the County Clerk-Recorder (for mandatory filing with the State).

BACKGROUND: On May 6, 2014, the Board directed staff to prepare a draft of the Board's response to the Grand Jury's report regarding Political Reform and the Riverside County Board of Supervisors. Section 933 (c) of the Penal Code requires that the Board of Supervisors comment on the Grand Jury's recommendations pertaining to the matters under the control of the Board and that a response be provided to the Presiding Judge of the Superior Court within 90 days.

90dayf11responseBOS07.14

Departmental Concurrence

| FINANCIAL DATA | Current Fiscal Year: | Next Fiscal Year: | Total Cost: | Ongoing Cost: | POLICY/CONSENT (per Exec. Office) |
|------------------------------------------|-----------------------------|--------------------------|---------------------------------------------------------------------------------------------------------------|---------------------------|--------------------------------------------------------------------|
| COST | \$ N/A | \$ N/A | \$ N/A | \$ N/A | Consent <input type="checkbox"/> Policy X <input type="checkbox"/> |
| NET COUNTY COST | \$ | \$ | \$ | \$ | |
| SOURCE OF FUNDS: | | | | Budget Adjustment: | |
| | | | | For Fiscal Year: | |
| C.E.O. RECOMMENDATION: | | | APPROVE | | |
| | | | BY:  George A. Johnson | | |
| County Executive Office Signature | | | | | |

MINUTES OF THE BOARD OF SUPERVISORS

- Positions Added
- Change Order
- A-30
- 4/5 Vote

Prev. Agn. Ref.: 3-3 – 05/06/14 | **District:** | **Agenda Number:**

3-11

**2013-14 Grand Jury Report
County of Riverside
Board of Supervisors Response Report**

Introduction

The Riverside County Board of Supervisors (“Board”) respectfully submits this response to the Grand Jury’s Report issued April 24, 2014, and titled “Political Reform and the Riverside County Board of Supervisors.” Penal Code Section 933(c) requires the Board to comment on the Grand Jury’s findings and recommendations pertaining to matters under the control of the Board and provide its response to the Superior Court Presiding Judge within 90 days of the date the Grand Jury Report was issued.

Response to Grand Jury Background Summary in Report

In 2005, the Board of Supervisors established a discretionary-fund program to spend public funds on community needs and improvements. Not mentioned in the Grand Jury Report is Government Code Section 26227 (“Section 26227”) (See Attachment A), which authorizes the Board to appropriate and expend money from the general fund to establish county programs or to fund other programs deemed necessary to meet the county population’s social needs, including but not limited to, the areas of health, law enforcement, public safety, rehabilitation, welfare, education and legal services, and the needs of physically, mentally and financially handicapped persons and the elderly.

Section 26227 grants the Board of Supervisors legislative decision-making authority for Riverside County’s quality of life and social needs and contract decisions. No county supervisor can employ this legislative authority without the vote and approval of the full Board in open public session.¹ In addition, the determination about whether a particular program serves the public purpose is a legislative function and will not be disturbed by the courts so long as the determination has a reasonable basis.²

Overview of the Riverside County Nonprofit Community

The nonprofit sector in Riverside County faces tremendous challenges of capacity. At 2.6 nonprofits per thousand residents, the county’s capacity rate is lower than all regions compared, except Las Vegas.³ In 2012, there were 5,953 registered nonprofit

¹ 4/5 favorable vote is required for the approval of any CID funds.

² The concept of “public purpose” is liberally construed by the courts and the legislative action is upheld unless it is totally arbitrary. County of Alameda v. Carleson (1971) 5 Cal.3d 730, 745-746; 47 Ops. Cal. Atty Gen. 171, 181 (1966). The general principle is that expenditures by an administrative official are proper insofar as they are authorized explicitly or implicitly, by legislative enactment such as Section 26227. (See Albright v. City of South San Francisco (1975) 44 Cal.App.3d, 866, 869). This section even allows a county where a need exists for programs serving a public purpose to contract with a nonprofit private entity for those services. (See McIntosh et al v. Aubry (1993) 14 Cal. App. 4th 1576).

³ Regions include Los Angeles, San Diego, Orange, Riverside and San Bernardino Counties as well as Phoenix, Arizona, Miami Dade, Florida and Las Vegas, Nevada. Nonprofit statistics were obtained from The Community Foundation serving the Inland Empire.

businesses in Riverside County. This number is lower than the 6,030 nonprofits that were registered in 2010 throughout Riverside County.

Nonprofits provide a wide variety of benefits to the communities they serve, including social services, athletic and music opportunities for youth. Nonprofits are an important community component for health care and human services for families and senior citizens in need. Many schools and universities are nonprofit organizations, as are hospitals and research organizations. Nonprofits enrich cultural life in many ways, such as through art exhibitions and children's theater. The nonprofits in our county are valuable contributors to the social quality of life network, providing job opportunities and volunteer services to many residents.

However, concerted action by the Board, other governmental entities and private foundations in Riverside County is needed to strengthen the work of nonprofits necessary to help improve both the individual and community's quality of life. While the Grand Jury Report was critical of specific sponsorships and projects, such grants provide essential public funding for community services and charitable organizations, helping to bridge the gap between government programs and local needs.

The demand for county sponsored programs like the Board's Community Improvement Designation fund (CID) is clear. With the advent of the "Great Recession," nonprofit organizations in Riverside County increasingly rely on government funding to help accomplish their missions. Revenues for the county's nonprofits increased only 2 percent in the five-year period between 2008 and 2012 and 65 percent have revenues under \$25,000. This is lower than all other regions compared in California and the United States, except for San Bernardino, California and Miami-Dade, Florida counties.

Furthermore, the number of nonprofit organizations receiving assistance from private funding foundations is dramatically lower in Riverside County than in surrounding counties outside the Inland region. In 2013, private foundations awarded contributions, grants and gifts totaling only \$12.09 per capita. This is substantially less than the statewide per capita value of \$149.25. Riverside County also received only a fraction of the California average in federal grants. This number is the lowest among neighboring counties and amounts to roughly one-third of the state and national average.

Nonprofits and other community service organizations enrich Riverside County. Despite the challenges, the Board's CID discretionary funding effort is one example of public-purpose appropriations and expenditures, which are deemed necessary by the Board in order to meet the social needs of county's population pursuant to Government Code section 26227 and to the Board's inherent legislative authority.

Community Improvement Designation Fund

The CID program is similar to programs in other counties, which have operated for years. For example, San Diego County established a Board discretionary fund known as the Community Enhancement Program in 1985. The total amount of the expenditure is distributed evenly among the five supervisorial districts for purposes of recommending grant awards. Entities and activities funded by the program include

cultural activities, museums, economic development groups and activities including county programs and projects, which promote and generate tourism and economic development.

San Diego County also created the Neighborhood Reinvestment Program beginning in 1998. That program provides grant funds to county departments, public agencies, and to non-profit community organizations for one-time community, social, environmental, educational, cultural or recreational needs to enhance the region's quality of life. It should be noted that grant awards are discretionary and funding requests are awarded throughout the fiscal year by a vote of the Board. The potential county funding allocation is between \$5 million and \$10 million each year and there is no deadline for submitting an application.

Like San Diego and other counties with discretionary-grant programs, Riverside County's CID program is intended to assist a variety of programs, community-based organizations and nonprofits involving the region's quality of life and social needs.

The Board's discretionary CID funding has helped to assist and stimulate community-based organizations and nonprofits, especially during the recent difficult times of the Great Recession and its impact on community organizations. The Board is proud of its modest CID investment in community-based organizations and their programs. Many worthy community efforts were sustained during the downturn, when non-profits were closing their doors due to the recession.⁴ CID funds were also vital in addressing significant budget cuts during the recession, by augmenting funding for several county programs and infrastructure projects (See Attachment B: FY 2006-07 to FY 2013-14 CID Grant Table & Charts).

Overview to Findings and Recommendations

While the Grand Jury Report makes some reasonable accountability and oversight findings and recommendations worthy of further analysis and potential implementation, it relied primarily on limited input from various county staff and stakeholders.

In some cases information used to construct many of the findings and recommendations did not consider the larger public policy perspective of the CID program and the vast majority of nonprofits and community groups awarded the grants. The CID program and the use of funds are within the sole discretion of Board members. While the Grand Jury's opinion about which programs should be funded may differ, it remains the Board's legal authority to make the appropriate CID discretionary decision.

The report inaccurately stated that the County's CID program was implemented in 2005 to make up for the decline in federal Community Development Block Grant (CDBG) funds. The report pointed out that in two years prior to implementation, CDBG funds declined by \$566,240 and that CID funds totaled \$4 million, seven times the decline in CDBG funds. Without recognizing the community's larger social, educational, health

⁴ According to a recent 2012 report by the Russell Sage Foundation and The Stanford Center on Poverty and Inequality, the recession reduced total charitable giving by 7% in 2008 and by 6.2% in 2009. Although giving increased slightly in 2010, just over 2% total, the giving remained well below 2007 levels.

and other needs defined in Government Code Section 26227, the Grand Jury Report inaccurately implies that the only reason for adopting the CID program was to replace CDBG funds. This is not the case. The quality-of-life needs and services that exist among more than two million residents across a county encompassing 7,200 square miles vastly exceed what is needed even if CDBG and CID funding were combined.

In public comments during Board meetings, members of the Board of Supervisors have cited the need and discussed important services to the community that CID money makes possible, including food banks, homeless services, domestic-violence shelters and other quality of life needs. This is just a sample of the hundreds of social needs brought to the attention of the Board by individual and community organizations throughout the county.

Since the CID program was created in 2005, individual Board members have revised processes and policies regarding applications and disbursements. The Board recognizes and continues to believe that the CID program can be improved in terms of its oversight and application for funding. Better practices will continue to be developed and implemented under the direction of the County Executive Office. Specific recommendations from the Grand Jury in this regard can be of value in continuing to improve CID oversight and accountability by providing ideas for implementing a system-wide county policy that guides the program.

The CID program provides invaluable resources that otherwise do not exist to support necessary community projects and programs throughout Riverside County. Funding for these social and other community quality of life needs should be preserved, and the process should be strengthened in a manner that further illustrates and clarifies eligibility requirements, oversight, accountability and transparency.

Responses to Findings

Finding # 1: Political Reform Act and County Policies Ignored by Board

Response: Respondent disagrees wholly with the Finding.

The Board and the Grand Jury believe that the public expects and deserves its public servants to serve the public's interest---not private or political interests. However, the Grand Jury confuses the term "Political Reform" with its specific reference to California's 1974 Political Reform Act that regulates primarily California campaign and conflicts of interest laws. The Grand Jury in its report cites the Political Reform Act (Government Code Sections 81000-91015), ("Act") as the primary law that the County Board of Supervisor members "ignored" by alleging the use of public resources to promote their name identification with potential voters.

After a complete review and legal analysis of the Grand Jury Report and interpretation of the Act, it is clear that the CID funds were not used for any purposes prohibited by the laws governing the use of public funds including religious, political campaigns or purely personal private benefit. The only basis for the application of the Act by the Grand Jury was by reference to a single generic legislative general intent provision 81002(e) focused specifically on campaign related issues favoring incumbents that

elections may be conducted more fairly. The Board agrees that any identified law or campaign practice unfairly favoring incumbents as contemplated in the Act should be abolished in order that elections may be conducted more fairly.

However, the Grand Jury cites no laws that should be abolished. Nor do the Board's current practices involving CID funds violate the Act in any way. A review of the legislative history and the specific provisions of the Act clearly shows that there has been no violation of any law. Nor is there any legal prohibition of the Board's current practices of granting CID funds. The awarding of the CID funds throughout the year is appropriate and not improper. In addition, while not required by law, the Board has recognized the potential public perception of unfair campaign advantage by prohibiting the awarding of CID funds 60 days before any election in which an incumbent Board member is on the ballot.⁵ This Board-implemented practice sets a high, ethical election-campaign standard not required by the Act or any other law.

More relevant to the application of the Act to the CID program is one of its declarations that states "public officials, whether elected or appointed should perform their duties in an impartial manner, free from bias caused by their own financial interests or the financial interests of others who have supported them" (Government Code Section 81001(b)). In addition to campaign fund-raising and expenditure-reporting requirements, the Act sets up specific statutory disclosure and disqualification guidelines for all public officials to follow to avoid any potential conflict-of-interest violations.

Nothing in the Grand Jury Report substantiates or concludes that any Board member had violated or ignored any of the Act's provisions involving conflict-of-interest laws or election-campaign provisions of the Act.

The Act's public official disqualification rule concerns the financial effect a governmental decision will have on public officials' personal financial interests at any stage of the decision-making process. In addition, the statutory provisions dealing with unfair personal advantage and perks regarding public officials, to which the Grand Jury report alluded, actually focuses on receiving money for giving a speech, writing an article, or attending a public or private conference or convention. Failing to report or improperly receiving gifts over the statutory limit from a single source donor is also viewed as an unfair personal advantage and perk. None of these improper practices or legal conflicts was found in the Grand Jury findings or recommendations.

Receiving public recognition as a public official for supporting CID sponsored events, or for the county properly funding such events, is not improper and has never been illegal under any campaign law or other California statute. The mere fact that an elected official receives personal recognition and identification because of governmental decisions made in the public's interest, such as allocation of the CID program, does not violate any provisions of the Act or its legislative declarations as mistakenly suggested by the Grand Jury. Such recognition is a part of public life and a public official's decision-making duties. The Grand Jury misconstrues such identification as generally

⁵ Having countywide criteria and procedures for complying with Board policies setting the time frame as well as which nonprofits or community groups to fund and at what level, can help standardize the grant application process and relieve some of the Grand Jury's criticism and perception about creating an unfair election-campaign advantage.

inappropriate when reviewing the CID program. Any decision regarding such recognition is a matter for each Board member.

As stated previously, through its recent Policy A-70 as a best practice, the Board recognized that awarding CID funds immediately before an election could create the potential appearance of an unfair advantage. While not required by law, the Board will continue to implement Policy A-70 to avoid even the potential appearance of any campaign related practice that creates an unfair advantage.

The Grand Jury Report has focused criticism on the relationships among the CID program, the Act and several county policies. The Grand Jury stated that the Board ignored the Act and specific county policies. Based on its interpretation of these provisions, the Grand Jury concluded with a very broad brush that Board members improperly used public resources to gain an unfair advantage when campaigning for elected office. However, contrary to this finding and conclusion, the disbursement of CID funds by Board members did not violate any provisions of the Act or the referenced policies.

Potential conflicts of interest by Board members, implicated by the Grand Jury by reference to the Act, deal with very specific types of campaign reporting and disclosure rules as well as rules on statutory economic-interest disclosure and disqualification. These statutory provisions are inapplicable and are outside the scope of the Grand Jury's findings and recommendations. For example, no facts even suggest that a Board member had any financial conflict of interest as defined by the Act when participating in any decision regarding the CID program application and funding process, or that any Board member violated any specific provision of the Act.⁶

Finding # 2: Lack of Oversight

Response: Respondent disagrees partially with the Finding.

While the Grand Jury stated there is no follow-up and "virtually no oversight of the CID funds," there has been some oversight. Four of the five supervisorial offices said they require applicants for these funds to complete a request form. One Board member has a procedure that requires recipients to provide a written update of the expenditures six months after funds are awarded. Since the CID program was created, Board members have revised processes and policies for how applicants are accepted and funds are disbursed. Currently, all Board members require applicants to fill out application forms to receive funding and require various forms of documentation before and/or after funds

⁶ The Act's rule for any potential conflict is that a Board member may not make, participate in or influence a governmental decision that will have a reasonably foreseeable and material financial effect on the official, the official's immediate family, or any of the official's economic interests. Economic interests include statutorily defined real property interests, sources of income, business entities in which a public official has an investment or holds a management position. In addition, a single donor of gifts valued over \$440 within 12 months prior to any governmental decision also triggers a potential conflict. In addition, campaign provisions are found primarily in Chapter 4 and 5 of the Act and are inapplicable to any Grand Jury findings or recommendations of the Act. See Chapter 7 for conflicts of interest guidelines including Government Code Section 87100; 87103(a)-(e); 84100-84511; 85100-85802; California Code of Regulations Title 2 sections 18705; 18705.1; 18706.

have been disbursed. However, the Board agrees there needs to be improvement and better oversight.

The reported lack of systematic countywide oversight and a standardized application process creates valid concerns. This finding and its recommendation warrant Board review and improvement to the CID program application and oversight process. While Board members did not violate provisions of the Act or Board policy, the Grand Jury has accurately observed the need for better oversight and follow-up accountability.

Finding # 3: Pet Projects

Response: Respondent disagrees wholly with the Finding.

The “Pet Projects” term used in the Grand Jury Report was taken out of context from a staff member describing important social programs within the individual supervisor’s district. This finding reflects a somewhat pejorative and limited perspective of the overall CID program and funded projects (See Attachment B). Each district has its own specific concerns about issues ranging from homelessness and senior nutrition, to youth sports, music and other nonprofit educational and cultural needs. A charity, community event or activity that requires resources while serving the community, or a portion of the community (such as helping a college choir during tough times) should not be denigrated or ruled ineligible simply because it occurs annually. Neither should it be ineligible because the Board members and others in the community might hold differing opinions about the short- or long-term effects on improving the community’s quality of life.

In addition, the charity and community sponsorship and fundraiser events category identified by the Grand Jury was relatively small compared to the overall CID funded projects and programs (See Attachment B). The enhanced administrative oversight discussed in our recommendations also addresses any Grand Jury observations raised in Finding #3.

Finding # 4: Sponsorships

Response: Respondent disagrees partially with the Finding.

The Grand Jury identified 11 expenditures of CID funds related to sponsorship activities and events of nonprofit and community organizations.

Dignitaries and elected officials are recognized at community events whether or not they or the County donate money. Nonprofits and other community groups typically work to bring varied interests from the community together at their fundraisers. People who attend such events know that elected officials and others who hold notable positions in a community often are singled out and recognized by name in appreciation for their attendance, support and service to the community. Such recognition also provides credibility in organizations’ efforts to raise funds for their worthy causes. In addition, support from broad segments of the community and leaders in local government, business and education are keys to financially successful events that help sustain funds for community groups’ services year-round.

Those facts notwithstanding, developing a countywide policy would help clarify for recipients and their supporters that recognition for a CID contribution should accrue to the County of Riverside. However, as a practice, it is not improper or illegal for an individual Board member also to be recognized separately to enhance the credibility of the CID-sponsored community group and its fundraising efforts. Allowing or restricting such recognition because of a CID donation should be the individual policy decision of each Board member.

Finding # 5: Capital Construction Projects

Response: Respondent disagrees partially with the Finding.

The Grand Jury report states: "Unlike other projects that are funded in whole or in part by the County, the nonprofit projects that received CID funds did not go through the same scrutiny and professional and technical assessment as capital projects for county-owned facilities."

In many cases, CID recipients' capital projects are not subject to the same scrutiny or state legal requirements as capital projects for county-owned facilities. There is no practical or legal justification to link them to the same state bureaucratic requirements. In addition, building improvements such as minor expansions or repairs after a flood or fire can still be classified as "capital" in nature.

Eliminating capital projects from CID funding would, at times, unnecessarily hinder community groups from providing vital services to the community. However, the oversight concern raised by the Grand Jury Report on capital construction projects warrants further study, analysis and inclusion in a program-wide CID policy. It is anticipated the time frame for Board action on this matter will be within the six-month period required by law.⁷

From FY 2006-07 through May 20, 2014, 147 capital construction projects were funded, which totaled approximately 13 percent of the \$26.2 million in CID Funds awarded. Of that total, more than 41 percent of the funding was provided to county departments such as Transportation, Regional Park District and Facilities Management. Less than eight percent of the total CID funding for capital construction was provided to nonprofit organizations and community groups. Increased oversight measures will be evaluated and put into place for these types of projects.

Finding # 6: Requests for Board Actions Submitted on Form 11

Response: Respondent disagrees partially with the Finding.

The Board has developed a policy and procedures for submitting agenda items requesting Board action. As explained below, the Board is exempt from that policy.

⁷ Pursuant to Penal Code Section 933.05(b)(3), when a Grand Jury recommendation requires further study and analysis as evidenced in Finding and Recommendation #6, the timeframe shall not exceed six months from the date of publications of the Grand Jury report.

All departmental requests for Board action are submitted on a "Form 11." Specific requirements for completing a Form 11 are detailed in Board Policy A-5. The policy requires that the "Background" section of a Form 11 include a clear explanation of the request being presented to the Board for approval. The Grand Jury found that members of the Board do not always comply with this section of their own policy when submitting requests to the full Board for CID fund expenditures. Further, the Grand Jury found that the county Executive Office does not always fulfill its responsibilities regarding Policy A-5 section 1D, which states:

It is the responsibility of the Executive Office to ensure that all items placed on the agenda are complete, accurate, and conform to county policy. The Executive Office will identify the policy impacts, verify the financial data, and make other recommendations as deemed necessary regarding proposed Board actions.

The Grand Jury has incorrectly applied Board Policy A-5 to its analysis of Form 11s that go to the Board, and its analysis is incomplete. The Board of Supervisors is excluded from Policy A-5, per Ordinance 442, which specifically exempts the Board. Therefore, its finding that the CEO does not fulfill its responsibility is inaccurate.

Although the Board is excluded from Policy A-5, some CID Form 11 requests do not provide sufficient details and need to be improved. A review of several CID Form 11s does demonstrate that the information provided is sometimes too vague or not complete enough to clearly explain the purpose of the funding. While in most instances this is not the case, it is an appropriate issue to discuss in developing a program-wide policy.

Finding # 7: Dorland Mountain Arts Colony

Response: The respondent disagrees partially with the Finding.

The intent of CID funds is to assist a variety of programs, community-based organizations and nonprofits as discussed in our overview section. However, the Board agrees that all involved CID organizations and programs must be financially viable and ongoing entities.

The Grand Jury did not take into account the community need, historical significance and quality-of-life aspects in making Finding #7. The 300 acres of the Dorland Mountain Arts Colony was homesteaded in the 1930s by an internationally renowned concert pianist and her mathematician/musician husband (Ellen and Robert Dorland). In the late 1970s, the Dorland property was converted into an artist retreat that resembled the retreats Ellen Dorland visited in the eastern United States. Over the years, more than 1,200 artists have retreated to Dorland to foster their creativity in a natural community setting, providing a significant cultural benefit to the surrounding community and region.

In 2004 a fire destroyed the Arts Colony. Since that time, a public fund-raising effort has been underway throughout the community to re-establish the colony. The Dorland Mountain Arts Colony's mission is to provide a unique working and performance retreat, fostering creativity and a community connection to the creative process, in a secluded

natural setting. The rebuilding efforts have resulted in the construction of two cabins for artists who apply for residencies.

As the facilities are rebuilt, public visitors and residents throughout the county are welcome at no cost to explore the nature preserve, admire the majestic views, hear local musicians perform, listen to readings by poets and writers, and enjoy the painting, sculpture and hand-made crafts available for sale. The Arts Colony has also offered off-site, ongoing free art classes to at-risk and underserved children and youth at Oak Grove Residential and Day Facility in Murrieta. The Board believes the Dorland Mountain Arts Colony helps meet social and quality-of-life cultural needs in the district and the Riverside County region.

In addition, the Grand Jury did not verify its comments regarding personal relationships in this finding with the supervisor who in fact does not have any close personal or social relationships with any of the colony board members. CID support for the facility was provided at the time when community and nonprofit fund-raising efforts had little success due to the recession. The rebuilding plans include a community performance/open studio space to provide additional capacity for community service and outreach.

In the final analysis, the Board recognizes and agrees with the Grand Jury that the CID program can be improved. Those improvements include but are not limited to oversight of the nonprofit grant application process to ensure proper accountability, including registration requirements for all CID funded nonprofits.

Finding # 8: Registration of Nonprofit Organizations

Response: Respondent disagrees partially with the Finding.

According to the California Attorney General, "the attorneys and auditors of the Charitable Trusts Section investigate and bring legal actions against charities and fundraising professionals that misuse charitable assets or engage in fraudulent fundraising practices." The Grand Jury report does not address fund-raising professionals, nor does it specifically allege any fraudulent practices have occurred.

There is Board discretion to fund community programs that are not necessarily 501(c)(3) nonprofits pursuant to Section 26227 and the Board's inherent legislative authority. Since its inception, CID funding has not been reserved solely for registered non-profit groups or organizations served by professional fundraisers. A festival coordinated by a city, or a grass-roots event held to celebrate a small community's heritage would not necessarily involve either. In addition, CID money also has been used to augment services provided by county departments struggling with budget cuts. For example, CID funds have been allocated to support code enforcement services, community centers, museums, libraries, animal services, and parks and recreation services.

In its own recommendations, the Grand Jury acknowledges that CID funding not be reserved for registered nonprofits, saying steps should be taken to ensure accountability and oversight of "any public funds provided to community and nonprofit organizations."

However, eligibility for funding should be more clearly explained as part of a countywide CID policy. Any policy should require that registered nonprofit groups applying for CID funds prove that their charitable status is current for the groups to be eligible for CID funding.

Finding # 9: EDA Holding Accounts

Response: Respondent agrees with the Finding.

The intent of the EDA accounts was to make money readily available for uses already approved by the Board. The availability afforded by the EDA accounts, however, is not so vital that the mission of the CID program would be irreparably harmed by eliminating or phasing-out those accounts. Notwithstanding prior approval by the full Board, any funds remaining in the EDA accounts before the Board adopts a system-wide policy should transfer to the general fund for other county uses. As an option, any proposal to donate those funds through the CID program should be approved by the Board before being allocated, despite the earlier approval to transfer the funds to the holding account.

Finding # 10: Fundraisers

Response: Respondent partially disagrees with the Finding.

The question of whether community and nonprofit fundraisers should be eligible for CID funding is a policy matter for the Board to decide, as previously discussed in the overview section of this report. Based on the comments of one Board of Supervisor's chief of staff, the report raises the issue of scant documentation about offering CID funds as community fundraiser challenge grants or matching community grants. That point does not recognize the larger issue involving such events. The goal of the community events, often, is not simply to hold a onetime fundraiser function. Organizations throughout the community rely on proceeds from these events to provide resources year-round for countless programs ranging from health services to assisting the homeless. However, this issue should be addressed by study and analysis as the Executive Office develops a proposed countywide policy and application process to guide CID use, as further stated in the recommendation section of this report.

Finding # 11: Memorials

Response: Respondent disagrees wholly with the Finding.

Board Policy H-16 was originally approved on May 12, 1987, and was most recently revised on December 18, 2007, incorporating language to streamline the process. The purpose of the policy is to provide a consistent approach to requests to install building plaques and/or statuary/monuments on county property. Furthermore, the policy provides for Board of Supervisors' discretion in determining whether a request is approved for installation in a county facility or on its grounds. The only example cited in the Grand Jury report, the Distinguished Flying Cross Memorial at March Air Field, is not located on county-owned property. Such a use would be outside the policy referenced in the Grand Jury report, and the issue of recognition for CID donations already has been addressed in a response to a previous finding.

The policy cited by the Grand Jury report states that the cost of plaques/monuments on county buildings or county property will be borne solely by the proponents rather than the county. Yet the Grand Jury report references the use of funds for "memorials in several cities ... (and) to maintain memorials." The policy clearly does not apply to such uses. In addition, supervisors have at times been among the proponents for such plaques and monuments.

In reviewing the use of CID contributions for military and other types of memorials, less than \$470,000 was distributed in the eight years since inception, or less than 1.79 percent of total expenditures. Just over \$300,000 was specifically allocated for military memorials.

Finding # 12: Political Reform Act Government Code Section 81002(e)

Response: Respondent disagrees wholly with the Finding.

The Grand Jury in this finding again cites California Political Reform Act Government Code Section 81002(e):

"Laws and practices unfairly favoring incumbents should be abolished in order that elections may be conducted more fairly." in referring to the naming of a recreation and park district center after an incumbent board member.

Trying to bootstrap Section 81002(e) and Policy A-70 to the center, as a matter of law is legally inappropriate and unjustified. The Grand Jury similarly misconstrues Section 81002(e) and incorrectly applies Policy A-70 along with the Act's legislative intent in this finding. No improper campaign conduct or unfair advantage is created by the Board naming a Community Center after one of its long-standing incumbent members during the 2010 election year cycle. It should be noted that the request for such recognition was made by the city and not any Board member.

In addition, there is no improper campaign activity simply because the center publishes the schedule of activities or has signs identifying the center's name. Reviewing the Act's ballot pamphlet, selected pages from its ballot summary files of the Attorney General records, and selected pages from the Secretary of State Elections Code records show the focus of the Act's intended purpose is on campaign contributions and disclosure requirements. The Act's primary purpose relates to regulating campaign funds, lobbyists, financial conflicts of interest and preparation of ballot measures. The Legislative Counsel analysis relating to incumbency states in part that the Act "would prohibit placing a candidate first in listing candidates for an office on the ballot solely because of his incumbency. It would prohibit the mailing of legislative newsletters of other mass mailings at public expense by, or on behalf of, any elected state officer after he has filed as a candidate for any office." Clearly, there is no legal application of Section 81002(e) to this finding.

Finding # 13: CID Funds Spent Outside Riverside County

Response: Respondent disagrees wholly with the Finding.

Riverside County, its residents and its elected city and county officials have established close ties with residents in countries around the world. Those links have been forged through economic development initiatives intended to strengthen our local economy, ceremonial visits and other social programs. Such Board decisions fall within the provisions of Section 26277.

The City of Sendai became a sister city to the City of Riverside in December 1957, making it the oldest such relationship in the nation. The City of Riverside, the county seat, also has cooperated closely with Riverside County on programs and initiatives for decades. The 2011 earthquake and resulting tsunami devastated the Sendai region. The cataclysm killed almost 16,000 people and caused \$300 billion in damage.

The Grand Jury report points out that, "The federal government and international relief organizations such as the International Red Cross, United States Agency for International Development and UNICEF are among the main organizations for international relief." While that is the case, compassion in such horrific situations should not end at the county's borders, especially for a city with ties dating back almost 60 years to Riverside County communities. Riverside County is larger than 12 states and the Board, acting as its legislative body, has the authority to provide public funds for such humanitarian, social and economic purposes. Whether or not it is the best expenditure of CID funds is a policy decision that can always be debated before the Board in open public session.

Finding # 14: Colorado River Senior Center

Response: Respondent disagrees partially with the Finding.

The Colorado River Senior/Community Center is located in a rural, very low-income, isolated desert area of the county. Clients are located in a region covering over 400 square miles and the center is located 32 miles from Blythe. The center's main purpose is to promote the general welfare and economic development of seniors residing in the area. The center provides nutrition services, commodities distribution, transportation assistance, and daily activities to attain and/or maintain the physical and mental well-being of clients. Without the services supported through the combined funds discussed in the Grand Jury report, the quality of life for needy seniors in the Colorado River Communities would be compromised.

The Grand Jury apparently misinterprets the center's overall purpose and its programs with its almost singular focus on specific food services. In this regard, the Grand jury report provides a statement from the Older American's Act, which is incorrectly applied, because the Office on Aging contract with the center does not include food services. While the marketing of the center's food-services program may be called into question, it is uncertain whether CID funds went to this service. The center provides a wide array of services available to seniors that include: health fairs and health screenings, social and physical activity programs, low-cost nutritionally balanced meals, newsletters and

transportation assistance. The center also works closely with other nonprofits for commodity distribution and meal delivery. The facility also serves as the local emergency shelter. The Grand Jury asserts that the center is ineffective and should be shut down. The assertion is not supported by the facts. The center provides vital services in a remote area to a fragile senior population that likely cannot travel 32 miles one-way for comparable services.

The development of a countywide policy covering the use of CID funds that more clearly explains the applicant's scope of work would provide the necessary documentation for the oversight and accountability set forth in our recommendation section.

Finding # 15: Board of Supervisors Policy A-70

Response: Respondent disagrees wholly with the Finding.

On June 18, 2013, item 3-1, the Board of Supervisors approved Policy A-70, for the purpose of restricting pre-election mailing and the award of CID funds. The new policy was established in an effort to strive for greater transparency and a high ethical standard for members of the Board seeking re-election or election to another office. The intent was to avoid even the potential appearance of using CID funds in any way that could be perceived by someone as enhancing a Board member's identification 60 days before any election in which the supervisor's name is on the ballot. While the Political Reform Act does not include any such legal prohibition or restriction, the Board has embraced this higher ethical standard in Policy A-70.

Executive Office staff reviewed the video recording of the June 18, 2013, meeting in which board members approved the policy. Board members expressed a desire to have some flexibility in the event a local, state or federal emergency was declared within the 60-day prohibition period. Board members wanted to be able to respond to the emergency on-hand and provide funding for resources. Following the discussion, County Counsel suggested language be included for exceptions in the event of local, state or federal emergency. The approved policy includes the following language: "*The CID fund restrictions stated in this policy shall not apply if a Federal, State or County emergency has been declared.*"

Since approval of the policy, there have been no CID fund awards by board members seeking re-election or election to another office during the prohibited period.

The Grand Jury report also notes that, "*The Board has declared county emergencies continuously since March 5, 2002...*" The unnamed emergencies in the Grand Jury Report have included infestations of bark beetles, golden spotted oak borers and severe drought and fire hazards. Apparently, the Grand Jury misinterpreted and misconstrued the reason for those declarations. To be clear, such emergencies are declared to ensure the county is eligible to receive state or federal funding, should funds be made available for those specific purposes. It does not in any way revoke the application of Policy A-70 in restricting pre-election campaign mailing and the award of CID funds.

Despite the various emergency declarations since the inception of the CID program, there has not been a single instance in which funds have been appropriated to deal with

local emergencies nor has the Board approved any CID funding during the 60-day period in question. Contrary to the Grand Jury's belief and its recommendation, Policy A-70 emergency provision has not created a "default nullification" of the limits placed on CID fund expenditures 60 days before an election.

Response to Recommendations

Recommendation # 1: The practice of using public resources to promote the name identification of members of the Board through the awarding of CID funds should be abolished, as prescribed in California Government Code Section 81002(e). The practice of awarding CID funds throughout the year shall be prohibited.

Response: The recommendation will not be implemented because it is not warranted or is not reasonable.

The Board of Supervisors should direct the Executive Office to develop a countywide policy covering the use of CID funds that more clearly explains that recognition for CID donations is from the County of Riverside. Because the vital service that community groups provide is year-round, CID funds should remain available year-round as well, based upon specific application and need.

Recommendation # 2: The Board shall adopt procedures to ensure greater accountability and oversight of any public funds provided to community and nonprofit organizations.

Response: The recommendation has not been implemented, but will be implemented in the future.

The Board of Supervisors will direct the Executive Office to develop a countywide policy for Board consideration covering the use of CID funds, including accountability and oversight. The Executive Office is also directed to develop a standardized application form for use by all five districts and bring the proposed form and any other prospective changes back to the Board for consideration. The time frame for the implementation of this recommendation will meet the requirements of state law.

Recommendation # 3: The practice of using public resources to promote the name identification of members of the Board through the awarding of CID funds should be abolished, as prescribed in California Government Code Section 81002(e). The Board shall adopt procedures to ensure greater accountability and oversight of any public funds provided to community and nonprofit organizations.

Response: The portion of the recommendation related Section 81002(e) will not be implemented because it is not warranted or reasonable. The portion of the recommendation related to accountability and oversight requires further analysis and study by the Board to develop appropriate policies to implement this recommendation.

There is no practice by the Board or individual supervisors to use public resources to promote their individual name identification as prescribed in Section 81002(e) and as previously discussed in our Finding Section responses.

The Board will direct the Executive Office to develop standardized procedures regarding accountability and oversight of public funds provided through the CID program to be completed within six months. That proposed policy also should include provisions that more clearly explain the intent and purpose for CID funds. New countywide application and accountability protocols should be developed and implemented to provide greater accountability and oversight of all public funds provided to community and nonprofit organizations.

Recommendation # 4: The practice of using public resources to promote the name identification of members of the Board through the awarding of CID funds shall be abolished. All checks issued from CID funds shall be processed through the County's Executive Office, and not through the individual supervisors' offices. CID recipients shall receive with each check a letter from the County Executive Office stating that any credit or recognition for awarding the funds shall be given to the "County of Riverside." Individual supervisors shall not be named, in accordance with the California Political Reform Act and County of Riverside Policy A-70. Failure to comply may result in forfeiture of CID funds and/or ineligibility for future funds.

Response: The recommendation will not be implemented because it is not warranted or reasonable.

As previously stated, the Grand Jury has misinterpreted and legally misapplied the Act to the CID program and the Board members' participation. Some supervisors have been recognized, and will continue be recognized, as elected officials at events and activities supported or sponsored by CID funds. Recognizing participants is a decision that is at the discretion of the community organizations and is within their rights.

Recognition at such events is not unusual for elected officials, business leaders or others with prominent roles in the community. However, there is no custom or practice by the Board to grant any public resources that are specifically intended to promote their individual name identification. The high ethical standard provided in Policy A-70 appropriately addresses this issue during an election cycle in which an incumbent is on the ballot.

As previously stated in Recommendations 1 and 3, a countywide policy will be proposed by the Executive Office to help clarify for recipients that recognition for CID contributions should accrue to the County of Riverside. However, this should not exclude individual recognition on behalf of the community group's efforts to enhance the credibility of its organization. Once a countywide policy is adopted, there is no reason that applications for CID awards cannot be accepted and placed before the Board of Supervisors by individual supervisorial district offices.

This is the common practice and procedure for most matters set for the Board agenda. CID approvals are authorized by full vote of the Board of Supervisors. District community programs, events and activities are tied to the supervisorial district offices. Checks should continue being processed as they are now. This is a procedural issue to be discussed with the Board and Executive Office when the new countywide CID policy has been proposed or adopted.

Recommendation # 5: The Board shall prohibit the use of CID funds for nonprofit capital construction projects. The supervisors and the County of Riverside lack the resources to assess the quality of construction or whether the CID funds were used for the specific purposes requested. In addition, the use of public funds to purchase kitchen equipment and other capital outlay expenditures for nonprofit organizations shall be prohibited unless a critical community need can be demonstrated.

Response: The recommendation will not be implemented because it is not warranted or reasonable.

Despite the Grand Jury's finding, many CID-related capital construction projects are not subject to the same scrutiny or state requirements as capital projects for county-owned facilities, so there is little reason to link them in that manner. In addition, capital construction often may constitute minor building improvements – minor expansions or repairs after a flood or fire – that still can be classified as capital in nature. Eliminating capital projects would unnecessarily prevent the use of CID funds to help community groups provide vital services to the community.

It is within the Board's power and authority to determine when a community social need exists and when to support nonprofit capital construction projects. Placing a Grand Jury's undefined "critical community need" prohibition for nonprofit capital projects usurps both the state legislature and the public purpose doctrine set forth in Section 26227. It is not warranted or reasonable.

Recommendation # 6: The Board shall follow Policy A-5 and provide a clear explanation of CID expenditures presented to the Board for action. The County Executive Office shall fulfill its responsibilities as required in Policy A-5 by ensuring the supervisors comply with Policy A-5 by providing a clear explanation of each request and pertinent background information on previous board actions related to the request.

Response: The recommendation has not been implemented, but will be implemented in the future.

The Board of Supervisors should direct the Executive Office to develop a proposed countywide policy covering the use of CID funds and bring it to the Board for consideration. That policy should expand and standardize application requirements and the explanation included in application materials regarding eligible uses of funds. It also should include requirements that recipients document their use of the funds within an established time frame after CID money has been awarded.

Recommendation # 7: The supervisors shall provide appropriate disclosure when family members, friends, friends of immediate family members, employees of a supervisor or business partners request CID funds, or are principals in or consultants for any organization requesting CID funds. The Board shall receive ethics training with an emphasis on the topics covered in Government Code Section 53234(d).

Response: The recommendation has been implemented regarding Section 53234(d) and is included in the AB1234 Ethics Training for public officials. It has been implemented by the Board since 2006 when the law was first enacted. Each supervisor will continue to appropriately disclose any personal relationship that involves a potential financial conflict pursuant to the Act.

The Act does not require disclosure of personal relationships including friends and family members for CID funds unless there is a statutorily defined financial conflict of interest pursuant to Government Code Section 87100 et seq. The Grand Jury recommendation regarding disclosure is inconsistent, inappropriate and outside the parameters of the Act (See Overview Section and Finding #1).

Any proposed countywide policy developed by the Executive Office should include guidance pursuant to the Act's disclosure requirements when identifying personal relationships such as relatives or close personal friends who are involved in requesting CID funds. The policy should follow the Act's disclosure requirements pursuant to Form 700. The categories of people to be identified also should include employees of a supervisor or business partners who are involved in requesting CID funds, also following the Act's Form 700 filing guidelines. The Grand Jury Report identified no instance in which any supervisor or staff member did not properly disclose such relationships as mandated by the Act.

Recommendation # 8: The supervisors shall review the Office of Attorney General's website to ensure that nonprofit organizations proposed to receive CID funds are registered as required by Government Code Sections 12585 and 12586. The supervisors shall not issue CID funds to unregistered or suspended nonprofit organizations.

Response: The recommendation specifically regarding non-profits has not been implemented, but will be implemented in the future.

Since its inception, CID funding has not been reserved solely for registered non-profit groups. In addition, CID money has been used to augment services provided by county departments struggling with budget cuts. In its own recommendations (#2), the Grand Jury mentions steps to ensure oversight and accountability for "any public funds provided to **community and** nonprofit organizations" (emphasis added).

However, eligibility for funding should be more clearly explained as part of a countywide CID policy and application process. Any such policy should require registered nonprofit groups to provide documentation showing that their charitable status is current in order for the groups to be eligible for CID funding under the nonprofit category.

Recommendation # 9: The supervisors shall abolish the EDA holding accounts that have made it possible for them to hide from public view the uses of some CID expenditures and to carryover CID funds from one fiscal year to the next. The Riverside County Office of Auditor-Controller shall audit these funds to determine if there have been any violations of fund controls and expenditures, including regulations for encumbering prior-year funds and carryover into future years.

Response: The recommendation has not been implemented, but will be implemented in the future.

The intent of the EDA accounts was not to hide or misapply unused CID funds. The purpose was to make money readily available for community public purpose needs already approved by the Board of Supervisors. The availability afforded by the EDA accounts, however, is not so vital that the mission of the CID program would be irreparably harmed by eliminating or phasing out those accounts. The Board of Supervisors should direct the Executive Office, in creating a proposed countywide policy addressing use of CID funds, to eliminate or phase out EDA accounts. (See Attachment C - Letter from Office of the Auditor-Controller)

Recommendation # 10: The Board shall separate the CID donations to nonprofit organizations from the galas, breakfasts, luncheons and dinners of the nonprofits. There is nothing preventing the supervisors from supporting the nonprofits with taxpayer funds separate from the high-profile fundraiser events. Providing donations to the nonprofit organizations without connection to the fundraising events reduces the appearance of supervisors using public funds to promote their name recognition and favorability before potential voters. It also reduces the overhead to the nonprofits that provide the meals and other perks to the supervisors.

Response: The recommendation requires further analysis and study.

The question of whether a nonprofit or community fundraiser event warrants CID funding is a policy matter for the Board to consider after the Executive Office completes its overall review of the CID program, including new oversight and accountability procedures. The Executive Office's proposed policy should clearly establish that recognition for any CID donation should accrue to the County of Riverside, even when there may also be some recognition benefit to the district supervisor.

The Board will also continue to follow the Political Reform Act's statutory guidelines regarding galas, breakfasts, luncheons and dinners related to community and nonprofit events.

Recommendation # 11: The supervisors shall be consistent and remove the section in Policy H-16 that states memorial costs "will be borne solely by Proponents," or abide by the section themselves.

Response: The recommendation will not be implemented because it is not warranted or reasonable.

The Grand Jury has misinterpreted Policy H-16. There does not appear to be a clear nexus among the issues cited in Finding #3, related to this recommendation. No action is recommended.

Recommendation # 12: The Board shall follow the California Political Reform Act Government Code Section 81002(e) and remove the name of the community center named after an incumbent member of the Board and change it back to the Romoland/Homeland Community Center. This would be consistent with the other center names in the Valley-Wide District, and recognize the community residents who will be paying the tax increment for the center until 2037.

Response: The recommendation will not be implemented because it is not warranted or reasonable.

In no way during the 2010 election cycle did the Board or any individual supervisor use public resources to enhance any name recognition for campaign purposes when a name change to one of the Valley-Wide Recreation and Park District Centers during an election year cycle.

The Grand Jury's attempt to dictate county policy and usurp Board authority by claiming that a Board action four years earlier violated the Act is a misguided attempt at manipulating Board policy and a complete misinterpretation of the law. The recommendation is unreasonable and not warranted. Naming any center for any public official is not a violation of Section 81002(e). Such action by the Board is well within its authority and discretion. Please refer to Finding # 1 for a more detailed discussion.

Recommendation # 13: CID funds proposed to be spent outside of Riverside County cannot be passed on consent and shall be discussed before a vote. A supervisor or the Clerk of the Board must read the "Background" section of the Form 11.

Response: The recommendation will not be followed because it is not warranted or reasonable.

It is the prerogative of the Board of Supervisors, or members of the public who attend Board meetings, to request that an item be pulled from the Policy Calendar agenda and discussed in open session before a vote is taken. This is state law, which requires only that the titles of certain agenda items to be read prior to approval. A reading of the background reports for CID items is not mandated in any similar manner.

There is no legislative legal requirement and it is unreasonable and unnecessary to mandate that the Board adopt this additional legal duty, which is not authorized by law. No action is recommended.

Recommendation # 14: The Board shall not provide CID funds to nonprofit organizations without establishing oversight standards and following them. The Board shall comply with its minute order dated July 13, 2009, (Agenda Item 3.98)

“to develop standard criteria for organizations applying for these (CID) funds.” Given the high overhead cost to operate the Colorado River Senior Center, the approximately \$100,000 a year in total public funds could be used more effectively and efficiently by closing the center and shifting the programs to the Blythe Food Pantry or another existing program.

Response: The recommendation requires further analysis and study.

The Board disagrees that the funding could necessarily be better used by closing the center, as detailed in Finding #14. However, the Board will direct the Executive Office to develop a proposed countywide policy covering the use of CID funds and bring it to the Board for consideration.

Any new Board policy should expand and standardize application requirements as well as the explanation included in application materials regarding eligible uses of the CID funds. It also should include requirements that recipients document use of the funds within an established period of time after CID money has been awarded.

Recommendation # 15: The supervisors shall remove the last sentence in Policy A-70, which currently nullifies restrictions on CID expenditures 60 days before an election. The sentence to be removed states: The CID fund restrictions stated in this policy shall not apply if a Federal, State, or County emergency has been declared.

Response: The recommendation will not be implemented because it is not warranted or reasonable.

The use of CID funds may be wholly appropriate in the event of a federal, state or county emergency. No action is recommended. However, because the Grand Jury was somewhat confused by the existing language, the Executive Office is directed to review the policy language for purposes of clarification if deemed necessary.

ATTACHMENT A

Government Code Section 26227.

The board of supervisors of any county may appropriate and expend money from the general fund of the county to establish county programs or to fund other programs deemed by the board of supervisors to be necessary to meet the social needs of the population of the county, including but not limited to, the areas of health, law enforcement, public safety, rehabilitation, welfare, education, and legal services, and the needs of physically, mentally and financially handicapped persons and aged persons.

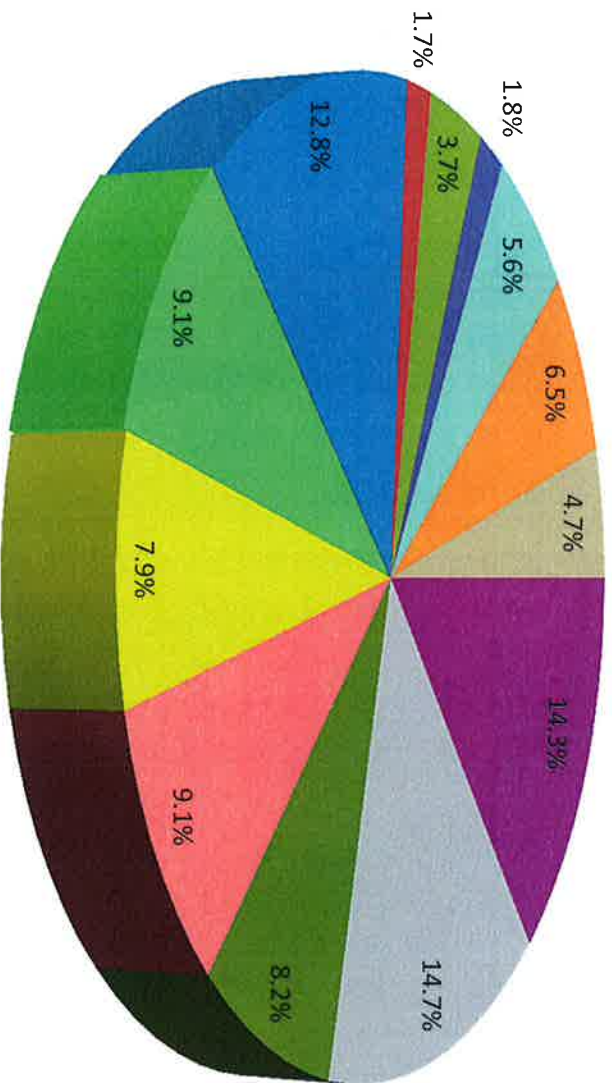
The board of supervisors may contract with other public agencies or private agencies or individuals to operate those programs which the board of supervisors determines will serve public purposes. In the furtherance of those programs, the board of supervisors may make available to a public agency, nonprofit corporation, or nonprofit association any real property of the county which is not and, during the time of possession, will not be needed for county purposes, to be used to carry out the programs, upon terms and conditions determined by the board of supervisors to be in the best interests of the county and the general public, and the board of supervisors may finance or assist in the financing of the acquisition or improvement of real property and furnishings to be owned or operated by any public agency, nonprofit corporation, or nonprofit association to carry out the programs, through a lease, installment sale, or other transaction, in either case without complying with any other provisions of this code relating to acquiring, improving, leasing, or granting the use of or otherwise disposing of county property.

A program may consist of a community support program including a charitable fund drive conducted in cooperation with one or more nonprofit charitable organizations if the board of supervisors deems a program will assist in meeting the social needs of the population of the county. If the board establishes a program, the officers and employees of the county shall have the authority to carry out the program, using county funds and property if authorized by the board. During working hours, a program may include direct solicitation by county officers and employees and the assignment of officers and employees to attend or assist in the administration of program activities if authorized by the board.

ATTACHMENT B

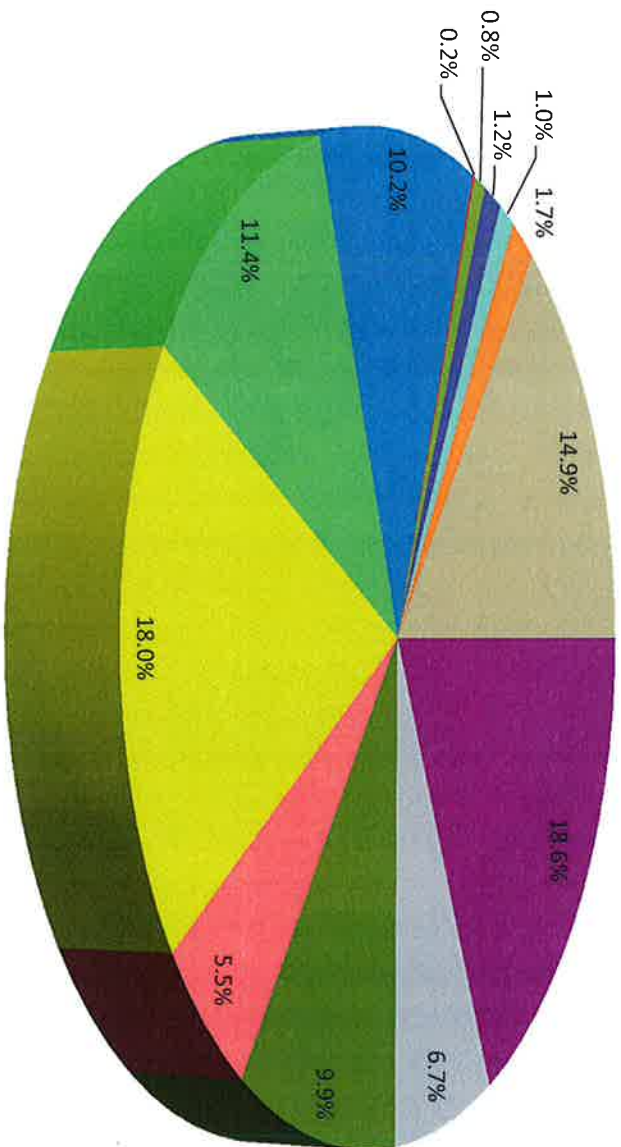
CID ALLOCATIONS - ALL DISTRICTS

JULY 1, 2006 THROUGH MAY 20, 2014



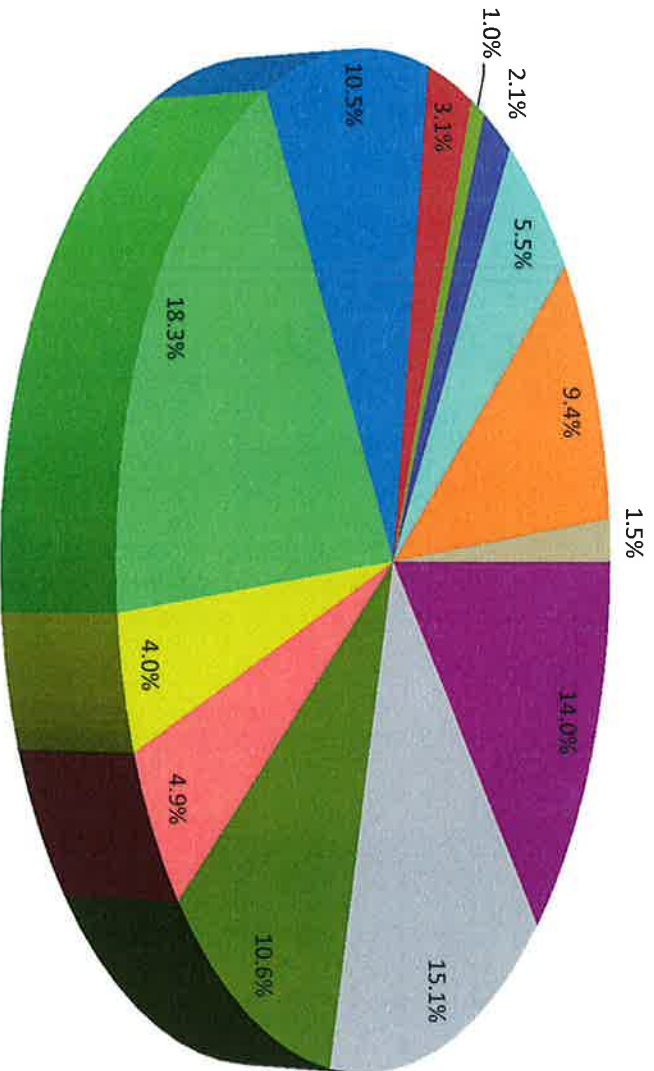
- Youth Programs/Services
- Community Sponsorships/ Fundraiser Events
- Education/Scholarships
- Family/Senior Services
- Public Safety/Animal Services
- Arts/Recreation
- Capital Construction
- Capital Purchase
- Food Services
- Cont. for Memorial/Military
- Health
- Miscellaneous
- EDA Holding Account

DISTRICT 1 CID ALLOCATIONS JULY 1, 2006 THROUGH MAY 20, 2014



- Youth Programs/Services
- Community Sponsorships/Events
- Education/Scholarships
- Family/Senior Services
- Public Safety/Animal Services
- Arts/Recreation
- Capital Construction
- Capital Purchase
- Food Services
- Cont. for Memorial/Military
- Health
- Miscellaneous
- EDA Holding Account

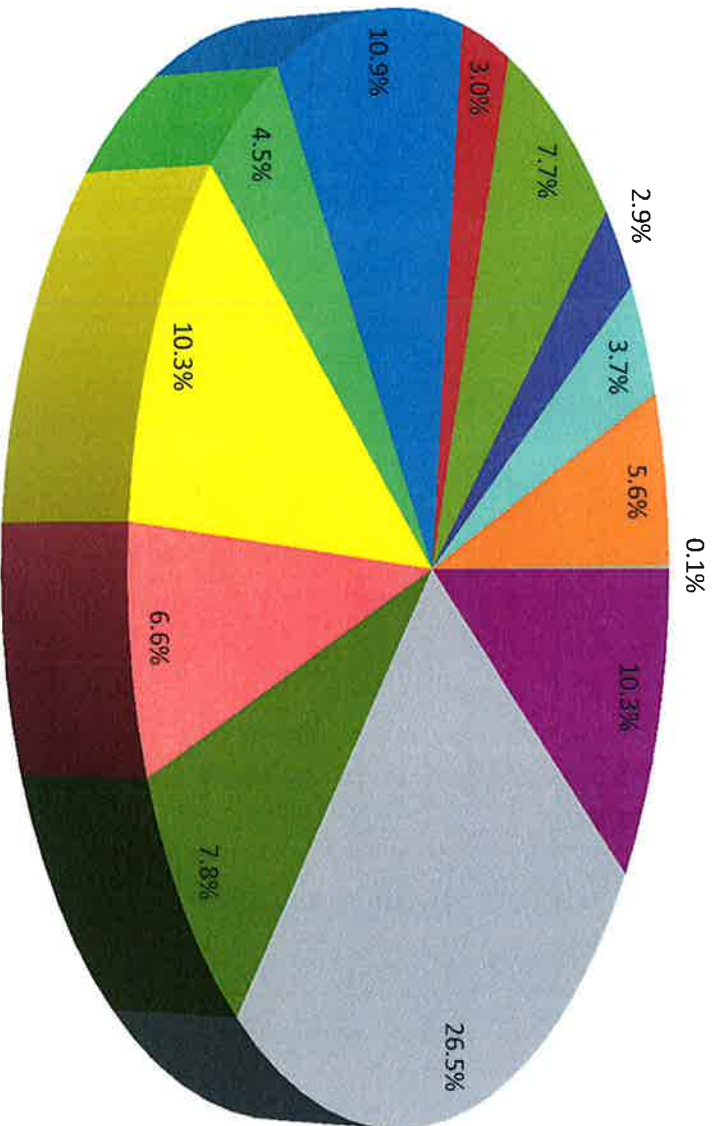
DISTRICT 2 CID ALLOCATIONS JULY 1, 2006 THROUGH MAY 20, 2014



- Youth Programs/Services
- Community Sponsorships/Charitable Fundraiser Events
- Education/Scholarships
- Family/Senior Services
- Public Safety/Animal Services
- Arts/Recreation
- Capital Construction
- Capital Purchase
- Food Services
- Cont. for Memorial/Military
- Health
- Miscellaneous
- EDA Holding Account

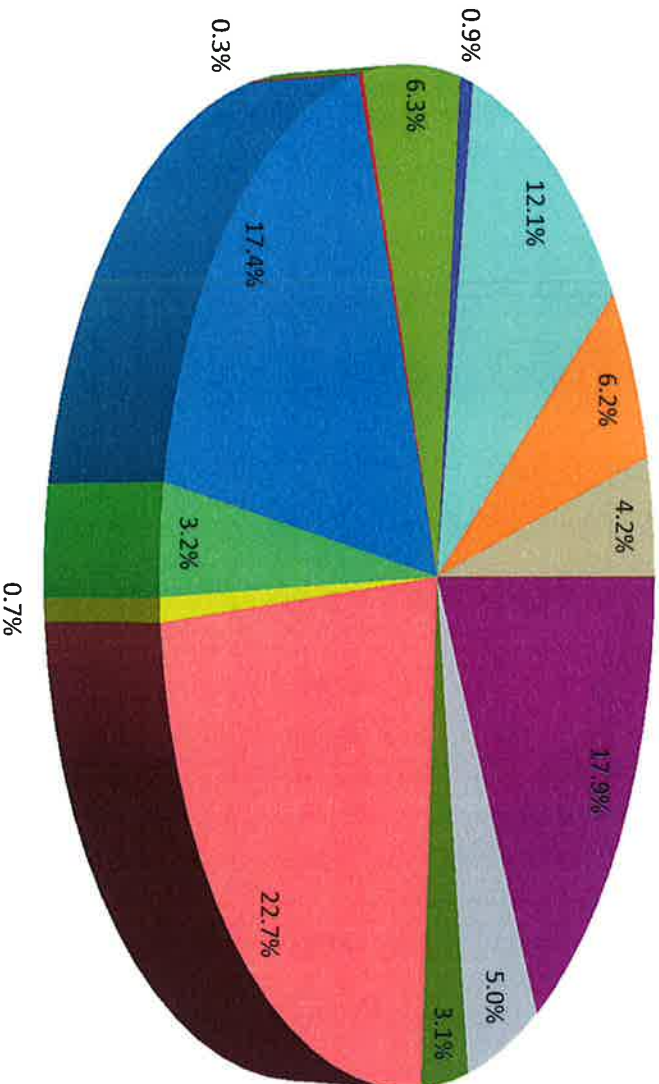
DISTRICT 3 CID ALLOCATIONS

JULY 1, 2006 THROUGH MAY 20, 2014



- Youth Programs/Services
- Community Sponsorships/ Charitable Fundraiser Events
- Education/Scholarships
- Family/Senior Services
- Public Safety/Animal Services
- Arts/Recreation
- Capital Construction
- Capital Purchase
- Food Services
- Cont. for Memorial/Military
- Health
- Miscellaneous
- EDA Holding Account

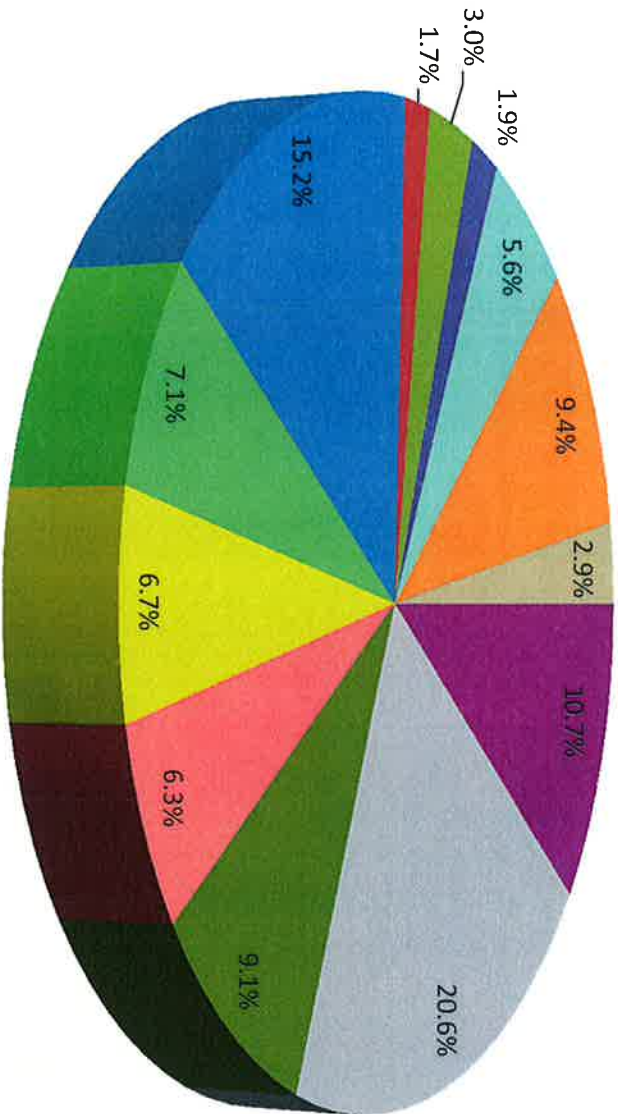
DISTRICT 4 CID ALLOCATIONS JULY 1, 2006 THROUGH MAY 20, 2014



- Youth Programs/Services
- Community Sponsorships/ Fundraiser Events
- Education/Scholarships
- Family/Senior Services
- Public Safety/Animal Services
- Arts/Recreation
- Capital Construction
- Capital Purchase
- Food Services
- Cont. for Memorial/Military
- Health
- Miscellaneous
- EDA Holding Account
- Charitable

DISTRICT 5 CID ALLOCATIONS

JULY 1, 2006 THROUGH MAY 20, 2014



- Youth Programs/Services
- Community Sponsorships/ Fundraiser Events
- Education/Scholarships
- Family/Senior Services
- Public Safety/Animal Services
- Arts/Recreation
- Capital Construction
- Capital Purchase
- Food Services
- Cont. for Memorial/Military
- Health
- Miscellaneous
- EDA Holding Account

ATTACHMENT C



**COUNTY OF RIVERSIDE
OFFICE OF THE
AUDITOR-CONTROLLER**

County Administrative Center
4080 Lemon Street, 11th Floor
P.O. Box 1326
Riverside, CA 92502-1326
(951) 955-3800
Fax (951) 955-3802



**Paul Angulo, CPA, M.A.
County Auditor-Controller
Frankie Ezzat, MPA
Assistant Auditor-Controller**

July 21, 2014

Honorable Mark A. Cope, Presiding Judge
Superior Court of California, County of Riverside
2013-2014 Riverside County Grand Jury
4050 Main Street
Riverside, CA 92501

Re: 2013-2014 Grand Jury Report: Political Reform and the Riverside County Board of Supervisors

Dear Judge Cope:

Pursuant to California Penal Code Section 933 (c), the Office of the Riverside County Auditor-Controller respectfully submits its response to Grand Jury Recommendation 9 that pertains to matters under the control of the Office of the Riverside County Auditor-Controller. However, the nature and context of the Grand Jury's Findings 1 through 15 relate to matters under the control of other County of Riverside offices, agencies, and departments. Therefore, the Office of the Riverside County Auditor-Controller defers responses to Grand Jury Findings 1 through 15 to those entities.

Grand Jury Recommendation 9:

The Riverside County Office of the Auditor-Controller shall audit these funds to determine if there have been any violations of fund controls and expenditures, including regulations for encumbering prior-year funds and carryover into future years.

County Auditor-Controller Response to Recommendation 9: The recommendation has not yet been implemented, but will be implemented in the future.

The Community Improvement Designation (CID) fund is included in the FY 2014-15 Audit Plan. The Office of the Riverside County Auditor-Controller's Internal Audit Division (Internal Audit Division) will immediately begin the engagement when Internal Audit Division staff becomes available from their current audit assignments.

In addition, certain expenditure and control elements of the CID fund were included in the Internal Audit Division's audit of the Clerk of the Board (Audit No. 2014-011), which address, in part, Grand Jury Recommendation 9.

Sincerely,


Paul Angulo, CPA, M.A.

Riverside County Auditor-Controller