



LAKE COUNTY VECTOR CONTROL DISTRICT

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AUG 16 2010

The Honorable Judge Richard Martin
Presiding Judge of the Superior Court
County of Lake
255 North Forbes Street
Lakeport, CA 95453

August 13, 2010

The Honorable Richard Martin,

In reply to the 2009-2010 Grand Jury Report, the Lake County Vector Control District respectfully submits the follow responses:

Findings

F1. The BOD and the District Manager know what needs to be done to properly manage the district, but without a strategic plan, the public cannot view and understand the LCVCD plan vs progress. Example: What are the projected goals for 1, 5, and 10 years?

The District agrees with this finding.

F2. The monthly report to the BOD does not include the following fiscal information:

- a. The projected revenue for the fiscal year versus actual received.
- b. The actual cash balance in the bank.
- c. Year to Date (YTD) costs compared to YTD budget.

The District agrees with findings F2.a. and F2.b. The District disagrees with finding F.2.c. The monthly financial report includes a page that summarizes the month's expenditures, the YTD expenditures, the budgeted amount, and the unexpended revenues in each budget category.

F3. The independent audit is not satisfactory for public understanding.

The District disagrees with this finding. In reviewing other local independent agencies' independent audits, and those of other MVCDs outside of Lake County, we found that the format used by LCVCD's auditor is comparable and appears to be standard, and conforms to generally accepted auditing standards.

F4. The Board of Directors has no way of checking any possible financial accounting errors or follow the YTD budget with the current software.

The District disagrees with this finding. The role of the Board is to oversee the finances of the District, not to error-check the daily accounting. All of the District's warrants are processed by the Lake County Auditor's Office, and they provide an additional level of error-checking. All District expenditures are reviewed by the Board at its monthly meeting. As stated previously,

the monthly financial report includes a page that summarizes month's expenditures, the YTD expenditures, the budgeted amount, and the unexpended revenues in each budget category.

F5. The manager for LCVCD has had little formal bookkeeping education.

The District is unclear on which manager is referred to in this finding. If this finding is in reference to the District Manager, then the District agrees with this finding; the District manager reports to the LCVCD Board of Trustees and oversees daily operations of the District, and is not tasked with daily bookkeeping duties. If this finding is in reference to the Office Manager, then the District disagrees with this finding; the Office Manager, who is trained as a bookkeeper, provides the District's payroll, bookkeeping, and administrative services, and reports to the District Manager.

F6. Current financial software at LCVCD is not current to established accounting standards.

The District agrees in part with this finding. The District's present system works, and the District is in compliance with all reporting requirements, but the District agrees that moving its financial information to a modern accounting program would improve its financial tracking, controls, and oversight.

F7. The main office appeared to be organized, clean, and safe.

The District agrees with this finding.

F8. One Vehicle, the SUV, is not used for pesticide transport. It is used by the district to transport people and equipment that will interact with the public without the possibility of pesticide contamination of the public.

The District agrees with this finding, and adds that this vehicle is also used to transport District staff to continuing education programs and meetings.

F9. The laboratory building is in need of repairs or replacement.

The District agrees with this finding.

F10. LCVCD applied for and received funds from the Emergency West Nile Virus Surveillance grants to support West Nile Virus work. Those funds purchased two spray trucks necessary for surveillance and treatment. Two more spray trucks were also purchased with grants from the United States Department of Agriculture.

The District agrees with this finding, and adds that in addition to the two spray trucks, the grants for Emergency West Nile Virus Control and Surveillance were used to purchase mosquito control products, a dissecting microscope, and other laboratory equipment.

Recommendations

R1. The Board of Directors (BOD) and District Manager develop a written strategic plan.

This recommendation is being implemented. Although there is no legal requirement for an MVCD to have a written strategic plan, the District agrees that a strategic plan is a helpful communication tool. Historically, the LCVCD has accomplished this communication through its

minutes. The present manager previously identified this as a goal, and is working with the Board of Trustees to develop a strategic plan over the next 3 years.

R2. The selection process for selecting BOD members be included in the strategic plan and provided to the agencies that do the appointments. i.e.: Directors should have good management skills, not be of single focus and must understand the mission statement and strategic plan of LCVCD.

This recommendation will be implemented.

R3. Fiscal monthly reports should provide to the BOD, information on the revenue status for the year to date (YTD) and projected year end versus budget.

Part of this recommendation has been implemented and is an existing practice—the District’s budget is its projected revenue, and this information is included in each month’s financial report. The District receives its property tax and benefit assessment revenues in December and April. Unlike enterprising special districts (e.g., water districts), the LCVCD has no other regular revenue source. The other part of this recommendation—to provide the Board of Trustees with the revenue status—will be provided when the District receives its revenues.

R4. Add to the Monthly Report to the Board of Directors a page showing YTD costs compared to YTD budget and a variance % for each account. Highlight any significant overages or underages and be prepared to explain. If not already established spread the annual budget by month for each to allow for YTD comparison.

This recommendation has been implemented in part, and is an existing practice. The monthly budget report includes expenditures for the prior month, the YTD expenditures, the total amount budgeted, and the amount remaining in each budget category; the percentages are not included. If a significant overage occurs (i.e., for an unanticipated expense), then it is explained and a budget transfer must be made which requires trustee signatures. The second part of the recommendations—to spread the annual budget by month—will not be implemented, because the District receives its revenues in two lump sums and many of its expenditures do not occur at predictable intervals.

R5. Contract with a Certified Public Accountant and do an audit so that the LCVCD Board of Directors gets an audit report that does determine and express an opinion on the District’s compliance with laws, regulations, contracts, and grants as well as provide assurance on the internal control over financial reporting and accurate statements on capital expenses.

The first part of this recommendation—that the district contract with a CPA—has been implemented and is an existing practice of the District in compliance with state and federal requirements. The District changes its auditor every five years.

The second part of this recommendation—that audit report should determine and express an opinion on the District’s compliance with laws, regulations, contracts, and grants as well as provide assurance on the internal control over financial reporting and accurate statements on capital expenses—will not be implemented because that is not a requirement of audits performed under governmental auditing standards. The District’s audit reports state that the

auditor reviewed the District's internal controls and compliance during the audit and found nothing that would be considered a material weakness. If the auditor identifies a material weakness in the District's internal controls or compliance, then the report lists any such weaknesses.

R6. Arrange for the District Manager to receive Financial Management Training.

This recommendation has been implemented and is an existing practice of the District. The District Manager actively pursues educational opportunities that improve her ability to serve this District.

R7. Obtain better bookkeeping software that will provide more suitable financial tracking capability.

This recommendation will be implemented during FY 2010-11.

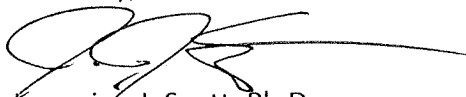
R8. The LCVCD Board of Directors review and approve updated policy and procedures manuals and update financial software as soon as possible.

This recommendation is being implemented. The policy and procedures manual is in progress. Funds for the purchase of bookkeeping software are included in the FY 2010-11 LCVCD Budget.

R9. Make necessary repairs to insure the safety of the laboratory building and compliance with current law.

This recommendation has been implemented—the LCVCD only conducts those activities in the laboratory which it can safely perform. The District plans to replace its antiquated laboratory building with a compliant, efficient, and safe building that will allow the District to provide the services necessary to fulfill its mission.

Sincerely,



Jamesina J. Scott, Ph.D.

District Manager and Research Director