

UNION ISLAND RECLAMATION DISTRICT NO. 2

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Secretary/Attorney

August 27, 2014

The Honorable Lesley D. Holland
Presiding Judge
San Joaquin County Superior Court
P. O. Box 201022
Stockton, California 95201

Re: Response to 2013-2014 Grand Jury Report - Case No. 0113

Dear Judge Holland:

Union Island Reclamation District No. 2 is in receipt of the above-noted 2013-2014 Final Grand Jury Report and herewith submits its response thereto.

If you should have any questions, please feel free to contact the District at the address listed above.

Yours very truly,

By



Al Warren Hoslett, Secretary
Board of Trustees Union Island
Reclamation District No. 2

**RESPONSE TO GRAND JURY REPORT 2013-2014 - CASE # 0113
SAN JOAQUIN COUNTY RECLAMATION DISTRICTS**

August 27, 2014

Response of Union Island Reclamation District No. 2 (RD 2):

FINDINGS:

F 1.1 A number of Reclamation Districts do not have signed contracts for some of their professional services which may affect reimbursement for costs incurred in an emergency.

RESPONSE: Agree.

F 1.2 Some Reclamation District contracts do not identify all of the services provided by the legal firm.

RESPONSE: Agree.

F 1.3 Having professional services contracts with legal and engineering firms in place and approved may assist Districts to recover funds from federal and state agencies following an emergency.

RESPONSE: Agree.

F 2.1 Many small Districts are unable to maintain the separation of financial duties that are recommended by generally accepted accounting practices due to their size and lack of financial resources.

RESPONSE: Agree

F 2.2 Some Districts do not prepare and adopt annual budgets which outline its proposed expenditures for the forthcoming fiscal year and which results in diminished transparency about the District's finances.

RESPONSE: No personal knowledge of this. This Reclamation District adopts an annual budget of proposed expenditures for the forthcoming fiscal year.

RECOMMENDATIONS:

- R 1.1 No later than November 1, 2014, the Board of Trustees of each Reclamation District is to review their current legal services contract to assure it contains all services provided by the law firm and that the contract contains all relevant information required under Federal and State laws and regulations to assure reimbursement of permitted costs in the event of an emergency.

RESPONSE: RD 2 does not currently have a legal services agreement. This Reclamation District meets on an as needed basis and within the schedules of the volunteer Trustee members. Due to these constraints, the legal services contract will be reviewed by the November 1, 2014 deadline, or soon thereafter. Keeping in mind however that legal services are currently not a reimbursable expense under state and federal reimbursement programs.

- R 1.2 No later than November 1, 2014, the Board of Trustees of each Reclamation District without a current written contract for legal services adopt a legal services contract that contains all services provided by the law firm and all relevant information required under Federal and State laws and regulations to assure reimbursement of permitted costs in the event of an emergency.

RESPONSE: The Board of Trustees of RD 2 will adopt a legal services contract that strives to contain all provisions necessary to maintain eligibility for reimbursement in emergencies and non-emergencies. This Reclamation District meets on an as needed basis and within the schedules of the volunteer Trustee members. Due to these constraints, the legal services contract will be adopted by the November 1, 2014 deadline, or soon thereafter. Keeping in mind however that legal services are currently not a reimbursable expense under state and federal reimbursement programs.

- R 1.3 No later than November 1, 2014, the Board of Trustees of each Reclamation District is to review their current engineering services contract to assure it contains all relevant information required under Federal and State laws and regulations to assure reimbursement of permitted costs in the event of an emergency.

RESPONSE: The Board of Trustees of RD 2 will review its engineering services contract to assure it contains all provisions necessary to maintain eligibility for reimbursement in emergencies and non-emergencies. This Reclamation District meets on an as needed basis and within the schedules of the volunteer Trustee members. Due to these constraints, the engineering services contract will be reviewed by the November 1, 2014 deadline, or soon thereafter.

- R 2 No later than December 31, 2014, all Districts that do not have an adopted annual operating budget are to prepare the framework for an annual budget and utilize it for all subsequent fiscal years.

RESPONSE: RD 2 has and will continue to adopt an annual operating budget.