



STAFF REPORT
12/17/2019

TO: Parks and Recreation Chair and Commissioners

FROM: Maritza Martinez, Public Works Director

SUBJECT: Receive and file Sports League Financial Examination Report for:

- a) Coachella Little Arabs Youth Football (CLAYF);
- b) Coachella Valley Raiders Youth Football Association (CVRVFA); and
- c) Coachella Youth Sports Association Soccer (CYSAS)

And direct staff regarding field use restrictions, if any.

STAFF RECOMMENDATION:

Receive and file sports league financial examination report for Coachella Youth Baseball and Softball Association (CYBSA), and Coachella Little Arabs Youth Football (CLAYF) and direct staff regarding field use restrictions, if any.

Executive Summary:

In accordance to the Memorandum of Understanding (MOU) between the City of Coachella and Sports Leagues a third party auditing firm was engaged to complete an examination of the following sports leagues: Coachella Little Arabs Youth Football (CLAYF), Coachella Valley Raiders Youth Football Association (CVRVFA) and Coachella Youth Sports Association Soccer (CYSAS). All three leagues were notified to provide policies, procedures and financial records for tax years 2017 and 2018 by written correspondence sent on April 22, 2019. A second notice was circulated to on June 10, 2019. Informal requests were made requesting missing information and backup information for various items submitted.

CLAYF was due for its bi-annual financial audit in 2018 for calendar years 2017 and 2016. CLAYF was non-responsive to the financial audit document request by the City in 2018. Staff recommended CLAYF be re-audited in Spring 2019 for tax years 2017 and 2018. The City Council and Parks and Recreation Commission supported staff's recommendation and directed this league be re-audited in spring 2019. During this year's audit process CLAYF did provide some of the requested documents but they were extremely limited and the auditing firm issued CLAYF a score of a D-. As identified in the MOU Section 8.3. *All Sports Leagues must obtain a Financial Audit score of a C or higher and each Sports League's Financial Audit score must*

improve each year. A detailed report of the findings and recommendations is attached hereto and will be posted on the City's website.

CVRYFA did not provide any documents requested and as a result is non-compliant with Section 6 and Section 8 of the MOU. In 2016, CVRYFA was again non-responsive to the financial audit. In 2017, CVRYFA was re-audited due to non-compliance in 2016 and received a score of C+; some documents were submitted and the auditor advised documents submitted reflected a fair organizational structure.

CYSAS did comply with all of the required documents. The auditing firm did identify some areas of improvement: 1) completing the Annual Meeting report requirement set by its bylaws 2) renewing its Attorney General non-profit registration filing for 2017 and 2018. The auditor identified that CYSAS is using QuickBooks well and its financial transactions appeared well classified and reported. Additionally, with the exceptions of the noted areas the auditor's report states that CYSAS was substantially in compliance with the requirements in MOU and has sound financial practices in place. If asked to score CYSAS on their financial practices the auditor would assign CYSAS an A- (excellent with noted exceptions). A detailed report of the findings and recommendations is attached hereto and will be posted on the City's website.

The MOU allows the Council to restrict field use based upon the outcome of the financial audit/examination. Staff requests direction regarding any recommended action beyond receive and filing of the audit findings pertaining to field access.

The precedence set by the Commission in 2015 and 2016 regarding similar findings were as follows:

- 2015; One soccer league was found to be noncompliant with the audit and was re-audited the following spring. The second soccer league was substantially compliant and no further action was taken. The noncompliant soccer league was found noncompliant again upon the re-audited term and Commission recommended league no longer be a party to the MOU.
- 2016; One football league was found to be noncompliant with the audit and was re-audited the following spring. The second football league was substantially compliant and no further action was taken. The noncompliant football league was found compliant during the re-audited term.

Financial Impact:

No substantial impact will result from this action.

ALTERNATIVES:

1. Receive and file sports league financial examination report for Coachella Little Arabs Youth Football (CLAYF), Coachella Valley Raiders Youth Football Association (CVRYFA) and Coachella Youth Sports Association Soccer (CYSAS) with no recommended field restrictions.

2. Receive and file sports league financial examination report for Coachella Little Arabs Youth Football (CLAYF), Coachella Valley Raiders Youth Football Association (CVRIFYFA) and Coachella Youth Sports Association Soccer (CYSAS) and recommend staff to re-audit CLAYF in the spring of 2020 for tax years 2019 and 2018.
3. Receive and file sports league financial examination report for Coachella Little Arabs Youth Football (CLAYF), Coachella Valley Raiders Youth Football Association (CVRIFYFA) and Coachella Youth Sports Association Soccer (CYSAS) and recommend CLAYF no longer be a party to the MOU due to two consecutive years of non-compliance with Sections 6 and 8 of the MOU.
4. Provide alternative recommendation.

Attachments:
Draft Audit Findings