

Audit: Calif. agencies misallocate casino money - Bloomberg

Written by Administrator

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SACRAMENTO, Calif. (AP) — Local government agencies misappropriated millions of dollars from California's casino-operating Indian tribes that are supposed to address the negative effects of gambling, according to a state audit released Tuesday.

Three grants, for example, went to

projects that had nothing to do with, or were only marginally related to, casino impacts. In 10 other cases, worth \$3.2 million, grant recipients could not prove impacts to justify their spending. Yet another grant went to an ineligible entity.

Under compacts with the state, California gambling tribes deposit a percentage of their net wins into a so-called Special Distribution Fund for local governments. The money is supposed to help communities address traffic, crime, firefighting and other issues related to casino operations.

Instead, the audit found many local committees allocated the money improperly or without proving just cause.

"Many of them were saying they were unaware of certain requirements," said Margaret Fernandez, a spokeswoman for the Office of the California State Auditor.

She said there was no evidence the fund was intentionally abused.

For fiscal year 2008-09, auditors investigated 20 grants worth \$5.7 million in seven counties, from a total of 185 grants in 25 counties. Of that, the office determined \$1.7 million was used properly.

In some cases, use of the money was less clear-cut. In Amador County, home to Jackson Rancheria Casino & Hotel, sheriff's deputies check a box on their reports indicating whether a crime is connected to the casino even when it occurs offsite. Although auditors concluded that an \$88,200 grant to the sheriff's department met requirements, an undersheriff said his reports should not have to explain how the crime and the casino are linked.

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"All we're supposed to document in crime reports are the relevant facts," Amador County Undersheriff Jim Wegner told The Association Press.

In most cases where money was deemed misallocated, the local committees could not prove that grants addressed the impacts from casinos.

Auditors recommended legislation that would force counties to surrender future grant money if their committees do not meet reporting requirements.

Fernandez said counties also sometimes misinterpret the law or miscalculate their share. Because of this, five counties missed out on \$1.2 million set aside for them.

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