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TRANSCRIPTION OF RECORDED INTERVIEW

OF

Elsie Brenneman

December 13, 2012

Sacramento, California

Investigation of Department of Parks &  
Recreation – Financial Irregularities

Interviewed by: Thomas M. Patton  
Deputy Attorney General  
Office of the Attorney General  
State of California

Transcribed by: Brooke C. Carothers

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1 MR. PATTON: Alright Elsie, what I wanted to ask you about was - - I've  
2 been reviewing your prior interview summary - - you had one long one and then we had a brief  
3 one relating to I think the issue of records in the budget office, right?

4 MS. BRENNEMAN: Correct.

5 MR. PATTON And in reading your transcript I saw that we had, um,  
6 discussed - - we'd talked about you learning of the fund balance discrepancy in the state parks and  
7 recreation fund. Do you recall that?

8 MS. BRENNEMAN: Yes.

9 MR. PATTON: And you told us that you had promptly gone to Manual  
10 Lopez, correct?

11 MS. BRENNEMAN: Uh, yes, I brought it to his attention.

12 MR. PATTON: And he was the administrative services deputy director at the  
13 time, right?

14 MS. BRENNEMAN: Yes.

15 MR. PATTON: And then you also told us about talking with the assistant  
16 deputy director of administrative services, David Saxby, correct?

17 MS. BRENNEMAN: Yes.

18 MR. PATTON: And you told us about, uh, a number of conversations with  
19 the chief deputy director, Michael Harris.

20 MS. BRENNEMAN: Correct.

21 MR. PATTON: And what I didn't ask you was whether or not you'd ever, uh,  
22 had occasion to discuss it with Kirk Sturm. You recall Kirk Sturm?

23 MS. BRENNEMAN: Yes. He was acting after Manual, um, was removed.

24 MR. PATTON: Do you happen to recall when Manual left the position?

25 MS. BRENNEMAN: Uh, no, I don't.

26 MR. PATTON: Alright. My records indicate he left in October of last year.

27 MS. BRENNEMAN: Ok.  
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1 MR. PATTON: You, you came in in February of 2011 as the budget officer,  
2 right?

3 MS. BRENNEMAN: Yes.

4 MR. PATTON: And so our records indicate Manual left the deputy director  
5 position in October and Kirk Sturm came in and he was there into - - I'm not sure when in  
6 December he left again but he was there for a couple of month into December. Does that sound  
7 about right?

8 MS. BRENNEMAN: Yeah, that's about right.

9 MR. PATTON: So he was there for a couple of months and what do you  
10 recall, uh, about discussing the disparity, the discrepancy in the state parks and recreation fund  
11 with him?

12 MS. BRENNEMAN: Um, you know I'd go, I honestly don't remember or having  
13 the conversation with him but given the situation and circumstances that were happening at the  
14 time, I'm sure I would have briefed him on everything, um, you know that could come up or had  
15 come up. Um, I just honestly do not recall specifically having that conversation with him.

16 MR. PATTON: Um, you say given the circumstances. What circumstances  
17 are you talking about?

18 MS. BRENNEMAN: With Manual being removed.

19 MR. PATTON: Ok. And at the time weren't, wasn't there also, um, talk  
20 about - - wasn't the department facing a general fund cut?

21 MS. BRENNEMAN: Yes.

22 MR. PATTON: Do you recall how much?

23 MS. BRENNEMAN: Um, I recall we were being reduced \$22,000,000 over two  
24 years.

25 MR. PATTON: Ok. So as I understand there was some concern then in light  
26 of that that an impending cut, correct?

27 MS. BRENNEMAN: Correct.

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1 MR. PATTON: So you were - - you told me, we had a brief conversation  
2 yesterday and I wanted to get you on record to follow up with that - - you told me that you went  
3 to a number of meetings with Kirk Sturm. Can you tell us about the meetings you had with him?

4 MS. BRENNEMAN: Um, there were multiple manager meetings with him, um,  
5 where all the managers within admin would have attended. I also did some briefings with him  
6 just on the budget, um, what our resources were as far as what we had for expenditure authority  
7 and those would have been attended by Dave Saxby and Kirk.

8 MR. PATTON: And how often were you going into these executive meetings  
9 with Kirk?

10 MS. BRENNEMAN: Oh, the managers' meetings were probably - - I believe they  
11 were weekly at the time.

12 MR. PATTON: Ok. And then you also indicated to me yesterday that you  
13 recalled some smaller meetings with, um, yourself and Kirk and Dave Saxby, is that right?

14 MS. BRENNEMAN: Correct.

15 MR. PATTON: Do you recall how many of those meetings you had?

16 MS. BRENNEMAN: I don't recall.

17 MR. PATTON: Ok. But it was more than one?

18 MS. BRENNEMAN: Yes. There would have been more than one. We were right  
19 in the middle of budget development so I would have been briefing him on what was happening  
20 with the, um, recommendations or the changes that Department of Finance was proposing and  
21 that was also when we were dealing with all of the reductions, the \$22,000,000 reductions and the  
22 list of seventy parks that were closing. Or proposed to be closed.

23 MR. PATTON: Right. So obviously you're the budget officer and your  
24 briefing Kirk about budget matters.

25 MS. BRENNEMAN: Correct.

26 MR. PATTON: You indicated to me yesterday that you thought you - - you  
27 couldn't specifically recall discussing the discrepancy issue with him but you thought that you  
28 probably had.

1 MS. BRENNEMAN: Right.

2 MR. PATTON: And why do you think you probably had?

3 MS. BRENNEMAN: Uh, cause it was part of our budget, it was something that he  
4 needed to be aware of as far as what was happening with our funds.

5 MR. PATTON: Ok.

6 MS. BRENNEMAN: So I probably would have brought him, you know, up to  
7 speed on what was going on there. I honestly just can't recall - - there's so much in my head right  
8 now.

9 MR. PATTON: Yeah. Well - -

10 MS. BRENNEMAN: Specifically I said oh, and Kirk, you know, this is what's  
11 going on so - -

12 MR. PATTON: Well you also indicated to me, um, that you briefed him on,  
13 you said, everything.

14 MS. BRENNEMAN: Yes.

15 MR. PATTON: And so - -

16 MS. BRENNEMAN: But, yeah - -

17 MR. PATTON: Go ahead.

18 MS. BRENNEMAN: Everything as far as our budgets, our fund conditions, uh  
19 reductions that we were taking, um, any changes in our funds, um, BCPs that we're proposing. So  
20 he would have had the whole picture.

21 MR. PATTON: And this discrepancy, I assume, was a fairly significant issue  
22 in your mind as regards to the funds.

23 MS. BRENNEMAN: Correct.

24 MR. PATTON: Ok. And is there any reason that, uh, why you wouldn't have  
25 told him about it?

26 MS. BRENNEMAN: No.

27 MR. PATTON: Ok.

28 MS. BRENNEMAN: No, I would have brought it to his attention.

1 MR. PATTON: Ok. Um, the other question I wanted to ask you is I've been  
2 looking again at our, at our follow-up interview about the records - -

3 MS. BRENNEMAN: Um hm.

4 MR. PATTON: And you indicated to me that in order to go back - - the  
5 disparity in the SPRF, State Parks and Recreation Fund, it started to really grow according to  
6 what the Department of Finance has shown me in '97. It grew from '97 to 2003, and you told me  
7 that in order to figure out why the budget fund condition statement started to diverge from what  
8 was reflected in accountings cash balance statement to the Controller's Office, you would have to  
9 go - - you'd have to access all the accounting records that went into those prior fund condition  
10 statements.

11 MS. BRENNEMAN: Correct.

12 MR. PATTON: And we talked about - - in the budget office you indicated  
13 there was backup documentation which I'm assuming means all the relevant accounting records  
14 for one or two years - - does that sound right?

15 MS. BRENNEMAN: Um, we probably have, uh a lot of the backup documentations  
16 for most of the years. The discrepancies that I would have to really track down would be in how  
17 they - - how the prior year adjustment was calculated and I'm not sure that the documentation is in  
18 the files for that.

19 MR. PATTON: Ok. Have you - - yeah, you told me that the final fund  
20 condition statements going back as far as like '97, are available.

21 MS. BRENNEMAN: Yes.

22 MR. PATTON: But the backup documentation - - and I assume that meant the  
23 accounting records for every component of the fund condition statement you don't think are.

24 MS. BRENNEMAN: Correct.

25 MR. PATTON: So the prior year adjustment is one of those components,  
26 right?

27 MS. BRENNEMAN: Correct.

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1 MR. PATTON: So, what you're telling me is to, to really figure out why the  
2 error occurred, that's where you'd be looking.

3 MS. BRENNEMAN: Yes.

4 MR. PATTON: And - - are you telling me you don't know if backup  
5 documentation relating to the prior year adjustments - -

6 MS. BRENNEMAN: Um, we have - -

7 MR. PATTON: Exists?

8 MS. BRENNEMAN: We have not gone back through all of the files to see if that  
9 piece is included in the documentation. I do not believe that it is there.

10 MR. PATTON: Ok. Ok. Would - - is that something that accounting might  
11 also have?

12 MS. BRENNEMAN: Um, accounting I don't think that they keep their year end  
13 statements father back than five years I believe, but I'm not positive on that.

14 MR. PATTON: Well and I probably misspoke because accounting is not  
15 calculating the prior year adjustments.

16 MS. BRENNEMAN: Correct.

17 MR. PATTON: That's a budget office - -

18 MS. BRENNEMAN: That's a budget - -

19 MR. PATTON: Yeah, ok. Alright, thanks Elsie. Appreciate - -

20 MS. BRENNEMAN: Ok.

21 MR. PATTON: Appreciate your time. Anything else that, um, I've  
22 overlooked?

23 MS. BRENNEMAN: No, I don't think so.

24 MR. PATTON: Ok.

25 MS. BRENNEMAN: Alright.

26 MR. PATTON: Thanks.

27 MS. BRENNEMAN: Thank you.

28 MR. PATTON: Bye, bye.

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MS. BRENNEMAN: Bye.

MR. PATTON: And we are off at 10:07 a.m.