



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Auditor-Controller
Department No.: 061
For Agenda Of: 12/13/2011
Placement: Administrative
Estimated Tme: N/A
Continued Item: No
If Yes, date from: N/A
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Director Robert W. Geis, CPA
Contact Info: Juan Izquierdo, CPA ext 2163
SUBJECT: Independent Special Districts Compliance Report

County Counsel Concurrence

As to form: N/A

Other Concurrence: N/A

As to form: N/A

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions:

Accept and file the Santa Barbara County Independent Special Districts Compliance Report for the completion of annual audits ending FY 2009/10 and annual budgets for FY 2010/11 fiscal year.

Summary Text:

Government Code §26909 requires the county auditor to either make or contract with a certified public accountant to make an annual audit of the accounts and records of every special purpose district within the county in accordance with generally accepted auditing standards. The audit report is required to be completed and filed with the county auditor within 12 months of fiscal year end. Government Code §53901 requires every assessing or taxing district or local agency to adopt and file their annual budget with the county auditor within 60 days of the beginning of the fiscal year. Health and Safety Code §13895 requires every fire protection district to adopt and file their annual budget with the county auditor on or before October 1st of each fiscal year.

Of the FY 2009/10 audits, 33 of the 36 districts, or 92%, completed their audits within the required 12 month deadline. It should be noted that 3 reports were completed after the deadline which is unusual for special district reporting in Santa Barbara County. The following audit opinions were received:

- 34 districts received an unqualified (clean) opinion.
- 1 district, Casmalia Community Services District, received a disclaimer of opinion. In addition, the audit was completed after the deadline due to accounting complexities associated with their receipt of federal and state funding used to construct new water lines serving its customer base.

- Cachuma Resource Conservation District was also late due to a transition of management and contract complexities related to state and federal grant funding.
- 1 district, Santa Rita Hills Community Services District, has not completed an audit for FY 09/10. This district was formed in May of 2009 and is planning to issue their first set of audited financial statements covering both the FY 09-10 and FY 10-11 accounting periods. However, the district board of directors has not completed a request to the Board of Supervisors to perform a biennial audit covering a two-year period as provided for in Government Code section 26909(b) (1).

All FY 2010/11 budgets were completed, approved and submitted on time.

Background:

The Santa Barbara County Grand Jury in Fiscal Year 99/00 recommended that the Auditor-Controller improve the compliance effort concerning completion and filing of annual budgets and annual financial reports by the independent special districts. The timely filing of reports is an internal control that can assist the districts with the management of their financial affairs on an annual basis. The same Grand Jury requested that the Auditor-Controller conduct a financial analysis of the independent districts. We issued a report in April 2009 and informally agreed to update this report every three years. In that report, we analyze and report the Districts' current fiscal strengths and vulnerabilities and make recommendations for improvements. The County Internal Audit division conducts audits of 7 of the 36 districts' financial statements and the remaining 29 are audited by other CPA firms listed in the attached report.

Performance Measure:

N/A

Fiscal and Facilities Impacts:

N/A

Staffing Impacts: N/A

Special Instructions:

N/A

Attachments:

1. Special Districts Compliance Report

Authored by:

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cc: