



Mendocino County

Legislation Details (With Text)

File #: 17-0265 **Version:** 1 **Name:**
Type: Approval **Status:** Agenda Ready
File created: 4/12/2017 **In control:** Board of Supervisors
On agenda: 4/18/2017 **Final action:**
Title: Discussion and Possible Referral to the General Government Standing Committee Regarding California Government Code Section 26909 for Replacement of Annual Audits of the Special Districts with a Financial Review (Sponsor: Supervisor Brown)

Sponsors:

Indexes:

Code sections:

Attachments: 1. Cemetery District Letter, 2. California Government Code Section 26909

Date	Ver.	Action By	Action	Result
4/18/2017	1	Board of Supervisors		

To: Board of Supervisors

From: Supervisor Brown

Meeting Date: April 18, 2017

Department Contact: Supervisor Brown

Phone: 463-4441

Item Type: Regular Agenda

Time Allocated for Item: 10 mins

Agenda Title:

Discussion and Possible Referral to the General Government Standing Committee Regarding California Government Code Section 26909 for Replacement of Annual Audits of the Special Districts with a Financial Review (Sponsor: Supervisor Brown)

Recommended Action/Motion:

Make referral to the General Government Standing Committee regarding California Government Code Section 26909 for the replacement of annual audits of special districts with a financial review.

Previous Board/Board Committee Actions:

None.

Summary of Request:

The Mendocino Local Agency Formation Commission (LAFCo) has been conducting Municipal Service Reviews (MSR) and Sphere of Influence (SOI) assessments of all Special Districts within Mendocino County as required by State law. Most recently, the LAFCo conducted and completed reviews of the Cemetery Districts. The review found that most of these Districts do not comply with State law that requires Annual Audits but do complete financial reviews that are then filed with the State Controller. Most of these Cemetery Districts do not have the revenue to cover the cost of an annual audit and struggle financially to manage their cemeteries. The

Cemetery Districts are not the only Specials Districts that struggle financially in the County and have hardships meeting all their obligations yearly. It was discovered during the MSRs/SOIs of the Cemetery Districts that exceptions can be made to the annual audit mandate under State law if certain findings can be made and actions are taken by the governing boards.

Pursuant to California Government Code Section 26909, special districts may, by unanimous request of the governing board of the special district, with unanimous approval of the Board of Supervisors, replace the annual audit required by this section with a financial review, in accordance with the appropriate professional standards, as determined by the County Auditor, if the following conditions are met:

- (A) All of the special district's revenues and expenditures are transacted through the county's financial system.
- (B) The special district's annual revenues do not exceed one hundred fifty thousand dollars (\$150,000).

On March 23, 2017, the Board of Supervisors received a request from the Mendocino Little River Cemetery District to replace their annual audit with a financial review, as approved unanimously at the District's February 15, 2017, Board of Trustees meeting. The matter was raised under Supervisors Reports on April 4th suggesting the matter be placed with the General Government Standing Committee for further review with the County Auditor. The Clerk of the Board staff is unclear if there was a consensus of the Board of Supervisors or a directive of the Chair to take this action.

Supervisor Carre Brown is resubmitting the request for official direction from the Board.

Alternative Action/Motion:

Do not approve the request.

Supplemental Information Available Online at: N/A

Fiscal Impact:

Source of Funding: N/A

Budgeted in Current F/Y: N/A

Current F/Y Cost: N/A

Annual Recurring Cost: N/A

Supervisory District: District 1, 3, 4, & 5

Vote Requirement: Majority

Agreement/Resolution/Ordinance Approved by County Counsel: N/A

CEO Liaison: Janelle Rau, Deputy CEO

CEO Review: Yes

Comments: NOTE: Clerk of the Board staff referred back to the meeting audio; during the discussion on this item, the Board didn't make reference to a referral to Committee; although the topic was discussed in general, the referral to the General Government Committee was not.