



# Mendocino County

## Legislation Details (With Text)

<b>File #:</b>	17-0347	<b>Version:</b>	1	<b>Name:</b>	
<b>Type:</b>	Approval	<b>Status:</b>		Agenda Ready	
<b>File created:</b>	5/3/2017	<b>In control:</b>		General Government Committee	
<b>On agenda:</b>	5/8/2017	<b>Final action:</b>			
<b>Title:</b>	Discussion and Possible Direction Regarding California Government Code Section 26909 for the Replacement of Annual Audits of Special Districts with a Financial Review				
<b>Sponsors:</b>					
<b>Indexes:</b>					
<b>Code sections:</b>					
<b>Attachments:</b>	1. California Government Code Section 26909, 2. Cemetery District Letter, 3. Special District Audits to GG Committee				

Date	Ver.	Action By	Action	Result
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**To: Board of Supervisors General Government Committee**

**From: Auditor-Controller**

**Meeting Date:** May 8, 2017

**Department Contact:** Lloyd Weer

**Phone:** 234-6860

**CEO Resource/ Contact:** Alan Flora

**Phone:** 463-4441

**Time Allocated for Item:** 30 min

### **Agenda Title:**

Discussion and Possible Direction Regarding California Government Code Section 26909 for the Replacement of Annual Audits of Special Districts with a Financial Review

### **Recommendation:**

Provide direction regarding California Government Code Section 26909 for the replacement of annual audits of special districts with a financial review.

### **Previous Board/Board Committee Actions:**

On April 18, 2017 the Board of Supervisors referred this topic to the General Government Committee

### **Summary of Referral:**

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.

**Supplemental Information Available Online at:** N/A

**Fiscal Impact:**

**Source of Funding:** N/A

**Current F/Y Cost:** N/A

**Budgeted in Current F/Y:** N/A

**Annual Recurring Cost:** N/A

**Supervisory District:** All

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**CEO Liaison:** Alan D. Flora, Assistant CEO

**CEO Review:** Yes

**Comments:**