

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: Auditor-Controller *SK*

BOARD AGENDA # *B-1

Urgent Routine

AGENDA DATE October 15, 2013

CEO Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO
Unanimous Vote Required

SUBJECT:

Approval to Modify the Sand Creek Flood Control District Reporting Requirement from an Annual Audit to a Five Year Audit

STAFF RECOMMENDATIONS:

Approve modification by unanimous vote of the Sand Creek Flood Control District's required financial audit from an annual audit to a five year audit.

FISCAL IMPACT:

There is no fiscal impact to the County to grant this request. The District anticipates a cost savings by replacing its annual audit to a five year audit.

BOARD ACTION AS FOLLOWS:

No. 2013-497

On motion of Supervisor Withrow, Seconded by Supervisor Monteith
and approved by the following vote,

Ayes: Supervisors: O'Brien, Withrow, Monteith, De Martini and Chairman Chiesa

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended

2) _____ Denied

3) _____ Approved as amended

4) _____ Other:

MOTION:

Christine Ferraro

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No. DFC-02-26

Approval to Modify the Sand Creek Flood Control District Reporting Requirement from an Annual Audit to a Five Year Audit
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DISCUSSION:

Government Code Section 26909(b) provides that a Special District may, by unanimous request of the governing board of the District, with unanimous approval of the Board of Supervisors, replace the annual audit required by this section with, an audit covering a five-year period.

The Auditor-Controller's Office has received correspondence from the Sand Creek Flood Control District formally requesting approval of an audit frequency of every five years. The correspondence also included a copy of the District Board's Resolution approving the change in audit frequency. Estimated annual revenue for the District is less than \$100,000 which is the threshold amount the Stanislaus County Board of Supervisors determined to be appropriate per these requests as required by Government Code Section 26909(b)(2).

On December 14, 1982, the Board of Supervisors approved Resolution No. 82-1992, setting the amount to qualify for five year audits at under \$100,000 in annual revenue and further stating that all of the special districts in Stanislaus County would qualify for five-year audits provided the District's budget did not exceed this limit.

POLICY ISSUES:

This action is consistent with the Board of Supervisors' priorities of Effective Partnerships and promoting Efficient Delivery of Public Services.

STAFFING IMPACT:

There are no staffing impacts associated with this agenda item.

CONTACT PERSON:

Lauren Klein, CPA

Auditor-Controller

Telephone: (209) 525-6576

Sand Creek Flood Control District

September 3, 2013

Veronica Ascencio
General Ledger Division
Stanislaus County Auditor-Controller's Office
1010 10th Street, Suite 5100
Modesto, CA 95354

Dear Veronica:

Enclosed is a signed resolution from the Sand Creek Flood Control District requesting the Board of Supervisors approve the district performing an audit every five years. Pursuant to Government Code Section 26909, the District's estimated annual revenues sources are less than \$100,000. The District's estimated annual revenue is \$12,500. The District prepares only six to seven checks each year. The approval to perform a five-year audit will result in a cost savings to the District, with no loss of accountability.

If you have any questions, please call Karen Whipp, Board Secretary at 209-589-0689 or email her at paddedcell@sbcglobal.net.

Sincerely,



Roy Johnson
Board Chairman

Enclosure

**RESOLUTION TO CHANGE DISTRICT AUDIT FROM ANNUAL TO FIVE
YEAR AUDIT
RESOLUTION NO. 13-02**

WHEREAS, the Board of Directors of the Sand Creek Flood Control District wishes to request that the Stanislaus County Board of Supervisors consider, pursuant to Government Code Section 26909 and;

WHEREAS, the District's estimated annual revenue sources are less than \$100,000; and

WHEREAS, the adoption of a five-year audit program will result in a cost savings to the District, with no loss of accountability.

THEREFORE, be it resolved that the Sand Creek Flood Control District requests of the Stanislaus County Board of Supervisors that the audit requirement of the Sand Creek Flood Control District be set on a five-year basis.

The foregoing resolution was introduced at a regular meeting of the Board of Directors held on the 12^h day of August 2013 by Ray Gene Veldhuis, who moved its adoption, which motion being duly seconded by Mark Hodges, was upon roll call carried and the resolution adopted by the following votes:

AYES: Roy Johnson, Jim Crecelius, Mark Hodges, Ray Gene Veldhuis

NOES: None

ABSENT: Mark Terwilliger

ATTEST:



Roy Johnson, Board Chairman

The foregoing is a correct copy of the original on file in this office which has not been revoked and is now in full force and effect.

ATTEST:



Karen L. Whipp, Board Secretary

26909. (a) (1) The county auditor shall either make or contract with a certified public accountant or public accountant to make an annual audit of the accounts and records of every special district within the county for which an audit by a certified public accountant or public accountant is not otherwise provided. In each case, the minimum requirements of the audit shall be prescribed by the Controller and shall conform to generally accepted auditing standards.

(2) Where an audit of a special district's accounts and records is made by a certified public accountant or public accountant, the minimum requirements of the audit shall be prescribed by the Controller and shall conform to generally accepted auditing standards, and a report thereof shall be filed with the Controller and with the county auditor of the county in which the special district is located. The report shall be filed within 12 months of the end of the fiscal year or years under examination.

(3) Any costs incurred by the county auditor, including contracts with, or employment of, certified public accountants or public accountants, in making an audit of every special district pursuant to this section shall be borne by the special district and shall be a charge against any unencumbered funds of the district available for the purpose.

(4) For a special district that is located in two or more counties, the provisions of this subdivision shall apply to the auditor of the county in which the treasury is located.

(5) The county controller, or ex officio county controller, shall effect this section in those counties having a county controller, or ex officio county controller.

(b) A special district 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 one of the following, performed in accordance with professional standards, as determined by the county auditor:

(1) A biennial audit covering a two-year period.

(2) An audit covering a five-year period, if the special district's annual revenues do not exceed an amount specified by the board of supervisors.

(3) An audit conducted at specific intervals, as recommended by the county auditor, that shall be completed at least once every five years.

(c) (1) A special district 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).

(2) If the board of supervisors is the governing board of the special district, it may, upon unanimous approval, replace the annual audit of the special district required by this section with a financial review in accordance with the appropriate professional standards, as determined by the county auditor, if the special district satisfies the requirements of subparagraphs (A) and (B) of paragraph (1).

(d) Notwithstanding the provisions of this section, a special district shall be exempt from the requirement of an annual audit if the financial statements are audited by the Controller to satisfy federal audit requirements.