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September 1, 2016

Honorable Raima Ballinger
Hall of Justice
600 Administration Drive
Santa Rosa, CA 95403

Dear Judge Ballinger,

Below please find the County of Sonoma Auditor-Controller-Treasurer-Tax Collector's response to the Grand Jury's findings published in the 2015-2016 Final Report.

FINDINGS

We agree with these findings:

F3. Special districts with limited budgets find full-scale financial audits costly.

We disagree wholly or partially with these findings:

F1. A complete list of all dependent and independent special districts in Sonoma County is not available, depriving residents of information that would allow them to become involved in this component of local government.

Auditor-Controller-Treasurer-Tax Collector (ACTTC) has a Special District Roster posted on its intranet page and will move this document to the internet. Any personal information contained in the document will be removed prior to posting to the internet. Additionally, both the MADDY Book maintained by the Chief Deputy Clerk of the Board and the Sonoma Local Agency Formation Commission (LAFCO) maintained "Guide to Special Districts" provide lists of special districts and government agencies available on the Internet.

F2. Many special districts lack consistent County oversight and supervision to assure compliance with the Ralph M. Brown Act, the Public Records Act and the Political Reform Act laws.

Many of the independent special districts lack consistent oversight and supervision; however, the ACTTC disagrees that this is the case for dependent special districts. The majority of dependent special districts are governed by the Board of Supervisors (Board). As such the Board maintains oversight and supervision over these districts, and district are subject to County policies or similar policies that address compliance with Brown Act, Public Request Act and Political Reform Act laws.

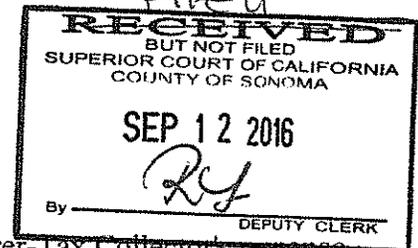
FILED
SUPERIOR COURT OF CALIFORNIA
COUNTY OF SONOMA

SEP 12 2016

BY RL
Deputy Clerk

Approved: Ballinger
Superior Court Judge

Date: 9.7.16



RECOMMENDATIONS

R1. The Sonoma County Auditor-Controller-Treasurer-Tax Collector, LAFCO and the Sonoma County's Clerk-Recorder-Assessor cooperate to create and publish a listing of Sonoma County special districts on the County website. The list should include existing websites, names and terms of office of board members and special district contact information.

Response: Recommendation R1 – This recommendation will be implemented in the future.

The ACTTC recognizes that Special Districts provide significant and important local services to district citizens and will cooperate with LAFCO and the Sonoma County's Clerk-Recorder Assessor to update and reconcile a listing of Sonoma County special districts on the County website. As noted above, the ACTTC's special district roster will also be posted to the department's Internet site.

R2. The County Auditor track, monitor and review the audit reports of independent special districts. Non-submissions, late reports and audit report findings should be highlighted in a report to the Board of Supervisors.

Response: Recommendation R2 – This recommendation will not be implemented.

The ACTTC does track the submission of special district audit reports, including late reports. When reports are late, ACTTC staff follow up with emails, phone calls, and letters to the districts to ensure reports are submitted and special districts are aware of their responsibility to submit those reports to the ACTTC's office.

Dependent special districts under the Board of Supervisors do submit reports timely as the information in those reports is required to be included in the County's Comprehensive Annual Financial Report (CAFR). Any findings in the dependent special district audit reports are monitored and are included in the Board report when the CAFR is scheduled for Board approval. The Board approved the CAFR for fiscal year ended June 30, 2015 at their June 21, 2016 meeting, which included the dependent special districts under the Board of Supervisors.

For independent special districts, ACTTC believes there are no responsibilities under the law to compile and report this information and the County has no authority over the independent districts beyond monitoring their submission of an audit and approving the districts' request for multiyear audits. Additionally, ACTTC does not have the audit resources to monitor every finding in every independent special district audit and report to the Board of Supervisors. However, ACTTC will continue to collect their audit reports and make them available to any citizen that requests a copy of that report. As noted below there were only 5 special districts that have not submitted their audit reports as of this writing.

R3. The County Auditor provide information to all special districts regarding the options and procedures for obtaining approval for either a multiyear audit or a financial review in lieu of an actual audit.

Response: Recommendation R3 – This recommendation will be implemented in the future.

ACTTC agrees that special districts with limited budgets find full-scale financial audits costly. ACTTC does provide information about multiyear audits to independent special districts upon request by the district. Current practice requires the independent special district's previous audit

to contain a clean opinion with no findings in order to obtain approval for either a multiyear audit or a financial review. Independent special districts may also not be eligible for a financial review if the district has debt and the lender requires an audit. Any independent special district that has not complied with GC 26909 will not be eligible for a multiyear audit. ACTTC will send a letter to all independent special districts advising them of their options and procedures for obtaining approval for a multiyear audit or a financial review in lieu of an actual audit. Staff anticipates this letter will be sent to special districts by the end of November.

R4. The County Auditor comply with Government Code Section 26909 requiring that her office audit, or contract for outside audits of any special district failing to submit the same.

Response: Recommendation R4 – This recommendation will be implemented in the future.

The ACTTC works diligently to ensure special districts comply with GC 26909 by obtaining the special district annual audit reports and tracking the timely submission of those reports. The ACTTC is a proponent of transparent government and recognizes the need for the appropriate level of audit work for these districts and will continue to diligently track the submission of special district annual audit reports. The ACTTC will publish the tracking tool used to monitor the submission of the audit reports on the department's internet site and will make available those reports to any interested citizen. Staff anticipates this tracking tool to be posted to the department's web page by the end of November.

As mentioned in the Grand Jury report, 5 special districts have not complied with GC 26909. The ACTTC's budget does not contain appropriations to contract for outside audit services for special districts, and although the law states that the cost of the audit shall be borne by the special district, the County will have difficulty making collection if a district does not have sufficient funds.

The ACTTC will contact other Counties to determine what policies and procedures they have in place to ensure special districts comply with GC 26909, and if necessary, prepare a report to the Board requesting the necessary appropriations to comply with the Government Code.

Respectfully,



Erick Roeser
Assistant Auditor-Controller-Treasurer-Tax Collector
County of Sonoma

cc: Members, Sonoma County Board of Supervisors
Matthew Stone, Foreperson, 2016-2017 Sonoma County Civil Grand Jury
Veronica Ferguson, Sonoma County Administrator
Bruce Goldstein, County Counsel
Bill Rousseau, Sonoma County Clerk-Recorder-Assessor
Mark Bramfitt, Executive Officer, Sonoma Local Agency Formation Commission